

# A Global Look to the Local

Replacing economic globalisation with  
democratic localisation

Colin Hines



**Institutionalising Participation Series**

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democratic localisation

The International Institute for Environment and Development (IIED) is an independent, non-profit organisation promoting sustainable patterns of world development through collaborative research, policy studies, networking and knowledge dissemination. Through its Sustainable Agriculture and Rural Livelihoods (SARL) Programme, IIED works to develop more effective and equitable forms of agriculture and natural resource management.

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## About the author

Colin Hines is an Associate of the International Forum on Globalisation and an advisor to the UK Green Members of the European Parliament. His latest book, *Localization: A Global Manifesto* was published in 2000 by Earthscan.

# Preface

This discussion paper seeks to identify the forms of economic organization that might best support the institutionalization of democratic participation in decisions on environment and development. Written in a non-academic and accessible style, the paper renews traditions of political and economic philosophy that propose ethical norms to guide social relations and the organization of economic life.

Much of the focus of this paper is on the governance of food systems for the following reasons:

- Natural resource management and peoples' participation in food systems are central issues in the two IIED research projects for which this paper was written.<sup>i</sup> Food systems include not just the production aspects of food but also processing, distribution, access, use, food recycling and waste. Each link in the food chain involves the use of substantial amounts of natural resources (water, energy, land, biodiversity, etc.), skilled labour and knowledge. Food systems account for over half of all work done today, mediating much of humanity's relationship with – and impacts on – the environment.
- A food system perspective helps track and understand how globalization is transforming the diversity of localized food systems<sup>ii</sup> into an integrated and more linear world system based on the principles of comparative advantage, standardization, competition, geographical division of labour and control by a few large corporations and trade agreements. As vectors of increasingly rapid and uncertain change, food system dynamics invite critical reflection on the forms of governance that are needed to safeguard the rights, livelihoods, and environments of farmers and other citizens.

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i The two action research projects that commissioned this paper were: (a) Institutionalising Participation and People Centred Processes in Natural Resource Management, a joint project of the International Institute for Environment and Development (IIED) and the Institute of Development Studies (IDS) ([www.iied.org/sarl/pubs/institutpart.html](http://www.iied.org/sarl/pubs/institutpart.html)), and (b) Sustaining Local Food Systems, Agricultural Biodiversity and Livelihoods, coordinated by IIED ([www.diversefoodsystems.org](http://www.diversefoodsystems.org)).

ii Localised food systems start at the household level and expand to neighbourhood, municipal and regional levels.



The author begins by briefly looking at 'corporate globalization', the adverse effects of which have led to rising global opposition. This process is defined as the ever-increasing integration of national economies into the global economy through trade and investment rules and privatization, aided by technological advances. The result has been a reduction in barriers to trade and investment and a concomitant undermining of democracy and economic control in nation states and their communities. The process is driven by the widespread lobbying of governments by large corporations and is occurring increasingly at the expense of society, the environment, labour conditions and equality worldwide. In discussing these transformations, the author makes a clear distinction between corporate globalization and the global flow of technology, ideas and information that can rebuild sustainable local communities (a supportive 'internationalism').

'Localization' is presented as a comprehensive alternative to economic globalization. The author shows how localization reverses the trend of corporate globalization by discriminating in favour of the local. This approach to organizing economic life has local self-reliance and the potential to increase self-determination at its core. A set of mutually reinforcing policies that can potentially increase control of the economy by communities and nation states are described, including:

- the reintroduction of protective safeguards for domestic economies and food systems;
- a site-here-to-sell-here policy for manufacturing and services domestically or regionally;
- localizing money such that the majority stays within its place of origin
- local competition policy to eliminate monopolies from the more protected economies;
- introduction of resource taxes to increase environmental improvements and help fund the transition to localization;
- increased democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies; and
- reorientation of the objectives of aid and trade rules such that they contribute to the rebuilding of local economies and local control.

The author builds on these principles to develop trade rules designed to achieve food sovereignty<sup>iii</sup> in a variety of settings. He argues that the overall result of this paradigm shift should be an increase in community cohesion, a reduction in poverty and inequality and an improvement in livelihoods, social infrastructure and environmental protection, and hence an increase in people's all-important sense of security and well being.

In sum, 'localization' has the potential to foster and help institutionalize democratic participation in its broadest sense. For example, it is anticipated that 'economic democracy' will occur *via* involvement in increasingly diverse national production. More 'electoral democracy' is likely since people have a greater incentive to vote when local and national governments have greater control over their own economies. The introduction of a 'Citizen's Income' would probably be the most fundamental route to economic democracy, in that it provides the wherewithal for involvement in the economy as a matter of right. It is a modest payment made to each individual as a right of citizenship, without means testing or the requirement to work. Forms of direct and participatory democracy can potentially spread and become institutionalized under a localization approach that introduces a guaranteed citizen income and re-affirms a commitment to self-determination.

This discussion paper openly challenges much of the prevailing neo-liberal economic thinking in today's policies and institutions. The paper is published in the hope that it will encourage critical debate on the design of the global economic architecture and its ability to support the institutionalization of democratic participation and citizen empowerment.

Michel Pimbert  
Series Editor, IIED

iii The concept of 'food sovereignty' affirms that people in every country have the right and ability to define their own food, farming, and agricultural policies, the right to protect their domestic markets, and the right to maintain public subsidies that support family farms and peasant-based sustainable production, at the same time ensuring safe and affordable food for all members of society.



# 1. Introduction

‘Market sovereignty is not a complement to liberal democracy, it is an alternative to it. Indeed, it is an alternative to any kind of politics, as it denies the need for political decisions, which are precisely decisions about common or group interests as distinct from the sum of choices, rational or otherwise, of individuals pursuing private preferences. Participation in the market replaces participation in politics. The consumer takes the place of the citizen.’  
(Hobsbawn, 2001)

‘Perhaps more than ever before the growth of democratic participation in the North and the South depends on expanding spaces for the autonomous action by civil society as well as on a process of localization and reversals that regenerates diverse local economies, technologies and ecologies. The unprecedented imbalances of power induced by corporate-led globalization challenges us to engage with these conceptual and methodological frontiers. Now is the time for bold and extraordinary initiatives to ensure that participation does not become a forgotten human right in this century.’  
(Pimbert, 2001: 84)

Up until the Asian crisis that began in July 1997, supporters of a global economy built on trade liberalisation usually described it as a win-win game. The theory is that the economies of all participants grow as countries specialise in what they are good at providing. They then import what they are less proficient in, what economists term ‘comparative advantage’.

Although it is conceded that this process has increased income disparities in most countries, the theory is that the resulting growth will eventually result in benefits for the majority. All countries are supposed to benefit by providing the cheapest exports, and the resulting growth should trickle down to the general populace. This rarely happens in practice. What does occur is that hand in hand with rising gross national products (GNP) and (until recently) booming worldwide stock markets, have come a global rise in inequality, declining social and environmental conditions and a loss of power by sovereign states, local governments and citizens. The major beneficiaries have been the transnational corporations (TNCs) and international capital; the major

losers have been the poor and the rising number of people who have lost their jobs, or are underemployed and underpaid.

Free-trade theorists claimed that the 'rising tide will lift all boats', providing broad economic benefits to all levels of society. The evidence so far clearly shows that it lifts only yachts.

'...during the 1980s and 1990s, tremendous pressures were applied to all countries, particularly by the World Bank and the International Monetary Fund, to abandon the idea of self reliance...and instead to specialize in producing a much smaller number of commodities for export...In the end, self-reliant economies and communities, small businesses, and small farms were undermined by a system that sends mass-produced manufactured and agricultural goods steaming around the planet at staggering environmental costs in the form of ocean and air pollution, energy consumption, and devastating infrastructure developments (new roads, ports, pipelines, dams and airports).'

(Barker and Mander, 2000)

To sustain this 'success', ever fewer trade barriers, minimal constraints on capital flows, privatisation, deregulation, flexible working and strict curbs on public expenditure goals are demanded. Virtually all the world's economies are geared to maximum inward investment and cheaper exports. It is constantly asserted that these measures are really succeeding in delivering prosperity. Until the Asian crisis this tended to be defined in terms of rising GNPs, stock market valuations and trade statistics. The supporters of 'corporate globalisation' also claimed that one day the process will provide the surplus necessary to tackle environmental and social problems. In any case there is, most establishment commentators still agree, no alternative.

However, democracy is fundamentally undermined by this process and the way it has influenced the policies of virtually all political parties. Thus, although voters can demand a change in government, they cannot achieve any fundamental change in policy direction. In the UK the Conservative Party was replaced by 'New Labour'. The latter, however, has pursued predominantly Thatcherite, pro-big-business policies of privatisation and the curbing of public expenditure, whilst pushing through 'public-private partnerships' in an attempt to plug the financial gaps.

Today the most powerful players outside government are private corporations. They contribute financially to political parties in the US, Europe and elsewhere and their neoliberal trade agenda has become the mantra of virtually all elected political parties. The price governments have to pay for this support is to ensure that their electoral platforms correspond quite closely to the agenda of big business (Shutt, 2001).

This paper argues that the world needs a radically new approach: 'localisation', which has the potential to radically increase all aspects of democratic participation and is a necessary precondition for improvements in our food systems, environment and society worldwide.

Before making this case, it is first vital to get clear what is meant by some of the terms used in this paper.



## 2. Understanding the Terms

### **Corporate Globalisation**

Corporate globalisation is the ever-increasing integration of national economies into the global economy through trade and investment rules and privatisation, aided by technological advances. These reduce barriers to trade and investment and in the process reduce democratic controls by nation states and their communities over their economic affairs. The process is driven by the widespread lobbying of governments by large corporations who use the theory of comparative advantage, the goal of international competitiveness and the growth model to maximise their profits. It is occurring increasingly at the expense of social, environmental and labour improvements and rising inequality for most of the world.

It is crucial to make a clear distinction between a global flow of technology, ideas and information to rebuild sustainable local communities (that is, a supportive 'internationalism'), and the process of globalisation. In essence, the latter is the systematic reduction of protective barriers to the flow of goods and money by international trade rules shaped by and for big business. It pits country against country, community against community and workers against workers. That is the point of it, because such a structure and process is the route to maximising profits. Internationalism can be thought of as the flow of ideas, technologies, information, culture, money and goods so as to protect and rebuild local economies worldwide. Its emphasis is not on competition for the cheapest, but on cooperation for the best.

Linguistic clarity is vital since the advocates and beneficiaries of globalisation misuse the indisputable benefits that can accrue from such constructive international flows to justify the destructive process of corporate globalisation. In tandem with this misleading approach is invariably a promise that some day the growth resulting from globalisation will somehow trickle down to benefit the majority.

### **Localisation**

Localisation is a process which reverses the trend of globalisation by discriminating in favour of the local. Depending on the context, the 'local' is predominantly defined



as part of the nation state, although it can on occasions be the nation state itself or even occasionally a regional grouping of nation states. The policies that bring about localisation are ones that increase control of the economy by communities and nation states. The result should be an increase in community cohesion, a reduction in poverty and inequality; and an improvement in livelihoods, social infrastructure and environmental protection, and hence an increase in the all-important sense of security.

Localisation is not about restricting the flow of information, technology, trade and investment, management, and legal structures which further localisation; indeed these are encouraged by the new localist emphasis in global aid and trade rules. Such transfers also play a crucial role in the successful transition from globalisation to localisation. It is not a return to overpowering state control, merely governments' provision of a policy and economic framework which allows people, community groups and businesses to rediversify their own local economies.

### **Participatory Democracy**

To most people, the term 'democracy' implies governmental democracy. But a broader definition of democracy, provided by the Institute for Democracy and Electoral Assistance, involves popular control and equality. The key value in ensuring this is participation, not simply elections. There also has to be a guaranteed system of civic, economic, social, and political rights, as well as education for citizenship. There has to be a culture of participation, and people need the capacity and resources to take part (Steele, 2002).

Participatory democracy does exist today, but it tends, under the conditions of corporate globalisation, to take the form of organising reaction and opposition to adverse effects on the ground. Thus much activity takes place against government policies which are perceived to be counter to the specific interests of groups, or for example are harming local services. Those involved range from NGOs to local community groups. Of course there are examples of new initiatives that are beacons in the face of adverse national trends. In the UK one such example is the recent dramatic growth in local food economies, where there are more direct links between farmers and consumers and an emphasis on local food.

### 3. Why Do We Need a Change?

Food is one commonly cited example of the downside of corporate globalisation. The adverse effects of the present agricultural system affect people all over the world, from exploited producers to health-conscious consumers. However, there are also adverse effects of globalisation on the upstream and downstream aspects of food production, that is, in terms of inputs such as energy, fertiliser and pesticides, and post farm-gate processing and retailing. These areas are also controlled by transnational corporations and are becoming increasingly more integrated, in common with other manufacturing sectors.

Indeed a major development over the last half century has been the fact that the manufacturing processes in just about every country in the world have become ever more interconnected. This is in the context of a global production system that is increasingly complex, geographically far flung and controlled by relatively few global corporations. The same pattern is found in food production, processing and export crops.

This shift in production away from traditional local systems, where countries were able to meet most of their food needs and manufacture products from start to finish, has undermined governments' ability to control their own economies. It has also placed severe constraints on their ability to choose how they interact with the rest of the world. This shift to a global trading system with ever more emphasis on open borders and international competitiveness has also had adverse effects on labour rights and environmental protection, and shapes the very direction of the development process to the detriment of the poor majority worldwide.

This section looks at how economic globalisation is undermining food security, labour rights, the environment, development and the very process of democracy itself.

#### Impacts of Globalisation on Food Security

'Food security exists when all people, at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary need and food preferences for an active and healthy life.'  
(FAO, 1996)

The overall aim of the General Agreement on Tariffs and Trade (GATT) of the World Trade Organisation (WTO), the Geneva-based agency set up in 1995, is to reduce trade barriers, prevent increases in tariffs and promote multilateral negotiations to lower trade barriers in a series of meetings called 'Rounds'. The results of the GATT Uruguay Round (see Appendix 1) were bad for world food security. This was particularly the case for poor countries, where subsistence farming is increasingly being replaced by export production. The WTO's Agreement on Agriculture (AOA – see Appendix 1) was negotiated in the 1986–94 Uruguay Round and brought agriculture into the orbit of GATT rules for the first time. It was negotiated initially between the United States and the European Union to provide a global framework for price support reduction and other measures. This was necessary because of the huge subsidies each bloc was giving to their respective agricultural sectors to cope with the effects of increased competition between them. The AOA enshrined the 1970s formulae – deregulation, economic efficiency, international competitiveness, and a dogmatic reliance on the market. In the Northern model of industrialised efficiency, self-reliance is out, trade is in. Yet there is enough evidence that these policies do not increase food security.

Similarly, calls for a blanket reduction of tariff barriers, both to developing countries' exports to the North and between developing world countries, have been harmful. For example, in 2000 the WTO forced India to remove import barriers (following its ruling in the case on quantitative restrictions brought against India by the US). Farm prices, and hence rural incomes, are falling dramatically as a result of this imposed import liberalisation (see Box 10).

Let's look in more detail at how the WTO approach affects food security and rural livelihoods in both the South and the North.

### In the South...

The free-trade vision of the WTO – the AOA – is a disaster for the food security of poor countries, as subsistence farms are increasingly replaced by export production. It also has adverse environmental and food safety effects as agricultural commodities are transported long distances and processed and packaged to survive the journey. Historically this has meant breeding programmes to improve durability, but more recently new varieties are literally being designed to withstand this transportation (e.g. the genetically altered tomato).

The WTO AOA was opposed by many Southern governments as being biased to Northern interests; they only agreed to it under pressure from the US and Europe. The North claimed that the South benefited through the lifting of quotas and reducing

## BOX 1: WHY CASH CROP EXPORTS HARM THE RURAL MAJORITY AND THE INDIAN ECONOMY

Trade liberalisation policies were imposed on Indian agriculture in 1991 by the International Monetary Fund (IMF) through structural adjustment programmes linked to a US\$91bn debt. One-third of this debt was related to industrial agriculture – for dams and importing machinery, pesticides, fertilisers and fossil fuel.

When trade liberalisation policies were introduced in 1991 in India, the Agriculture Secretary stated that ‘food security is not food in the godowns [grain warehouses] but dollars in the pocket’. It is repeatedly argued that food security does not depend on food ‘self-sufficiency’ (growing and storing your own food as a country) but on food ‘self-reliance’ (buying your food from international markets).

Three areas of exports which have been heavily promoted under the new trade liberalisation regime are aquaculture, floriculture and meat. According to the received ideology of free trade, the earnings from exports of farmed shrimp, flowers and meat would finance imports of food, and hence any shortfall created by the diversion of productive capacity from growing food for domestic consumption to growing luxury items for consumption by rich northern consumers would be more than made up.

However, it is neither efficient nor sustainable to grow shrimps, flowers and meat for export in India. In each case more food production capacity is destroyed domestically through diversion of resources and destruction of ecosystems than the food that can be purchased on global markets through exports. India can buy only one fourth of the food it could have grown with export earnings from floriculture. Our food security has therefore declined by 75 per cent.

In the case of meat exports, for every dollar earned, India is destroying US\$15 worth of ecological functions performed by farm animals for sustainable agriculture. Cattle in India are the sources of organic fertilisers and renewable energy. When the cattle are killed for export, the essential services given freely by the cattle to the farmer are destroyed and we have to import chemical fertilisers and fossil fuels, thus increasing foreign exchange outflow and leading to increased climate instability.

In the case of shrimp exports, every rupee of export earnings has generated more than five rupees of ecological destruction of water, biodiversity, agriculture and fisheries. Industrial shrimp farming destroys 200 times more area than the actual size of ponds through salinisation of ground water, pollution of coastal waters, destruction of agriculture and mangroves. More food production is lost through destruction of domestic agriculture and fisheries than can be purchased by the export earnings from industrially farmed shrimp. Further, export earnings go to rich industrial houses, and the price of destruction is paid by poor peasants and artisanal fisherman.

Thus, as a society, we are paying more in terms of food insecurity and ecological destruction than we are earning through exports of luxury crops such as shrimps, flowers and meat.

**BOX 1: WHY CASH CROP EXPORTS HARM THE RURAL MAJORITY AND THE INDIAN ECONOMY (continued)**

The growth as projected in industrial agriculture is thus based on dissimulating the scarcity produced at three levels:

- a) the ecological scarcity created by wasteful use of resources
- b) the food insecurity generated for producers by diverting more food from national or local markets or converting from food to non-food crops
- c) the economic insecurity generated for small farmers by rising costs and rising debts

The ecological destruction of land, water and biodiversity undermines food security in the present and the future since those resources would have helped to produce more food.

*Source:* Shiva, 2000

tariffs on developing country exports such as palm and coconut oils. However such concessions largely benefit huge corporate agribusiness in the South and Southern markets were opened up to cheap imports of rice and corn which mostly hurt small farmers (Barker and Mander, 2000).

Already, Southern agricultural investment is too often export-led. In the Gambia, roads have been laid radiating out from the airport to get fresh foods to Northern Europe faster. This sets the Gambia in competition with Kenya – another developing country – a competition from which only the trader and the distant consumer benefit. This puts traders in the position to mediate between producer and consumer and creates a new dependency culture – developing world as suppliers for the affluent. Some argue that this enables small farmers to make much-needed cash from a part of their acreage. Historically, as more competitors enter the market, this does not remain so. Global food production and trade is also thought to consume more fossil fuel than any other industrial sector (Shrybman, 1999). Vandana Shiva in India is a potent critic of another adverse aspect of trade liberalisation, the growth of the cash crop export sector (Box 1).

### ...And in the North

The winners in the North (and South) are the large industrial agricultural corporations; the losers are small family farms and subsistence farmers. In the US in 1998, for example, pork exports went up by 27 per cent and the large food processors had record profits, but the price paid to small pig farmers fell by over 200 per cent.

Current WTO rules limit the right of governments to support small family farms through measures such as tax breaks. One result has been their replacement with corporate-owned industrial-style livestock facilities, particularly in the US, and the increased takeover of agriculture by huge TNCs. Unlike small farmers, these TNCs are subsidised by other means, such as export subsidies or foreign investment insurance, as WTO rules have allowed the maintenance and even an increase in subsidies for export. As a result many countries now provide higher financial supports for companies involved in exports or foreign investments.

Such subsidies have led to an increase in 'export dumping' as companies are able to sell products abroad at prices below their actual cost of production. The WTO has rules that ban dumping, but by permitting export subsidies, it hands corporations the loophole they need to circumvent the ban, to dump products at below cost, and to drive out smaller competitors, usually in smaller, poorer countries (Barker and Mander, 2000).

### Case study: Problems in the UK's food systems

'In 50 years' time Britain's countryside could have become a factory, with big, mysterious sheds in a flawless prairie and irrevocably so, as the infrastructure needed to do otherwise will be gone. Or it could be an endless trail of golf courses and caravans, if farmers finally accept that in a globalised market they can no longer compete with other peoples climates and their willingness to work for slave wages, both prospects are dire. We must do better....

'We should acknowledge (for the first time in history) that farming is primarily for feeding people – which means providing sufficient amounts of food that meets the highest criteria of nutrition, gastronomy and safety. But farming should also be kind to livestock, be good for producers (plenty of people securely employed in interesting jobs) and provide a countryside that is both rich and aesthetically pleasing – though we should match our aesthetic standards with the needs of wildlife.'

(Tudge, 1999)

The current phase of globalisation in agriculture is characterised by concentration at national, regional and international levels and the UK food industry is one of the most concentrated in Europe. Since the mid-1990s there has been a wave of global mergers and acquisitions (M&As) in the food manufacturing sector. Between 1993 and 1995 there were almost 1,500 M&As within the food and drink industry worldwide (Lang, 1998).

Small farmers are disappearing at an alarming rate. The UK Policy Commission on Food and Farming reported that 51,300 farmers and farm workers left the industry in the two years to June 2000; this is equivalent to 70 a day. UK ministers expect that by 2005 as many as 25 per cent of farms – almost all small ones – will have closed or merged, with 50,000 people forced to leave the industry (Wintour, 2001).

Even some of the traditionally most profitable farms are under pressure. The 2002 Larking Gowen Farm Survey, which covers more than 60,000 acres in Norfolk and North Suffolk (the home of the ‘barley baron’ of popular stereotype), reveals that the average farmer is earning £3.60 an hour, that is, below the minimum wage, and less than the annual wage of a skilled farm worker.

Faced with falling incomes, some 25 per cent of full-time farmers in England have diversified into activities outside food production. On average, these activities generate slightly more income than that earned from farming. However, diversification is not open to all. Factors such as location, structure of business, and the skills available mean that for many it is simply not an option.

As far as consumers are concerned, proponents of globalisation always stress the advantages for consumers of increased choice and keener prices from trade liberalisation. Certainly, a hypermarket with 20,000 items is a cornucopia of choice and range, but questions about how important and superficial this advantage is have been a hallmark of the new food movement almost everywhere. Critics have argued that choice at the cost of environmental, cultural, safety and health considerations is a bad choice (Lang, 1998).

### Who benefits and who is in control?<sup>1</sup>

Most obviously, the poor are not the winners. In the UK, despite the fact that since the 1950s the percentage of household expenditure on food has dropped from about a quarter to a tenth of total household expenditure, the gaps between rich and poor are large. The poorest tenth spend a quarter to a third of their incomes on food, while the richest spend nearer 10 per cent. The poorest children eat less than half the fresh fruit and vegetables consumed by the richest children. Post-war, the gap in fruit consumption between rich and poor was narrowing, but is now widening again.

Even within commerce, the picture is mixed. Although dominated by highly profitable companies, the food–trade gap of the UK food sector is in deficit with the rest of the world. According to government figures, the total food and drink trade imbalance has risen from £5.5 billion in 1989 to £7.7 billion in 1996, i.e. the country imported

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<sup>1</sup> This section is based on Lang (1998) and I am indebted for being allowed to quote extensively from it.

£7.7 billion more food than it exported. The fruit and vegetables trade gap in 1989 was £2.5 billion, and by 1996 had grown to £3.84 billion.

Consumer food culture has been dramatically altered in the post-war period by the arrival of more processed foods and by changes in retailing and the role of women in the waged labour force. In the EU as a whole there has also been some convergence of food tastes and consumption patterns. Simple traditional dishes prepared from raw products in the household are being replaced with refined, industrially processed food; food consumption patterns no longer follow the seasonal cycle; and there is an increase in consumption of exotic foods among certain groups.

In the 1960s and 1970s processed foods increased in both number and range in the UK, as in North America. By 1982 only a fifth of UK food was fresh with minimal packaging. Critics have predicted that a culture of dependency on pre-cooked food is in the making.

There is a dilemma for government here. On the one hand, health educators argue that people should take more control of their diets to meet health targets such as obesity and heart disease reduction. Yet on the other hand, one of the simple ways that people can control their diet – namely cooking their own food – is made harder by a skills deficiency. There are 18 hours of food programmes on UK television each week, but cooking is in decline. The reality is that cooking now occurs mainly in the factory or commercial kitchen; TV makes it a voyeuristic experience and the introduction of a new compulsory National Curriculum for schools in the 1990s gave no room to practical food skills.

There is a growing backlash against some of these trends. There is an increasing demand from consumers for safer food, and grown using fewer or no artificial pesticides and herbicides. There is also a gradual increase in the number of farmers' markets which only source from locally grown products. The public sector is also under pressure to obtain more of its food from local producers. Recent food-related health scares such as BSE ('mad cow disease') and E. coli have made people keener to know the source of their food where possible.

## Labour Rights

Increasingly, the model for developing countries' exports of manufactured goods is the Export Processing Zone (EPZ). At present there are 27 million people working in 850 EPZs worldwide. In these zones global manufacturing firms and large local firms import most of their components from overseas subsidiaries and pay production workers very low wages in often appalling working conditions to assemble the



## BOX 2: GLOBALISATION OF TRADE AND ITS IMPACTS ON WOMEN

'...the widespread perception (is) that female employees are more tractable and subservient to managerial authority, less prone to organize into unions, more willing to accept lower wages, less likely to expect upward job mobility and easier to dismiss using life-cycle criteria such as marriage and childbirth. In short, behind women's labour force growth stands 'employers' needs for cheaper and more 'flexible' sources of labour given the rigours of international trade competition.' (Panos, 1999)

The service sector makes up a growing proportion of such female-based exports. Entering data on computer terminals for airline reservations, medical insurance claims, etc., is now done by women in countries such as India, China, Singapore, Barbados, Jamaica and Haiti.

'A hundred Barbadian women sit at rows of computer terminals. They enter 300,000 ticket reservations flowing from 2,000 daily flights of a single US airline. In the same building one floor above them other women enter data from American medical insurance claims. The average hourly wage is only \$2.50 compared with the same company's \$9.50 hourly wage for its US-based employees.' (Panos, 1999)

Women have also been the first to lose their jobs. The UN's Economic and Social Commission for Asia and the Pacific commented that 'This was inevitable given that women were originally preferred as workers largely because of the greater ease of dismissal'. Their report on growing female unemployment in the wake of the East Asian crisis warned of increasing numbers of women being driven into poverty and prostitution across the region (UNIS, 1998).

products for export to rich markets. The International Labour Organisation (ILO) has noted that many of the TNCs in EPZs employ young and unskilled or semi-skilled women (see Box 2), provide minimal training, and undertake relatively frequent job shedding. It also found that export manufacturing and services do not seem to lead to job openings for women in higher skilled, higher wage positions as the composition of exports shifts towards more technology-intensive products (ILO, 1998).

The ILO expects the number of EPZs to grow, especially in the developing world. The WTO's investment rules also favour such an expansion and it is usually at the expense of the development of a diverse domestic industrial and jobs base. The WTO's Agreement on Trade Related Investment Measures (TRIMS – see Appendix 1) forbids developing country governments from requiring that a certain portion of inputs be procured domestically. Also, countries' attempts to enforce labour rights, such as workers' rights to organise unions and bargain for better wages and conditions, are usually 'rewarded' by companies' relocating (Wallach and Sforza, 1999).

When the WTO held its first Ministerial Conference in Singapore in December 1996 the International Confederation of Free Trades Unions (ICFTU) proposed that:

'The contracting parties agree to take steps to ensure the observance of the minimum labour standards specified by an advisory committee to be established by the WTO and the ILO, and including those on freedom of association and the right to collective bargaining, the minimum age for employment, discrimination, equal remuneration and forced labour.'(Jones, 1999)

This proposal was an attempt to restrict the enforcement mechanism of the powerful WTO, whilst giving the far weaker ILO responsibility for determining whether a country complied with labour standards.

The WTO rejected the idea of a social clause and instead asserted: 'We reject the use of labour standards for protectionist purposes and agree that the comparative advantage of countries, particularly low-wage developing countries, must be in no way put into question.' (Jones, 1999). Indeed, then Director General Renato Ruggiero clarified that any cooperation with the ILO would be limited to information exchange, such as whether ILO programmes ran afoul of international trade rules.

Despite this rebuff, international and regional trades union organisations still repeat the same demands. The ICFTU and the European trades union umbrella TUAC still make the same calls despite correctly analysing the impotence of international trades unionists to defend an ever worsening position for organised labour worldwide caught up in the onward march of globalisation:

'However, because of globalisation it is increasingly the case that "high road" companies are being undercut by unscrupulous "low road" companies. Here, trade union rights are suppressed and an atmosphere of fear pervades the workplace.

'...hundreds of trades unionists and workers fighting for the right to organise are murdered each year while many more are detained, subjected to violence and intimidation or simply sacked...a new TUAC survey has painted a worsening picture of the labour standards situation in multinational enterprises operating within and beyond the OECD...there is a growing tendency whereby governments use labour standards as part of their incentive packages to attract investors...such as Bangladesh, Namibia, Pakistan, Panama and Zimbabwe where the existence of trades unions is openly banned, or as in the case of Malaysia severely circumscribed...the reality is of continuing abuses to gain a short-term comparative advantage.'

(Jones, 1999).

Yet despite such a realistic appraisal of the reality of globalisation's effects on workers, the same author, Roy Jones, Senior Policy Advisor at TUAC-OECD, can still assert that:

'It bears repeating that when trades unions talk about core labour standards we are talking about human rights that are enabling rights. We are not talking about wage levels, or other prescriptive labour market mechanisms that would undermine comparative advantage of developing countries.'

A mere two sentences later, however, the chill reality sets in with the realisation that:

'...as regards the issue of comparative advantage developing countries in particular should consider what the inclusion of China would mean for them within a WTO devoid of enforceable labour rights.' (Jones, 1999)

The whole purpose of the WTO is to enforce comparative advantage. Even if China were to introduce labour rights (an absurdly unrealistic idea) it would still undercut most competitors through a race to the bottom with wage levels, which the trades union movement specifically demands should not be covered in WTO rules. Foreign and domestic exporters based in China are already relocating internally for even lower wages. The over 100 million people leaving the land and joining those made unemployed due to the modernisation of the public sector are likely to keep wage levels very low indeed.

In the face of this end game of globalisation it is time for a fundamental rethink by the unions. It is hardly in the interest of Chinese workers whose conditions are worsening, or of workers in other developing countries being undercut by China or trying to pay even less to undercut it, for the movements supposedly protecting them, the international trades unions movement, to hang on to such an oxymoronic approach. For workers and their unions in the OECD and Eastern Europe it is a similarly self-defeating route.

## The Environment

'[Environmental standards in the WTO are] doomed to fail and could only damage the global trading system.'

(Former WTO Secretary General Renato Ruggiero, cited in Evans, 1998)

At the heart of environmentalists' myriad demands is the necessity to use resources frugally; for industry, services and agriculture to cause minimal pollution; to preserve wildlife, wildernesses and biodiversity; and to maximise recycling. More recently, this agenda has been broadened to ensure that democratic control of the emerging society is increased, human, cultural and animal rights respected and strengthened, and inequality decreased. Globalisation thwarts this with its trade rules. The transition from today's unequal and environmentally destructive world economy to a future where 'sustainable development' becomes the norm is made impossible.

What stops it occurring is that it is very expensive to extract resources with minimal pollution, use them frugally, and ensure that the end products are as recyclable as possible. It is far cheaper, and hence the products are more competitive, if the environment and the local community, particularly the poor, pay the real price in terms of ecological despoliation, pollution and ill-health.

The environmental movement has changed public attitudes, particularly in the business world, but the gap between attitude changes and adequate action is still large. Environmentalists have stopped some of the worst excesses, but the adverse processes are speeding up, often aided by the actions of the WTO.

Its trade rules, which outlaw measures deemed to be a 'barrier to trade', undermine effective protection of domestic activities which are employing good environmental practice. For example, on 13 May, 2003, the US announced that it would file a case at the World Trade Organisation against the EU's 'illegal' moratorium on approving genetically modified (GM) crops. US officials claim that the EU is violating its WTO obligations by not basing its decision on 'sufficient scientific evidence', and that it has erected a trade barrier unwarranted by the European Commission's own scientific analysis.

The Commission responded that the US challenge was 'legally unwarranted' and 'economically unfounded', and that the EU's regulatory system for GMO authorisation is in line with WTO rules, since it is clear, transparent and non-discriminatory.

Since the European Commission has made it known that it plans to lift the moratorium once new legislation on traceability and labelling is in place, such a WTO challenge may seem to be strangely timed: the WTO will take at least 18 months to make its ruling, whereas the moratorium could be lifted in a matter of just a few months. In that case, some predict that the US will alter the focus of its challenge away from the moratorium and onto the new legislation itself – which it claims will be 'burdensome' – while others suggest that the main aim of the US action is less to change EU behaviour, and more to send a clear signal to other countries that might have been planning to follow the EU's example (Lucas, 2003).

Another notorious case began in early May 1997. A three-person WTO dispute settlement panel ruled that a nine-year ban imposed by the European Union on hormone-treated beef was illegal under WTO rules. The ruling, which overturned an important consumer health law, caused outrage throughout Europe. On 13 May 1999 a deadline was set by the WTO for the EU to drop its ban and allow the imports of beef fed with growth-promoting hormones. The EU refused and the WTO authorised the Clinton Administration to impose US\$116.4 million worth of trade

sanctions on European goods including Roquefort cheese, chewing gum, raspberry jam and motorcycles (Hines, 2000).

A nation transferring to more environmentally sustainable production processes would have to borrow and/or invest in improvements, for example clean production or organic agriculture. This would be reflected in the price of the goods or service they are providing, but they would not be able to prevent competition from cheaper imports from areas without such stringent environmental regulations. Worse, such rules, allied to the constant demands of international competitiveness, can erode already existing laws and prevent the introduction of more stringent ones, for fear of losing potential foreign investors or companies.

For example, when the European Union attempted to introduce a fairly mild 'carbon energy' tax in the 1990s to help tackle climate change, big business critics put enormous pressure on nation states and the European Commission. The result was that they successfully watered down this effort to increase the cost of energy on the grounds that it would threaten Europe's international competitiveness.

### Development: The Preoccupation with Aid and Trade

Ministries of development, UN agencies and development NGOs are virtually united in their belief that exports to the North are a route for funding improvements in the Southern poor's living conditions. The same approach has now been expanded to the former communist countries of Russia and Eastern Europe.

Those who consider that international trade can be made fairer claim for it a number of potential advantages, whilst making clear the disadvantages of what occurs at present. Thus, import liberalisation, for example, improves access to productive technologies and new management skills; the resulting increased efficiencies are said to have the potential to promote employment and increase efficiency. Yet it can also undermine livelihoods by exposing vulnerable producers, industries and service sectors to intensive and destructive competition.

Likewise, export growth is said to have the potential to play an important role in increasing household incomes of vulnerable communities, maintaining access to essential imports, and generating the public revenue required for public investment. The reality is far more frequently one of basic needs provision being undermined by resources flowing to export sectors that harm small farmers, in the case of cash crops, and involve bad working conditions, in the case of mining and goods exports. In all sectors the environment is normally also the loser. However official agencies like

### BOX 3: OUT OF THE FROGS' LEG FRYING PAN

One of the most bizarre examples of the pitfalls of export dependence took place in Bangladesh in the late 1980s. The country was earning some US\$10 million from exporting about 50 million frogs' legs per year. This resulted in the depletion of the frog population (to an estimated 400 million) and an increase in insect populations requiring the import of more and more pesticides. Bangladesh ended up spending some US\$30 million on pesticide imports to counteract the loss of frogs, which earned just US\$10 million. The winners were the export companies, some of whom were both exporting frogs' legs and importing pesticides.

the World Bank and the UK's Department for International Development, though admitting that these are problems, still promote globalisation.

Yet the NGO movement's own research and that of, for example, the World Bank, shows that with the exception of the Newly Industrialised Countries (NICs) before the 1997 Asian crisis, the position of the majority in such export-dependent countries did not improve and in many cases worsened (Lundberg and Squire, 1999).

It is always possible to find examples of those who might earn more than before, or of women who manage to escape the strictures of family life for a while in, for example, an export zone, but most experience an oppressive and short stay in such industrial establishments. A brief perusal of the development lobbies literature provides a litany of sobering case studies showing how this process is increasing poverty, inequality and environmental degradation virtually everywhere (see Box 3). Official aid policies intertwined with structural adjustment policies, debt traps and the virtually unchallenged idea that all countries must gear their economies to producing cheaper exports, continuously add to the misery.

The position is even clearer for cash crop exports; we now have decades of experience of their adverse effects. Cash crops worsen land tenure, deprive small farmers of a living, result in increased numbers of landless and neglect of the rest of a nation's rural infrastructure (see Box 1). Should any group of export workers get organised to improve wages and conditions, then they are likely to be either personally intimidated or killed (Jones, 1999) or the employer will threaten to move to a more pliant country. This is even happening between export zones *within* China.

The demands of the development lobby have shadowed the changes in official development and political thinking. The traditional emphasis on the development of national industries with a strong state input in order to replace imports was replaced by a push for export-led growth and an ever bigger role for the private sector.

This shift from government to private control is often supported even by opponents of the worst excesses of globalisation, because of the corruption and inefficiencies of

#### BOX 4: PRIVATE SECTOR: LESSER OF TWO EVILS?

In Cote d'Ivoire, for example, the cocoa market was turned over to the private sector in line with World Bank demands in 1995. This ended a state system of controlled credit and production designed to keep the market stable and small farmers' incomes secure. Liberalisation has offered the farmers no protection, despite the fact that the reforms were supposed to benefit them.

Cisse Locine, National Secretary of the Cocoa Farmers Cooperative of Cote d'Ivoire complained that: What we have now is a lawless market where merchants are treating farmers any way they want. The merchants have become both referees and players in the market.

*Source:* Panos, 1998

some state-run organisations in the past. However, as recently as 25 years ago, less than a third of the world's countries were democracies; now this figure stands at nearly two-thirds (World Bank, 2000). Putting trade and domestic industrial policy in the hands of the private sector is far less likely to alleviate overall poverty (see Box 4).

The structural adjustment policies of the World Bank and the IMF encouraged increased exports as a way to repay debts and provide cash for development. The predictable result was a glut and a collapse in prices, made worse by the control in the international trade of such materials by TNCs seeking the biggest returns themselves by holding down the prices paid by consumers. In India in 1996, for example, Cargill and Continental, two giant grain traders, bought wheat at US\$60 to US\$100 per ton from Indian farmers and sold it at US\$230–\$240 per ton on the international market. Indian farmers were deprived of millions in export earnings because of the concentrated power of five major grain merchants (World Bank, 2000).

It is not just the emphasis on agricultural exports that has damaged the poor; the export of raw materials, the other traditional large source of developing world export revenue, has also undermined development. Mining has always had a history of bad working conditions and damaging environmental effects. 'Investment liberalization policies have led to an increase in mineral exploration and mining and create a climate where countries eliminate or ignore environmental protections in order to attract new investment.' (World Bank, 2000:13).

### The development lobby's export-led delusions

The response of the development lobby is generally to retreat to the theoretical possibilities of such worthwhile but incredibly limited concepts as 'fair trade', 'real aid', 'voluntary codes of conduct' somehow becoming the norm. In countless campaigns, concerns about globalisation are expressed. This never seems, even after

years of reaching the same conclusion, to suggest to the development NGOs that they should start setting their campaigns within a radically different construct. It is crucial for them to reject export dependence as the route to poverty eradication. Trade liberalisation will not radically change direction by having a few worst-case excesses exposed. Its very nature, and the TNCs and powerful sectors it serves, will ensure that the position of the majority, whom the development lobby is supposed to support, will worsen.

Development lobbyist who demanding more access to Northern markets for developing world exporters tend to highlight the hypocrisy of the North in delaying opening up markets like agriculture and textiles, compared with the South having been bullied into opening up its markets far more quickly.

The unemployment implications for those in the North tend to be glossed over. A mixture of arguments are put forward, ranging from 'the South is owed this because of colonialism', to the assertion that 'the North can afford to shunt displaced workers into other work'. The majority in the North have had their improving living standards underpinned to some extent by the fruits of colonial exploitation, but in the South the major gains have been among the rich and powerful elite. The new colonialism of globalisation is now increasing this wealth gap. As the North too is being forced to automate, relocate and curb labour-intensive public sectors, job losses to foreign competition becomes a much more damaging and intractable reality.

However, even if Northern opposition could be overcome and the last remaining barriers to the South's exports to the North were removed, the international competitive pressures would result in conditions worsening for the world's poor. Development priorities are and will be pushed aside in the race to the bottom in terms of price, and workers' and environmental conditions that are necessary to grab these export markets.

China, like Russia, has seen conditions for the majority worsen as both countries have opened up to the market. Now that China has joined the WTO things will worsen both internally and for their Third World competitors for export markets. Wages and conditions will remain very low and probably worsen. An estimated 100 million people have already left the land in search of work in towns and cities – thought to be the biggest migration in human history. WTO membership will result in cheap food imports, thus accelerating rural decline and the move to urban centres. In addition it is expected that a further 150 million jobs will be lost as 'inefficient' state enterprises are made ready for international competition. Whatever the final numbers, this trend will ensure a permanent cheap labour force whose products will undercut workers in other developing countries as well as in the North (Denny, 1999).



When Canada removed cotton T-shirts from quota restrictions in 1997, China gained 95 per cent of its market at the expense of Bangladesh. Mohammed Uzair Afzal, chief executive of the Bangladesh Garment Manufacturers Association expressed worry after having seen the Chinese government's forecasts suggesting that its garment exports will double over the next few years as the Multi-fibre Agreement is phased out by 2005 and their country joins the WTO.

To point this out is not to be anti-Chinese, but instead to be against the immiserating effects that globalisation is already having on them and its implications for their competitors, and for those who propose an export-led route to poverty alleviation for the South in general.

Development NGOs' championing of export growth, albeit hedged with calls for a fairer system, is a roadblock to a radical alternative that concentrates on localisation, rather than international trade. Their approach also provides enormous succour to big business and free market commentators.

Much of the development lobby needs to have a fundamental rethink of its approach to aid and trade. Some are concerned about being seen to be anti-globalisation because they appear to muddle it up with the concept of internationalism, where North-South solidarity is used to further development aims. Others consider the poor will gain export advantage in the reduced trade barriers of a more global economy.

The development lobby should reflect on whether it will be marginalised in terms of effectiveness, if not in terms of official consultation, unless it rejects globalisation and returns to the concept of greater self-reliance. It must challenge the need to be internationally competitive, and not just oppose the worst excesses of the WTO but also drop its counter-productive adherence to the idea of countries exporting their way to wealth.

## Globalisation's Threat to Democracy

William Greider exposes how the 'triumphant dogma of free-market capitalism' has a comforting but misleading explanation for how:

'...industrial capitalism leads to democracy by a process of gradual evolution. This rationale, though not supported by history, provides a comforting refuge for policy thinkers in many leading nations... [It] is oblivious to the actual experience of industrial societies and the richly complicated social origins of political freedom. England, the United States, France and some other societies did evolve to systems of civil democracy and popular sovereignty, though the consolidation of individual rights was tortuously slow and imperfect, spread

across centuries and regularly advanced only by political upheaval and violent conflict...In Germany and Japan the rise of industrial capitalism did not lead to democracy, but to twentieth century fascism. The repressive corporate states that emerged in those societies were able to supervise enormously productive economic systems without the bother of individual freedoms or electoral accountability.' (Greider, 1997)

Destructive upheavals have often been the prerequisite for dramatic shifts to greater democracy. The French Revolution, the British and US Civil Wars and the Second World War provide enough examples to prompt the need to learn from history. Likewise, increased internal inequalities or threats from external aggression are a common historical precursor to democracy.

Today, the social damage is frequently caused by globalisation. The rising inequality and insecurity experienced by most countries, particularly in the developing world and Eastern Europe, have contributed to the rise of external conflicts and internal upheavals. A dramatic example of this is Yugoslavia. Although often put down to historic ethnic clashes, more careful examination has shown how the IMF's rigid structural adjustment policies provided the inequality, unemployment and insecurity that enabled demagogues like Milosovich to seriously damage a once relatively prosperous country (Chossudovsky, 1997).

In addition, the environmental degradation that follows in the wake of exporting ever cheaper minerals, timber, fish and cash crops (Altieri and Rojas, 1999) is causing the number of environmental refugees to exceed those displaced by armed conflict.

This is also the threat to the overall stability of the global economic system of globalisation's reduction of effective demand. The need to be internationally competitive is reducing jobs through automation, relocation and curbed public expenditure. The only exception is a handful of richer countries, particularly the US, where the ability to go too easily into debt has kept consumer demand high until relatively recently.

Of course such trends might result in the kinds of backlash that could eventually result in greater democracy. However, such an end result is far from guaranteed and in any case will result in huge global upheavals and increased misery before anything gets significantly better. The crucial lesson is to take these adverse trends as a warning and change direction to increase economic and political democracy now. Although the number of countries qualifying as democratic is increasing, the conditions for a growing number of their peoples are worsening. This is due in considerable part to globalisation and the workings of its trade rules. The backlash to

the insecurity inherent in this process has contributed to the rise of extreme right political parties bent on stifling the democratic choices for sections of their populations.

There is, however, a growing realisation worldwide that globalisation's policies are a major cause of these problems. This understanding was in evidence in the massive protests at the WTO's Ministerial Meeting in Seattle at the end of 1999 and the calls for a halt to further liberalisation and for the WTO's rules to be revised and reviewed. In 2000 the demonstrations were replicated at the World Bank/IMF meetings in Prague and the EU Treaty Revision meeting in Nice. In early 2001, the pattern was repeated at the World Economic Summit at Davos and at the Free Trade Agreement of the Americas summit in Quebec. Indeed, wherever the apostles of further globalisation gather, their venue has to be turned into an armed camp to protect them from the democratic protests of sections of their population.

In 2001, the so-called WTO Doha Development Round took place with far less protest. This was partly due to the inaccessibility of the venue to the anti-globalisation protestors and partly a response to the recent September 11th outrage.

## 4. Localisation: The Vision

The only effective counter to corporate globalisation is to reverse the present organising principles of national and international governments and bodies. The route to such a fundamental change is the process of localisation, which has local self-reliance and the potential to increase self-determination at its core. This approach transforms the role of international institutions into one of facilitating increased local control and co-ordinating national policies only for matters where the interests of nations are inherently intertwined, for example climate change. Under localisation the aims of such global bodies would include protecting and rebuilding local economies and supporting a democratic commitment to self-determination.

Terms to describe this process differ, but include:

- localisation
- local economies first
- protect the local globally
- from global to local
- going local

For the purposes of this paper I use 'localisation' as the catch-all term.

In his groundbreaking book *Going Local*, Michael Shuman of the Washington-based Institute for Policy Studies described the localisation process as one that:

'does not mean walling off the outside world. It means nurturing locally owned businesses which use local resources sustainably, employ local workers at decent wages and serve primarily local consumers. It means becoming more self sufficient, and less dependent on imports. Control moves from the boardrooms of distant corporations and back to the community where it belongs.'

(Shuman, 1998)

The prerequisite for achieving such a re-localisation of the world economy is to replace globalisation with a cogent alternative. The policies involved must be seen as a plausible way to reverse the instability and insecurity that trade liberalisation has

wrought upon the world. The essence of these policies is to allow nations, local governments and communities to reclaim control over their local economies; to make them as diverse as possible; and to rebuild stability into community life.

This does not mean a return to overpowering state control, merely that governments provide the policy framework which allows people and businesses to re-diversify their own local economies. It would ensure a transition from the present situation to one where goods and services are provided locally wherever possible. Reducing product or service miles (the distance from provider to consumer, see Box 6) is also an environmental goal. In short, there is a positive discrimination in favour of the local.

The route to localisation consists of seven interrelated and self-reinforcing policy areas:

1. reintroduction of protective safeguards for domestic economies
2. a site-here-to-sell-here policy for manufacturing and services domestically or regionally
3. localising money such that the majority stays within its place of origin
4. local competition policy to eliminate monopolies from the more protected economies
5. introduction of resource taxes to increase environmental improvements and help fund the transition to localisation
6. increased democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies
7. reorientation of the objectives of aid and trade rules such that they contribute to the rebuilding of local economies and local control

How does this general vision apply to some of the areas of concern I discussed earlier?

### The Local Vision for Food Security

Ensuring national food security does not mean ending all trade in agricultural products (see Box 5). Rather countries should seek to achieve self-sufficiency in foodstuffs best suited to their climate, soils and farming methods, and protect their producers for doing so. Of course, with the vagaries of weather, terrain and season limiting the range of goods that can be grown in any one region, some trade in food is inevitable. The new goal, however, should be self-reliance where possible, deriving

#### BOX 5: FOOD SECURITY: A STATEMENT

National food security is a dangerously unfashionable and undervalued concept. We believe that a country (or geographically and economically close region) should have the right to determine its own policy on food security, i.e. 'food sovereignty':

National food security should be a central duty of any government to its citizens, as well as being fundamental to fulfilling national and international sustainability objectives. The free market economic view that this can be achieved through trade, relying on overseas producers, is short-termist, has been proven historically to be unwise, and is not sustainable in terms of energy or resource use in the long term.

Additionally it displaces the costs of providing 'cheap' food through imports onto other countries, undermining their environment and domestic food provision.

This last point is shown to be the case even when this model is followed by the richest countries: America's major drive to export grain from its heartland, which began in the 1970s, has contributed to a 40 per cent increase in soil erosion in its corn and soya bean growing areas. Currently about 90 per cent of US cropland is losing topsoil faster than it can be replaced.

The UK would be unwise to rely on such 'internationally competitive' sources of grain to feed its population and even more unwise to drive its own arable producers to accelerate the same process on our 'best' soils in a short-sighted and ultimately doomed attempt to compete with those US and Canadian prairie farmers.

The events of 11 September 2001 make the world a much more uncertain place. Reliance on food imports enabled by seemingly endless supplies of 'cheap' oil cannot be guaranteed. Even if it could, the costs of such energy use in transporting foodstuffs by air and sea do not take into account the costs to the global environment through carbon dioxide production.

Domestic food production that is not forced into competition with and undercut by unsustainably produced imports that do not meet basic UK and EU environmental, welfare and labour standards could meet broader goals of public goods and services provision.

*Source:* Statement from The Independent Farmers Group in response to the consultation document, *Farming and Food: The Future*, issued by the UK Government's Policy Commission on the Future of Farming, 25th October 2001, [www.farm.org.uk](http://www.farm.org.uk).

food from the locality first, then the geographical region and from world resources only as a last resort.

The choice has to be made between supporting a truly sustainable indigenous farming industry or handing mainstream food production over to international agribusiness with little care or interest about the particularity of a place, its people, fauna or flora, and long-term sustainability.

## 'Fair Trade Miles'

There is of course the need for rules-based trade in goods between countries seeking materials they cannot themselves grow or produce and those that can supply them. Such trade must aim to help protect and rebuild local, national and regional economies, thus improving the conditions of the poor. It should be covered by the rules of 'fair trade' (Box 6), not the WTO's deification of international competitiveness. This would allow the exporting nations to have as stable a level of earnings as is feasible with which to contribute to the overriding goal of re-diversifying local production.

The transition to maximum self-reliance through localisation will achieve many of the food activists' campaign goals (see below). For example, land reform cannot take place if the thrust of all governments' policies is to compete internationally; investors must not be frightened off with too radical and egalitarian social and farm policies. International competitiveness also needs a pool of cheap labour and intensive farming to reap economies of scale. However, once a country's food goals and those of its regional neighbours are only to accept investment and to consider exports when they contribute towards greater self-reliance, then land reform also becomes a prerequisite. Similarly, surplus dumping, import dependence and export concentration will wither away when there is a much greater emphasis on national food needs and far less dependence on producing surpluses.

A more self-reliant food system requires the rebuilding of rural economies and infrastructure, and a decrease in wealth discrepancies. This is crucial, since for developing countries in particular, such spreading of opportunities and wealth in the rural sector is the only way to build demand for goods from a growing domestic manufacturing and services sector.

For both developed and developing nations, the increasing dependence on local food resources should act as a spur to improve the environmental sustainability of local resource use, since this is where the future food supply will predominantly come from. More labour-intensive, low external input agriculture will not only improve the local economy, but will also ensure that new techniques are developed that will not threaten the local agricultural resource base, since importing your way out of problems becomes less of an option (Box 7). The emphasis on resource taxes, including energy and agricultural pollution taxes, to help fund the transition to localisation will also direct agricultural practices towards more sustainable patterns.

As economic security increases and attention turns to more than just the quantity of food available, then issues such as food quality, animal welfare and their links to

## BOX 6: 'FAIR TRADE MILES': RULES FOR LONG DISTANCE TRADE

Once the domestic production emphasis of localisation becomes the aim of agriculture worldwide, residual long-distance trade in foods will focus on items which cannot be produced in every region, such as the traditional 'cash crops' of coffee, tea, bananas, etc. The new cash crops, such as flowers and vegetables, can predominantly be produced in all countries or regions and hence do not need to be traded in the vast and growing quantities they are at present. However, if trade in goods such as coffee, tea and bananas is to contribute to the rediversification of local economies and environmental protection, it must follow the principles of Fair Trade Miles.

These principles say that farmers should receive a fair price for produce grown sustainably. To minimise contributions to climate change, residual long distance trade should take place with the minimum of 'food miles' between producer and consumer, or what movements have called 'short food chains'.

Finally, to ensure a secure income for exporting farmers, 'fair trade miles' will need to be augmented by the importing countries buying a guaranteed quantity of goods from specified exporting countries. The transactions should also take place within a guaranteed range of prices. The 'fair trade miles' approach also provides a framework for controlling the TNCs that at present dominate global trade in these cash crops. They will no longer have the power to play one producing country off against another. It also strengthens the bargaining power of exporters and consumers. It is in both their interests to curb the power and the profit levels of these giant companies.

*Source:* Hines and Shiva (2002)

human health begin to go up the public agenda. The most significant improvement inherent in localisation is that it controls TNCs' activities and investment patterns. These players will not be able to force down wages or conditions through the threat of relocation. Access to national markets depends on being in that market and staying there. The increased control of governments, plus local competition laws, will dramatically reduce the power of TNCs to control the world food system. The less trade internationally, the more local control under this system.

### A proposal for the localisation of European agriculture<sup>2</sup>

To provide food security, sustainable agricultural practices and a future for Europe's rural sector we need more than the consensus view that all that the continent can do is to reform the Common Agricultural Policy. What is required instead is to replace its entire rationale of prioritising international competitiveness and open markets by a

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<sup>2</sup> Source of this section: Caroline Lucas MEP, Michael Hart and Colin Hines (2002) *Look to the Local: A Better European Agriculture is Possible*. The Greens/European Free Alliance and The Small and Family Farms Alliance, London.



## BOX 7: TENSIONS IN THE FOOD SYSTEM

The future of food is one of many tensions between different visions of the future, both being actively pursued and supported by different interests and ‘constituencies’. In the table below, the left-hand column broadly represents those characteristics pursued within the food system driven by globalisation, whilst the right-hand column represents counter trends associated with forces seeking the relocalisation of food.

*versus*

globalisation	localisation
urban/rural divisions	urban–rural partnership
long trade routes (food miles)	short trade routes
import/export model of food security	food from own resources
intensification	extensification
fast speed, pace and scale of change	slow pace, speed, and scale of change
non-renewable energy	re-usable energy
few market players (concentration)	multiple players per sector
costs externalised	costs internalised
rural de-population	vibrant rural population
monoculture	biodiversity
science replacing labour	science supporting nature
agrochemicals	organic/sustainable farming
biotechnology	indigenous knowledge
processed (stored) food	fresh (perishable) food
food from factories	food from the land
hypermarkets	markets
de-skilling	skilling
standardisation	‘difference’ and diversity
people to food	food to people
fragmented (diverse) culture	common food culture
created wants (advertising)	real wants (learning through culture)
‘burgerisation’	local food specialties
fast food	slow food
global decisions	local decisions
top-down controls	bottom-up controls
dependency culture	self-reliance
health inequalities widening	health inequalities narrowing
social polarisation and exclusion	social inclusion
consumers	citizens

new goal of a just and environmentally sound food security programme for all nations by prioritising self-reliance.

This means each country in the European Union providing as much of its domestic temperate food requirements as is reasonable and conveniently possible. Any shortfall in temperate food stuffs should then be imported from geographical neighbours. For tropical food stuffs, the long-distance trade should be governed by fair-trade rules, giving a guaranteed range of prices and guaranteed markets to developing country exporters (see Box 6). The distance between the importing and exporting countries should be as low as possible to minimise the impacts of transportation on climate change.

This would require six major steps:

1. The creation of a funding and policy framework to ensure a food and agricultural system based on food security for all countries. Such a system would provide farmers with an adequate income, ensuring as much national and regional self-reliance as possible. Production methods would have to meet key environmental and animal welfare standards and produce healthy food, whilst purchasing and marketing systems would contribute to the diversification and renewal of rural communities.
2. This will be impossible to achieve without national import controls on food that could otherwise be produced within the boundaries of each European country. The ability to erect such limitations on imports must be the prerogative of all countries worldwide.
3. A key part of any such transition in Europe would be a reduction in profit margins for the hugely powerful food processors and supermarkets. This would ensure that the impact of rising farm-gate prices does not fall disproportionately on the poor.
4. The issue of food poverty must also be tackled through a combination of improved social welfare, a higher minimum wage, and improved access to reasonably priced, healthy food.
5. The goal of self-reliance would also benefit the poor in the rest of the world. This is because it would eliminate the surplus EU production that is currently dumped in developing countries, with disastrous results for the livelihoods of poor farmers there.
6. The EU Treaty and the Rules of the World Trade Organisation would need to be rewritten (see Appendix 1) to ensure that food security and maximum self-sufficiency replace their present emphasis on open markets and international competitiveness.

## A Localist Vision for the Unions

If trades union demands were couched within the context of localisation, then the position of workers everywhere would have a real chance of improvement. No longer would countries from one part of the world be undercut by exports from cheaper labour countries, if such goods and services could be produced domestically. No longer could companies or investors threaten to relocate if wage levels and labour standards improvements were required. This is because business would not have access to this market unless they are producing there and abide by national rules governing labour rights. Eastern Europe and the Third World would no longer have to compete ruthlessly to gain the markets once served by Northern workers. Their future, like those of the latter, would lie in local production.

The argument that exports from the South and East to the OECD are needed for the development of these poorer countries is simplistic. It fails to understand how this assertion, rejected by many in poor countries, helps not those seeking economic improvements for the majority, but those already powerful sectors seeking to pit country against country, and workers against workers.

The transition from globalisation to localisation is the real route to incorporating labour rights into domestic economies. What remains of long-distance trade will of course be based on market access dependent on the verifiable implementation of ILO standards. Comparative advantage needs to be replaced by local advantage, and labour subjugation by labour rights.

## Localisation is the Green Solution

Localisation would mean less long-distance transportation and energy use and consequently less pollution. Adverse environmental effects would be experienced locally, thus increasing the pressure, impetus and potential for control and improved standards.

Ecological taxes on energy, other resource use and pollution would help pay for the radical economic transition, would be environmentally advantageous, and could allow for the removal of taxes on labour. Competition from regions without such taxes could be held at bay by re-introduced tariffs and controls. The transition to more environmentally sustainable local economies would of course have huge job-creating potential ranging from more labour-intensive agriculture through to energy conservation programmes for the built environment. Also any adverse environmental effects would be experienced locally, thus increasing the pressure, impetus and potential for control and improved standards.

The environment will be better protected under this system than under any attempt to put minor environmental constraints on liberalisation. The paramount necessity to be internationally competitive in today's system inevitably sacrifices adequate local environmental protection measures. Thus, for activists concerned about protecting the environment, it would be more effective to put their issue-specific demands within the overarching context of campaigning for policies resulting in localisation.

## A New Development Agenda: trade and aid for self-reliance

The WTO rules should be revised to become a General Agreement for Sustainable Trade (a GAST) policed by a World Localisation Organisation (WLO). Aid, technological transfer and the residual international trade should be geared to the building up of sustainable local economies. The goal should be to foster maximum employment through sustainable regional self-reliance (see Appendix 1).

A handful of Southern countries, mostly in Asia, dominate trade with, and until recently received most of the foreign development investment (FDI) from, the OECD. They could substitute this trade over perhaps a five- to 10-year transition period by increasing their inter-regional trade.

Increasingly, countries are in regional trading blocs; these could form the basis of the localised trading system by changing their objectives away from trade liberalisation towards localisation brought about by the Protect the Local, Globally policies below.

The key challenge is not to encourage further spirals of ruthless competition, but for new rules to facilitate the building up and diversification of local economies globally. These will be major engines for change that will help bring about conditions to meet the needs of the poor majority. Such a major transition requires the grassroots movements and the development lobby to campaign actively for it.

## The Vision for Democracy Within Localisation

'Civil society offers us a single civic identity that, belonging neither to state bureaucrats nor private consumers but to citizens alone, recouples rights and responsibilities and allows us to take control of our governments and our markets. Civil society is the domain of citizens: a mediating domain between private markets and big government.' (p.285)

'My concern is not with capitalism but with civil society and what capitalism does to it, not with religion or ethnicity but with citizenship and how fundamentalist zealotry can undermine it. We need markets to generate productivity, work and goods: and we need culture and religion to assure

solidarity, identity and social cohesion—and a sense of human spirit. But most of all, we need democratic institutions capable of preserving our liberty even in parochial communities: and capable of maintaining our equality and our precious differences even in capitalist markets.’ (p.300) (Barber,1996)

Democracy in its broadest sense is now the dominant political process globally. In 1974 less than one-third of the world’s countries were democracies, by 1998 that proportion had risen to 60 per cent (World Bank, 2000). In this worldwide shift people are demanding a greater say in the way their governments are run. Demands for increased decentralisation are often a part of this trend (World Bank, 2000).

Democracy should not just be considered as an electoral input over who controls the economy, but also in terms of access to participation in the economy and the development of individuals’ and local communities’ potential and capacities.

The Canadian Centre for Policy Alternatives has suggested that the goals for such an ‘active democracy’ should be:

- creating a strong industrial, commercial and service base to increase wealth, options and skills;
- building a comprehensive social infrastructure, e.g. transportation, housing, communications, health, child care, education, environmental protection; this sustains and supports industry and commerce, but is also fundamental to removing barriers to universal participation;
- strengthening individual economic rights e.g. the basic right to productive employment and livelihoods, education and training, and culture; and
- sustaining and rejuvenating the natural environment (Gindin and Robertson, 1991).

A diverse local economy is a possible route for such an ‘active democracy’. In terms of specific day-to-day involvement, to produce the maximum goods and services required as close to the point of consumption as possible will increase the likelihood of a wide range of people’s active participation. This wider economic involvement needs to go hand in hand with wider political and democratic control and accountability at the local level (see Box 8). This will help ensure as broad as possible a distribution of the ensuing benefits. To use an ecological metaphor, it involves the stability of diversity as compared with globalisation’s move to the ever fewer providers of an economic monoculture. The recent rash of mergers and acquisitions involving banks, oil companies, IT companies, car producers and the like are the latest testimony to this latter trend.

#### BOX 8: PORTO ALEGRE: BENEFITING THE MAJORITY THROUGH DEMOCRACY

Porto Alegre is a Brazilian city with a population of about 1.2 million people, situated along the polluted Guaiba river in Southern Brazil. There are about 250 *favelas* (slums) in Porto Alegre, where about 400,000 people live.

Since 1989, Porto Alegre has been governed by the Partido dos Trabalhadores (PT). This party was founded in 1980, when the military regime first allowed the creation of new parties. The PT emerged from a coalition of labour unions, urban and rural social movements, people from Christian base communities, and formerly revolutionary Marxist and Trotskyist groups. The PT has no well-defined ideology, but there are two main themes: prioritising the needs of the poor and popular participation.

The original contribution of the PT was the insight that popular control of public spending was the key to real popular participation in policy. To achieve this the PT introduced the practice of 'direct democratic budgeting' from 1989 onwards. This involves a number of phases including assemblies where people can give their views on the way public spending is organised at present; and neighbourhood meetings where investment priorities are drawn up. Delegates for the Regional Budget Forum are elected during this process and then more assemblies are held. Finally the Municipal Budget Council coordinates the demands made in these meetings.

The result has been increased efficiency in public spending. Before the introduction of 'direct democratic budgeting', the largest amount of sewer line constructed in one year was 17 kilometres, in 1987. From 1990 to 1994, the figure grew to 46 kilometres of sewer line built annually. As a result, from 1989 to 1996, the portion of the population with access to sewer lines rose from 46 per cent to 95 per cent. In each of the three years before the PT administration, only four kilometres of roads were paved; after 1990, the annual figure grew to 20 kilometres, and the quality of the paving rose dramatically. Extended *favelas* that had only mud roads and tracks became accessible for buses, garbage trucks, ambulances and police cars.

*Source: Abers (1997)*

Of course local control can end up in the hands of the few rather than the majority, but there is more potential to curb such trends when control of the local economy is part of a global democratic localism. Today's situation, where democracy is harnessed to the requirements of globalisation, is taking the world in the opposite direction. Local control does not guarantee increased democracy, equality, environmental protection and so on – it just makes it more likely. In times of rising insecurity – as is now being generated by globalisation – this can often bring out non-progressive forces in support of a more local emphasis. Such groupings often use the language of racism, xenophobia and religious fundamentalism as part of their platform. Examples include the Freedom Party in Austria, the National Front in France and the Bhartiya Janata Party (BJP) in India.

However, this is sometimes used as an excuse by more progressive forces to avoid emphasising the need to protect and rebuild local communities lest there be guilt by association. This can leave the Right with a clear run to capitalise on the growth of insecurity and leave the progressives concentrating on more limited issue-specific battles. This defensive approach can be at the expense of concentrating on the fundamental shifts required to deal with the very insecurity which is the springboard for the rise of extremists.

### The Time is Ripe...

The world economy will remain unstable in 2003 and beyond. The US stock market is faltering and the pressures on the OECD economies at a time of burgeoning exports from Asia are likely to see a rise in protectionism from long-distance trade. This could follow the 1998 rise in protectionism from long-distance capital flight that occurred in the wake of the Asian crisis that began the year before. The latter led to currency controls moving from being seen as heresy, to a short-term salvation for a country like Malaysia. The continual economic instability worldwide could well create a similarly fundamental rethink in the way global trade is organised and lead to more calls for it to be curbed.

Indeed the WTO Ministerial meeting in Seattle in December 1999 attracted opponents of globalisation from around the world. Huge, internationally reported demonstrations, the 'fiasco' of the collapsed meeting itself, plus open revolt from disillusioned delegates from developing countries seriously dented public perceptions of the WTO. At a grassroots level, Seattle also saw the emergence of an alternative future. A 'Citizen's Millennium Round' included the demand from over 1600 organisations worldwide to halt further trade liberalisation and review and revise trade rules. This trend is combined with growing public unease about WTO rulings on products from bananas to hormones in beef. These, together with the macro-economic concerns mentioned above, mean that pressure is mounting for a radical shift away from globalisation towards localisation.

## 5. Making Localisation Work

Having explained what localisation is and outlined the policies needed to bring it about, it is now time to consider its relevance to international solidarity, what is meant by the 'local', and how the process can increase active democracy.

To make the concept of localisation relevant to most people we must ensure that it sets out to achieve some basic human rights: providing basic needs sustainably, improving human rights, reducing the power gaps between different groupings and genders, and increasing equity and democratic control over decision-making. Should these guidelines gain general acceptance, then the policies for localisation suggested in the sections that follow or any others that are proposed have to be constantly evaluated in these terms. This holds whether these measures are being discussed or being put into practice. The politics of localisation must also be inclusive and supportive of localist measures elsewhere that are aimed at improving the lives of the vast majority. This is what used to be termed internationalism.

Internationalism covers any interaction that benefits the majority in local economies, and involves communities in the decision-making process. Such flows of information, technology, management and legal structures, trade, aid and investment between continents would strengthen local economies.

### Localisation for What and for Whom?

Former US House Speaker Tip O'Neill made famous the phrase 'All politics is local'. At one level it is a statement of the obvious, at another it glosses over three key issues:

1. What is meant by 'local'?
2. How much is the 'local' constrained by decisions and priorities made at a more national or international level? These include national spending plans for domestic regions, and international or regional trade bloc rules.
3. Who actually has the power at the local level and whose interests do such local agendas serve?



## **Defining local**

Richard Douthwaite suggests that for developed countries 'local' should be defined by the circulation areas of local papers (Douthwaite, 1996). These have established the spatial limits within which the readers are interested in each others' doings. Of course newspaper areas of circulation overlap, and so will the boundaries of what constitutes a local economy for different products and services.

In terms of personal interaction, sociologists refer to 'social fields'; local towns of 1,500 to 10,000 people which, by commuting their hinterland, can be extended to a 10 to 15 mile radius. For urban dwellers the area will usually exclude the distance they commute to work, and is more likely to be bounded by the distance from the nearest supermarket and shopping centre, school and other social infrastructure. For developing countries, the local is more likely to be the village or township, again sometimes excluding longer distances travelled to work.

What constitutes the boundary for localisation will depend on what goods or services are being considered. This should reflect the views and the needs of the communities concerned, but will ultimately, in terms of allocation of the necessary supportive resources, be a political decision by the countries and regional blocs involved.

The parameters of the area within which each industry would site would be predominately the nation state, although for some goods (such as agricultural products), the area might be sub-national. For very large industries, such as airplane production, the delineation might be the actual grouping of countries which make up the geographical bloc.

Each bloc can put limitations on imports so as to encourage domestic production. To further this goal inside these regional blocs, larger countries may have their own national barriers. Smaller ones may choose to join together until they have attained a grouping of optimal size to maximise production of their needs. This new grouping may then have its own protective controls to allow for as much internal production as possible. The guiding principle for such decisions is ensuring that production is as local as possible for each country.

For most sectors a gradual increase of energy costs will lead to production being sited as close as is feasible to the markets.

## **How much local control exists?**

It is crucial to make clear the distinction between different levels of political control and geography. Some local political powers clearly control the day-to-day running of

a defined local area (for example a local authority), and should in theory be more accountable to local residents. Many local economies are dominated by the agenda of national governments, which are not necessarily in their interests. Examples include tax incentives for foreign investment rather than support for local firms, or making a locality an export zone. Finally, more and more national priorities are subsumed to the demands of regional and international free trade agreements, including competitive tax cutting, and low environmental and labour standards, wages and security.

## A Focus on the Individual and Taking Control of the Economy

'Individuals are the engine that makes a healthy local economy grow. It is individuals, working independently and collectively, that form the fabric of community life. It is the skills, abilities, and experience of these individuals that can be mobilized to develop a vibrant local economy.'

(Kretzman and McKnight, 1995)

Historically, significant community development tends mostly to take place when people in a local community are committed to investing their time, skills and resources in the effort. In the US, John Kretzman and John McKnight summarised successful community-building initiatives in hundreds of neighbourhoods across America (Kretzman and McKnight, 1995). They found that a key was to 'map' their local human, institutional and resource assets and to combine and mobilise these strengths to build stronger, more self-reliant communities and hence local economies. This consists of drawing on individual's skills, the local associations where people assemble to solve problems or share common interests, and the more formal institutions that are located in the community. These include private businesses and public institutions such as schools, libraries, hospitals and social service agencies (Kretzman and McKnight, 1995).

This drawing on local capacity is the start of a process which reinvigorates local economic and physical assets. Local government officials have been most useful when their role has been to support local problem solvers and strengthen and connect other local assets. The most helpful approach has been one where local government representatives have asked how they can assist local citizens in their development efforts. (The more usual approach has been to ask how local citizens can participate in the government's efforts.) At a national government level a primary role is to ensure that a substantial part of government expenditures provides direct economic benefits in terms of local jobs, contracts and purchases (Kretzman and McKnight, 1995).

So how can the policies necessary for localisation further community regeneration?

National and regional prioritising of localisation should, if the countries concerned act in concert, return control of the local economy to the locality. This is because it is here that, in most cases, the good or service would have to be produced. This approach would stop TNCs and others relocating or threatening to do so, since they would thus lose access to the market concerned.

Such localisation could make the breaking up of such large companies more feasible and makes them subject to greater transparency and stakeholder power. They would not just be geared to the needs of shareholders, but also to the desires of workers and the local community. Company and accounting law could control transfer pricing and the siphoning off of company profits and individual earnings off shore. These policies would allow for the level of company taxation deemed necessary by local and national governments. Democratic control over capital is also a key to providing the money for governments and communities to improve social and environmental conditions and job opportunities.

These measures may of course lead to greater price rises than would be the case if every country could obtain its needs from the cheapest global source. However, as more and more regional blocs adopt the localisation approach, the features that often made their exports cheap (such as low wages, inadequate environmental standards and cheap transport costs) will no longer apply, thus improving the economics of local production.

The major task is clearly to develop a credible set of overarching policies that will relocalise economies worldwide. These will need to be discussed, refined and used as organisational and lobbying tools by a wide range of active citizens and movements in order to bring about such a dramatic political turnaround. The result should be worth the enormous effort involved. It would put governments at a local, national and regional level back in control of their economies in order to benefit the majority and enable economic activity to be relocalised and rediversified.

Such a reorganisation of the global market is needed to allow both rich and poor countries to have any real chance of moving towards relocalised economies. For this to be successful it must be underpinned by a commitment by the OECD countries to the two-way, free flow of sustainable technologies and relevant information with the developing world and Eastern Europe. A spur to such a change in direction by the rich countries could well be the fact that a worsening global economic situation for the world's majority will adversely affect them. It will not merely be the usual economic concern about lost markets, there will also be the domestic implications for OECD countries of the increased movements of people displaced by globalisation's economic failures and its concomitant adverse environmental effects. The Red Cross now estimates that there are more 'environmental refugees' than people displaced by armed conflict.

In terms of capital controls, the costs of rebuilding local economies could, in the short term, be partly funded from a Tobin/Speculation Tax (a small tax of around 0.5 per cent on each international capital transaction) to curb currency speculators. This is vital since such predatory activity has resulted in enormous job losses for the Asian Tigers and elsewhere. Broader re-regulation of finance capital is also required. To ensure that money is more grounded and redirected to the local requires controls on capital flows, taxes on short-term speculative transactions and the tightening of easy credit that allows speculators to multiply the size of their 'bets' way beyond the cash required to cover them. A coordinated attack on corporate tax evasion, including offshore banking centres, is also crucial. Equally important is the regulation of corporate investments in a manner involving the wishes and wellbeing of the affected communities (see Appendix 2, the Alternative Investment Code).

A limit should be set for the market share of products by any one company. New firms should be encouraged by grants and loans to enter the marketplace. This guarantees the local competition needed to maintain the impetus for improved products, and more efficient resource use and choice. The transfer of information and technology globally would be encouraged where it improves the efficiency of local competitiveness. The economics of smaller amounts of production for more local markets can be improved increasingly by new computer-controlled technological developments. These are allowing ever smaller numbers of products to become more and more economic to produce, and with less throughput of resources.

### Citizens' Participation and Control

'The current and future well-being of humanity depends on transforming the relationships of power within and between societies towards more democratic and mutually accountable modes of managing human affairs that are self organizing, power sharing, and minimize the need for coercive central authority. Economic democracy which involves the equitable participation of all people in the ownership of the productive assets on which their livelihood depends, is essential to such a transformation because the concentration of economic power is the Achilles heel of political democracy, as the experience of corporate globalization illustrates. (International Forum on Globalization 2002)

In both economic and political democracy accountability is key. Decision-making must be under the control of those who will experience the consequences of such decisions. This inevitably means that decision-making must be as local as is feasible. By contrast the present emphasis on ever more open markets and international competitiveness results in more and more food, goods and services being produced

## BOX 9: THE CITIZEN'S INCOME

A 'Citizen's Income' (sometimes referred to as a Basic Income) is probably the most fundamental route to economic democracy, in that it provides the wherewithal for involvement in the economy as a matter of right. It is a modest payment made to each individual as a right of citizenship, without means testing or the requirement to work. Depending on its level, it could replace all existing social insurance and assistance benefits with a single payment, paid unconditionally. Potentially it could result in huge savings in administration costs. It would also to some extent increase the demand level of the poorest, - increasing the amount of food, goods and services that poor people could afford?)

A Citizen's Income would provide a measure of security, making part-time work and self-employment more attractive, and allowing people to develop less rigid work patterns that are more consistent with their own needs. It would thus help the economy move towards higher levels of employment. It would also help those wanting to enter higher education, training or retraining at any stage of their lives. The financial position of those unable to engage in full-time work because of caring responsibilities would also be improved, whether they are caring for children, the elderly or disabled relatives.

Most UK pensioners who rely chiefly on the state pension are entitled to income support, but one million pensioners do not claim it and others are ineligible because they have saved a little capital or have small occupational pensions. The introduction of a Citizen's Income would alleviate poverty amongst the poorest pensioners without, according to the Citizen's Income Trust "incurring excessive budgetary expenditure" (Citizen's Income Trust, 1998).

A Citizen's Income would distribute economic power. Those in work would pay more taxes, yet the government wouldn't need to use all of the extra tax revenues on benefits. To be effective in encouraging some into work and reducing the pressure on others to work so much or at all, the scheme would require the backing of sound public sector provision and competent government administration. The Citizen's Income must be seen as a reliable addition to personal or family budgets, and through, for example, adequate and affordable public health, education and transport, allow people to feel secure enough to review their decisions on what form or amount of work they will seek.

A Citizen's Income would enable many people to work shorter hours and share jobs and give the unemployed the opportunity to seek work. In addition, the possibility of people working for less could help restore (in tandem with energy, resource and pollution taxation) the cost-effectiveness of good quality, more labour/intensive, personalised production. Environmental taxes would remove the price advantage of centralised mass production and bulk transport, and employment opportunities could be distributed, rather than centralised as they are at present. Thus, supportive government spending and a Citizen's Income would allow governments to meet their responsibilities for employment, transport and regional regeneration.

On the surface it appears that the Citizen's Income is not on the cards for poor countries since they often have too small a percentage of their population actually paying taxes. However a Citizen's Income should be based on the notion that the productive capacity of global society is the result of all the scientific and technical knowledge accumulated by previous generations. This is a common heritage of humankind; all individuals, regardless of origin, age or gender, have a right to benefit from it, in the form of an unconditional basic income. A far more equitable distribution of the existing world product would allow each person on earth to benefit.

further and further away from the eventual consumer. This has a negative effect on economic and political democracy because it shifts power from local communities, their businesses and their elected representatives to those that control such long-distance trade. These are the TNCs and the World Trade Organization, the enforcer of the rules of a trading system shaped by these giant companies.

A broader involvement in the local economy – economic democracy – makes sense since it will increase the range of ‘democratic demand’. It is crucial not only that the need for goods and services be met locally to generate local work, but also that people have the money to obtain adequate quantities of (Box 9). ‘Democratic demand’ is essential to ensure that enough people are directly involved as consumers and producers so that the fruits of localisation are both generated on an adequate level in the first place, and spread evenly enough to ensure such demand levels can be maintained. The environmental downside of such consumption is mitigated by the resource taxation programme of localisation and the fact that much of the work will involve face-to-face caring, personal services and cultural pursuits that do not rely solely on physical products.

Given the desire to involve people as much as possible, a number of new institutional mechanisms are required. These must encourage and maximise citizens’ participation in defining development priorities and in planning economic, social and environmental initiatives, especially in local communities.

As the state moves away from serving corporate interests to prioritising those of its citizens it will also be vital to overcome resistance from senior bureaucracies. New personnel must be given powers to override internal resistance and ensure that the government’s plans for democratic reforms are speedily implemented. Concentrations of power in the old bureaucracy must be overcome by a powerful review board to coordinate the government’s initiatives. Finally, the operating structures must be made looser and decision/making authority pushed to lower levels, with more citizens’ access and decentralised services.

Exhortation and administrative reorganisation are only part of what is required. Grassroots empowerment is also needed. For example, the civil society movement in Canada has not only been engaged over the last 12 years in battling free trade, but also in rebuilding democratic politics and a democratic economy.<sup>3</sup> A Citizen’s MAI Inquiry,<sup>4</sup> organised by the Council of Canadians, was essentially an exercise in rebuilding democratic politics via civil society groups. By the same token, the annual Alternative Budget process that the Canadian Centre for Policy Alternatives

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3 Personal Communication with Tony Clarke, December 2nd, 1999.

4 MAI stands for Multilateral Agreement on Investment. See Appendix 1 for a description of this.

coordinates in relation to federal and provincial governments is essentially an exercise in rebuilding a more democratic economy. Both crucially develop community-based capacities, that is democratic localism.

There is also growing interest across Canada in the movement for community economic development (CED) which emphasises the employment of local people to produce goods and services for local community needs. This enables citizens to participate in defining development priorities for their local communities, including job creation targets, housing priorities, healthcare needs, environmental safeguards, education requirements, cultural priorities and a range of related social objectives.

### **Involving the ‘Social Economy’**

Finally, it is crucial that the democratic state should include a strategy that combines economic and social development by uniting the public sector with the ‘social economy’. This includes voluntary associations, NGOs, cooperatives, mutual insurers and community economic development enterprises. The state, through the public sector, must play the major role in mobilising and directing the resources needed to provide and distribute collective social goods in a fair, efficient and equitable manner. However, there is also a vital need to link economic, social and sustainable development initiatives to local community networks and grassroots citizens’ movements. Some funding will be needed to strengthen such a social economy, whilst not undercutting the public sector. This could be achieved by a combination of direct and indirect government grants, and by setting up non-profit funding agencies with local stakeholders at arm’s length from the government.

This approach, because of the increased sense of security it should bring, could also improve overall social cohesion and reduce the high social costs inherent in the present beggar-your-neighbour emphasis of international competitiveness. This includes high unemployment, increasing inequality and inadequate resource allocation to deal with poverty. This is the inadequately recognised other side of the cheap goods argument favoured by trade liberalisers.

### **Democratising the Political Process**

Public support for, and hence eventual political acceptance of, a shift towards localisation will probably result from the backlash against the adverse effects of globalisation. However, the enthusiasm for such a radical change will need to be maintained. One method is for the fruits of such a transition to be seen clearly to work for the vast majority though the economic democracy of increased involvement in

work. But it will also require an active political democracy to ensure that its advantages continue to accrue to the majority and are not usurped by the more powerful sectors of society.

This will require political transparency, not only of politicians' policies, but also of who funds them, and towards what ends. The corrosive effects of big money in politics can be seen at its most extreme in America. More than 16 months ahead of the November 2000 election the main Republican contender George W. Bush had already raised US\$37 million, mostly from business. Al Gore rushed to catch up, with Democratic fundraisers setting themselves the target of US\$200 million by November 2000 (*The Guardian*, 1999). Big business is the major source of such vast sums which, not surprisingly, come attached to big businesses' own self-interested policy agenda.

It is not surprising that confidence in the political system has been seriously undermined, with the ceding of governments' power to free trade agreements and the agenda of big business and international finance compounded by big political donations from vested interests. This has contributed to a 'why vote?' apathy, resulting in ever/lower election turnouts in the US and Europe.

To overcome voter apathy and suspicion, the policies being proposed by politicians everywhere must be clearly seen to benefit the majority, both through democratic demand, furthered by localisation, and strict constraints on political funding. This should provide confidence that political parties are not in the pocket of the already powerful, and so democracy at all levels should be permanently strengthened.

To dramatically dismantle the corporate state and its mechanisms and influence will require legislative action. Such action will need to eliminate all forms of corporate financing for political parties and election campaigns and impose tight rules on big businesses lobbying and think-tank operations, whilst ensuring greater access to citizens groups and their think-tanks.

## Trade Rules for Achieving Food Security

In this section I list some of the changes needed if food security is to be enhanced in the developing world.<sup>5</sup> The actual changes needed in the text of the World Trade Organization rules to achieve these goals are detailed in Appendix 1.

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<sup>5</sup> The majority of this section is based upon pp. 179–184 of *Alternatives to Economic Globalisation*, a report of the International Forum on Globalisation, Berrett-Koehler Publishers Inc., San Francisco, 2002.



### **Permit tariffs and import quotas that favour subsidiarity**

Most international trade rules now favour export production and the global corporations that dominate it. These must be replaced by rules that permit the use of trade tariffs and import quotas to regulate imports of food that can be produced locally. They must emphasise support for local production, local self-reliance and real food security. This means applying the principle of subsidiarity: whenever production can be achieved by local farmers, using local resources for local consumption, all rules and benefits should favour that option, thus shortening the distance between production and consumption. This is not to suggest that there should be no trade at all in food products, but only that trade should be confined to whatever commodities cannot be supplied at the local level, rather than export trade being the primary driver of production and distribution.

### **Reverse the present rules on intellectual property and patenting**

The WTO attempts to impose the US model of intellectual property rights protection on all countries. This model strongly favours the rights of global corporations to patent medicinal plants, agricultural seeds and other aspects of biodiversity, even in cases where the biological material has been under cultivation and development by indigenous people or community farmers for millennia. Most of these communities have traditionally viewed such plants and seeds as part of the community commons, not subject to ownership and fee structures imposed by outside corporations.

These rules should be abandoned in favour of rules that prioritise the needs of local and domestic communities, that protect innovations and knowledge developed over centuries. Placing global corporations' profits before local food sustainability and public health defies logic and justice.

### **Localise food regulations and standards**

In the name of food safety, many international rules, such as the WTO's Agreement on the Application of Sanitary and Phytosanitary Standards (SPS, see Appendix 1) and the Codex Alimentarius,<sup>6</sup> have enforced a kind of processing of foods that works directly against local and artisanal food producers, whilst favouring the global food giants. Among other things, they require irradiation of certain products, and pasteurisation and standardised shrink-wrapping of local cheese products.

Such rules tremendously increase costs for small producers and also negatively affect taste and quality. In fact, the greatest threats to food safety and public health do not

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<sup>6</sup> An international standard-setting group based in Geneva – see Appendix 1.

come from small food producers, but from industrial farms and distributors. Their practices have accelerated the incidences of salmonella, e. coli infection and other bacteria in foods, as well as Mad Cow (BSE) and foot and mouth disease. These homogenised global standards have the primary goal of benefiting global corporate producers. Food production standards should be localised and every nation permitted to set high standards for food safety.

### **Allow farmer marketing-supply management boards**

Currently disallowed by the WTO and the North American Free Trade Area (NAFTA), price and supply regulations let farmers negotiate collective prices with domestic and foreign buyers to help ensure that they receive a decent price for their commodities. Less than two years after NAFTA came into effect, Mexican domestic corn prices fell by 48 per cent as a flood of cheap US corn exports entered the country. Stable prices for Mexico's domestic corn growers could have been achieved by the government price regulation agencies dismantled by NAFTA. Without these, thousands of farmers have been forced to sell their lands. Trade rules must allow the reinstatement of such agencies.

### **Eliminate direct export subsidies and payments for corporations**

Although the WTO has eliminated direct payment programmes for most small farmers, it allows export subsidies to agribusinesses. For example, the US Overseas Private Investment Corporation, funded by US taxpayers, provides vital insurance to US companies investing overseas. Even loans from the IMF to Third World countries have been channelled into export subsidies for US agribusiness. Such subsidies help multinational corporations dominate smaller local businesses both domestically and abroad. These export subsidy policies should be eliminated, and programmes that permit and encourage low-interest loans to small farmers, creation of domestic seed banks, and emergency food supply systems should be allowed.

### **Recognise and eliminate the adverse effects of WTO market access rules**

Subsidised Northern imports have destroyed rural communities and self-sufficient livelihoods throughout the South, and many people now working, for example for poverty wages at Nike subcontractors, are refugees from self-sufficient farming regions. Southern exports can also wreck local farming systems. India's domestic edible oil industry has been effectively wiped out as highly subsidised soya from the US and palm oil from Malaysia have flooded the market (see Box 10).

#### BOX 10: BRINGING ABOUT TRADE PROTECTION IN INDIA

As a result of the open trading practices demanded by the WTO in 2000, India's agricultural imports have gone up from US\$1 billion in 1995 to over US\$4 billion in 1999-2000, a 400 per cent increase. Many of these imports come from rich countries such as the US and Europe. The US is planning to spend more than US\$195 billion over the next 10 years to support two million US farmers, more than two-thirds of which will go to the largest 10 per cent of farmers (Mann, 2002; McGregor, 2002). In India, farm prices, and hence rural incomes, are falling dramatically as a result of this imposed import liberalisation. The price of coconuts has fallen 80 per cent, coffee prices have collapsed by over 60 per cent, pepper prices have fallen 45 per cent. The most dramatic effect has been on edible oil. India's domestic production has been effectively wiped out as highly subsidised soya from the US and palm oil from Malaysia flood the market, due to lack of adequate import controls. Imports now account for 70 per cent of the domestic consumption of edible oil (Shiva, 2001). This has resulted in coconut farmers in Kerala blockading their local harbour to protest against such imports. Groundnut farmers and soya bean farmers in a number of areas mounted demonstrations against this attack on their livelihood and as a result were shot at.

On the face of this it is small wonder that Indian activists, people's movements and some politicians are calling for a return to 'quantitative restrictions' (QRs) on imports. These are legitimate controls that a country should be able to choose to impose by restricting the quantity of imports and exports to protect its domestic producers. Imports have been restricted by countries on various grounds: to protect domestic sectors, for environmental and ethical reasons, and for reasons of public order. The control on imports and/or exports through QRs helps to protect livelihoods especially of those in the informal sector, who make up a large majority of India's population and who are largely self-employed.

Indian academics have also been demanding a return to import controls. In July 2000 a report by the prestigious Delhi-based Centre for the Study of Global Trade Systems and Development identified the import of foreign goods and services without quantitative and tariff restrictions as instrumental in destroying India's agriculture and industry, and causing further unemployment (Ghosh, 2001). It called for more emphasis on domestic investment and protection of domestic employment through the curbing of foreign investment, selective capital controls and higher tariffs.

In September 2001, two former Indian Prime Ministers, Shri V.P. Singh and Deve Gowda, joined with political parties, trade unions, farmers' organisations, and other activists to launch the 'Indian People's Movement against the WTO'. This opposed trade liberalisation and also called for the reintroduction of more protective barriers.

*Source:* Hines and Shiva, 2002

This entire export model is destructive to basic self/sufficient traditional farming. The dominant but flawed paradigm that exports from the South to the North are a major route for the poor's development ignores the inevitability of adverse competition

between poor exporting countries and the hijacking of national priorities to the provision of the cheapest exports. Also damaging are the adverse working and environmental conditions insisted upon by the mobile corporations that dominate the global food export trade. To reverse this trend, countries must have international trade rules that allow them to introduce constraints on their exports and on what they import.

### **Promote redistributive land reform**

The redistribution of land to landless and land-poor rural families is an effective way to improve rural welfare as has been carried out at different times in Japan, South Korea, Taiwan and China. Research also shows that small farmers are more productive and more efficient, and contribute more to broad-based regional development than do the larger corporate farmers. Given secure tenure, small farmers can also be much better stewards of natural resources, protecting long-term productivity of their soils and conserving functional biodiversity.

Truly redistributive land reform has worked where it has been fully supported by government policies. These include debt-free government grants of land, full rights of title and use of land for women, the reallocation of only good quality land, and easy access to predominantly local markets. The power of rural elites must be broken and reforms must apply to the majority of the rural poor, so they have sufficient strength in numbers to be politically effective. There must be a highly supportive policy framework, reasonable credit terms and good infrastructure for sound local environmental technologies.

The case of India (Box 10) illustrates the radical rejection of the fundamentals of the free market which activists across a wide swathe of issues and countries need to prioritise if they are ever to achieve their campaign goals.



## 6. Bringing about Change: A Rallying Call to Activists

The term 'activist' is used here in its very broadest sense. It encompasses people's movements, national and international NGOs, local activists, trades unions, non-TNC business groupings and politicians. All these groupings concentrate on their own issue-specific priorities, such as ending unemployment or environmental degradation. They all use the tried and tested tools of research, direct action, public education, media coverage, lobbying and proposals for legislative change. At their core, very many of them are seeking to return power from a dominant minority to the majority.

Such groupings can point to successes, but a cool appraisal of the number of victories versus the number of setbacks or failures is salutary. The march of globalisation continues onward via trade rule changes, privatisation, deregulation and – perhaps most damagingly – the acceptance by most politicians and many activists of Margaret Thatcher's most enduring legacy—the TINA syndrome of There Is No Alternative.

What tends to be lacking in all these issue-specific solutions is discussion of what appealing fundamental idea, with its concomitant political policies and steps, could replace the dominant free market theology. This new vision must bring about a fundamental change in the overarching context, such that the disparate campaign and social goals can be achieved.

### A Framework for Action

When considering what direction global economics should take, it is crucial to be aware that at the core of most of the issue-specific demands of the huge range of politically active groupings are certain basic rights.

'As citizens in a democratic society, we all have rights. The Universal Declaration of Human Rights and other international covenants and charters enshrine a number of these, including the right to adequate food, clothing and shelter; the right to employment education and health care; the right to a clean environment, our own culture and quality public services; the right to physical security and

justice before the law. Central to all of these is the right to participate in decisions that affect our lives.’ (The Council of Canadians, 1998)

The key question for advocates of localisation is whether the present global economic upheavals will provide an opportunity for them to articulate a rights-based ‘localist’ alternative. More than that, they must convince active citizens that this approach provides a roadway towards achieving these rights. Many are now proposing discriminating positively in favour of the local as the way to potentially achieve the basic rights agenda mentioned above (International Society for Ecology and Culture, 1999; Shuman, 1998; Mander and Goldsmith, 1996; Douthwaite, 1996).

To bring about this change it is crucial to play the globalisers at their own game. They have a clear goal: maximum trade and money flows for maximum profit. From this goal comes a clear set of policies and trade rules. Those seeking a more just, secure, environmentally sustainable future need to have their own clear goal and policies for achieving it. This will require the ‘mindwrench’ mentioned above, moving away from simply opposing globalisation, towards considering the detailed policy route to its alternative: localisation.

The widespread resistance to globalisation can be built upon to help fashion a viable localist alternative. There are already countless people and groups strengthening their local economies from the grassroots up. The greatest spur for governments to consider such radical local alternatives will be the need to respond to global economic upheavals and the deflation, job losses and inadequate consumer demand that will come in its wake. Equally crucial in shaping a different localist imperative amongst politicians will be the pressure that the politically active can bring to bear. They must realise that their issue-specific goals can only be secured as part of an overarching shift to localisation, implemented in an internationally supportive manner.

Last century saw the battle between the left and the right. The big battle of this century must be between an alliance of localists, red-greens and small ‘c’ conservatives pushing a localist agenda, and the doomed globalists of the political centre. So, with apologies to Karl Marx and Margaret Thatcher, the rallying cry should be:

‘Localists of the World Unite—There is an Alternative’.

## 7. Conclusion

There are two important reasons to be optimistic that a localist agenda can be achieved.

The first has to do with the potential for developing a deeper understanding of the underlying causes of the social, employment and environmental crisis. A host of social and environmental issues are really symptoms of a more profound and systemic problem—unsustainable economic, resource and trade policies. For example, while pesticides, or even a particular pesticide, can become the target of a national environmental campaign, little attention has been paid to the agricultural policies that make the continued use of pesticides inevitable. Of course, regulating pesticides, protecting species, creating parks and controlling pollution are important goals, but it is now necessary to move beyond the symptoms to tackle the root causes of these problems.

The other reason for hope has to do with the need for binding international agreements to confront global economic and social problems, such as deflation and structural unemployment, as well as environmental problems, such as climate change and biodiversity loss. In this regard, the WTO's structure, but not its end goal, could actually be a model for such social improvements and international environmental agreements. This is because the WTO reveals that when governments are persuaded that a new direction is crucial, they will sign up to forceful, proactive and effective international agreements. Economic theories pushed by TNCs have caused politicians to sacrifice the best interests of the majority of their voters for a set of policies that benefit the already dominant minority interests. The challenge, of course, will be to force these same governments to undergo a mindwrench to change direction and adopt similarly enforceable international agreements. This time, however, these agreements must aim to achieve the goals of global economic and ecological security, rather than to guarantee the narrow interests of large corporations and foreign investors. Governments do not change on their own. What will be required is a dramatic shift in approach by the politically active to force such a transformation in government policies.





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# Appendix 1

## World Trade Rules for Localisation

The General Agreement on Tariffs and Trade (GATT) was established in 1947 as a mechanism to negotiate the continuous lowering of tariffs between its members. Since its formation, there have been eight ‘rounds’ of trade negotiations, focusing first on tariffs, and later including non-tariff barriers, with the most recent round leading to the creation of the much more powerful World Trade Organisation (WTO) in 1995. The WTO requires that the laws of every member must conform to those of the WTO. It has the power to judge a country’s compliance with its rules, and – critically – to enforce the rules with sanctions.

In this Appendix I compare how the old GATT rules would be revised through a new General Agreement on Sustainable Trade (GAST) policed by a World Localisation Organisation (WLO). I go through each of the relevant rules and consider how they would be rewritten under GAST (italicised).

The aim of the General Agreement on Sustainable Trade (GAST) is not to ensure the unimpeded and ever-increasing international trade of goods and services, but to promote a more sustainable and equitable economic system by strengthening democratic control of trade, stimulating industries and services that benefit local communities, and rediversifying local and national economies.

## GATT 1994

The most important provisions of this core trade agreement can be found in three Articles.

### **Article I**

Most Favoured Nation (MFN): The most favoured nation rule requires WTO member countries to treat like products from a WTO member as favourably as it does from any other member. In other words, discriminating against foreign producers is prohibited.

This rule raises serious doubts about the validity of international environmental agreements, which actually require that less favourable treatment be accorded to countries if, for example, they are not living up to their obligations under these environmental conventions. As a recent WTO case involving banana trade between several Caribbean islands and Europe illustrates, the MFN rule also prohibits the use of special trading relationships to support development assistance programmes to poorer nations (Hines, 2000).

*This would be changed under the GAST rules of the WLO as follows:*

*Provided it is not at the expense of domestic goods and services, states shall give preferential treatment to goods and services from other states which respect human rights, treat workers fairly, and protect the environment.*

### **Article III**

**National Treatment (NT):** The national treatment rule requires all trading parties to treat like products of member nations as favourably as it treats its own domestic products. Thus, under the WTO it is unlawful for governments to discriminate against goods because of concerns about the destructive or unethical processes that may have been used to produce or harvest them. By the same measure, it is unlawful under these rules for governments to favour goods on the grounds that they are the product of more sustainable or humane systems of production.

When the principle of NT or MFN status is applied to foreign investors – read corporations – the result spells disaster for efforts to foster domestic economic development. Often TNCs are given more rights in deciding how a nation should develop than that nation's government. Moreover, these rules abdicate to international market forces the critical role of allocating precious and often non-renewable natural resources.

*This would be changed under the GAST rules of the WLO to:*

*Trade controls that increase local employment with decent wages, enhance protection of the environment, ensure adequate competition and consumer protection, and otherwise improve the quality of life in communities and regions within states which are parties to the WLO, are encouraged. States are urged to give favourable treatment to domestic industry and services which further these goals and are prohibited from treating foreign goods and services as favourably as domestic producers.*

## Article XI

**Elimination of Quantitative Restrictions:** Under this Article, WTO members cannot limit or impose quantitative controls on exports or imports through quotas or bans. But duties, tariffs and other charges are allowed. This is also problematic from an environmental perspective. Consider the implications of such a rule when applied to such measures as an export ban on unprocessed resources such as raw logs; or as an embargo against the export of agricultural commodities from a country suffering food shortages; or as a prohibition against trade in endangered species; or as a ban on the export of hazardous wastes to undeveloped countries.

*This would be changed under the GAST rules of the WLO to:*

*Provided it is not at the expense of domestic goods and services, trade controls via quotas, bans, duties, tariffs and other charges on exports or imports should give preferential access to goods and services going to and coming from other states which in the process of production, provision and trading respects human rights, treats worker fairly, and protects the environment.*

## Article XX

**General Exceptions to WTO rules:** This allows, provided it is not arbitrary or unjustifiably restrictive, the adoption or enforcement of measures to protect public morals, to protect human, animal and plant life or health, or the natural conservation of exhaustible natural resources.

*This would be extended under the GAST rules of the WLO to:*

*Article XX exemptions should allow trade intervention for a wide range of purposes that further sustainable and more equitable localisation, eg sanctions against human rights violations; 'red tariffs' for the enforcement of labour rights and other 'social clause' questions; 'green tariffs' for the maintenance of environmental, food, health, animal rights standards; enforcement of ecological and labour rights treaties; cultural protection, primarily the allowance of discrimination in favour of local films, TV programmes and publications; and central community preservation, to facilitate the local economy within regional development.*

**The Agreement on Technical Barriers to Trade (TBT):** In the jargon of international trade law, all environmental standards and regulations are prima facie considered technical barriers to trade. The actual provisions of the TBT agreement are detailed and complex, but reduced to bare bones, it establishes:



- An international regime for harmonising environmental standards that effectively creates a ceiling – but no floor – for environmental regulation
- A detailed procedural code for environmental law-making and regulatory initiatives that would be difficult for even the wealthiest nations to meet.

At present, when nations fail to observe GATT's rules, they are vulnerable to international trade complaints and sanctions and the TBT rules have emerged as important new weapons for challenging government regulatory initiatives.

*This would be changed under the GAST rules of the WLO to:*

*All international environmental and social standards and regulations are considered as effectively creating a floor for governing the conditions for trade between WLO members. Any country with higher levels should experience positive discrimination in terms of trade. Poorer countries for whom such standards are at present too expensive should receive financial aid to help them improve their standards, and once setting a future date for such improvements, should experience positive discrimination in trade terms.*

**The Agreement on Sanitary and Phytosanitary Standards (SPS):** The provisions of this oddly named agreement are very similar to those found in the TBT, but deal with laws and regulations that concern food and food safety, including pesticide regulation and biotechnology. As with TBT rules, the SPS has proven a useful device for undoing government regulatory initiatives that are unpopular with large corporations. As interpreted by the WTO, the SPS also precludes the 'precautionary principle' as a justifiable basis upon which to establish regulatory controls when the risks warrant action, even in the face of scientific uncertainty about the extent and nature of potential impacts.

One casualty of this particular agreement has been efforts to negotiate a Biosafety Protocol to the Biodiversity Convention, with various countries, mainly the US, threatening WTO trade action should the Protocol require that host countries first consent to transborder shipments of genetically modified organisms. This agreement also seeks to remove decisions about health, food and safety from national governments by delegating them to international standard-setting bodies such as the Codex Alimentarius – an elite club of scientists based in Geneva. Because of its location and composition, Codex is an institution that is singularly inaccessible to all but a handful of international corporations and business associations that are capable of maintaining delegations in Geneva. Codex standards often fall substantially short of those established by jurisdictions closer and more responsive to the interests and views of consumers and health advocates.

*This would be changed under the GAST rules of the WLO to:*

*All laws and regulations that concern food and food safety, including pesticide regulation and biotechnology, are considered as effectively creating a floor for governing the conditions for trade between WLO members. Any country with higher levels should experience positive discrimination in terms of trade. Poorer countries for whom such standards are at present too expensive should receive financial aid to help them improve their standards, and once setting a future date for such improvements, should experience positive discrimination in trade terms.*

*The precautionary principle is a justifiable basis upon which to establish regulatory controls affecting trade when the risks warrant action, even in the face of scientific uncertainty about the extent and nature of potential impacts.*

**The Agreement on Trade Related Intellectual Property Rights (TRIPS):** By attaching the prefix 'trade related' this agreement transforms an entire domain of domestic policy and law into one that is subject to WTO regulation. The essential thrust of the TRIPS agreement is to compel all WTO member nations to adopt and implement patent protection regimes.

This virtually provides US and European multinationals with global patent rights which can now be enforced by retaliatory trade sanctions. The rights of indigenous communities to genetic and biological resources that are held in common are ignored. The result is to facilitate the appropriation of the genetic commons by corporate interests, which can then demand user rents from the communities that should be the proper 'owners' of the genetic resource.

*This would be changed under the GAST rules of the WLO to:*

*Global patenting rights should not override the rights of indigenous communities to genetic and biological resources that are held in common. For products, fees should be able to be levied to cover the cost of development, plus a reasonable level of profit, but such patenting rights must have a limited time frame and fully reimburse the parties whose knowledge contributed to the patented entity.*

**The Agreement on Trade Related Investment Measures (TRIMs):** TRIMs sets rules for investment in the production of global goods and services. While this investor-rights agenda is constructed on the same platform of National Treatment and Most Favoured Nation Treatment that is common to all WTO Agreements, it goes much further in two critical ways. The first is to allow individual investors virtually unqualified access to international enforcement mechanisms that may be invoked by them directly against nation states. It would be difficult to overstate the implications

of this radical departure from the norms of international treaty law which, with the exception of international human rights, has never created rights even for the benefit of individuals, let alone multinational corporations.

In other words, under the North American Free Trade Agreement (NAFTA) and the Multilateral Agreement on Investment (MAI) prototypes, for the purposes of enforcement, foreign investors are accorded the same status as nation states. The other critical departure of this proposed investment regime from the norms of international trade law is to be found under the heading Performance Requirements. These actually constrain the implementation of domestic investment regulation, even when applied only to domestic investors.

*This would be changed under the GAST rules of the WLO to:*

*No individual investor may use international enforcement mechanisms that may be invoked by them directly against investment regulations of the nation states. The implementation of domestic investment regulations shall not be constrained by trade rules, provided that the former improve social and environmental regulations domestically and further such advances in trade relations.*

**The Agreement on Agriculture:** The vision expressed by this WTO agreement is of an integrated global agricultural economy in which all countries produce specialised agricultural commodities and supply their food needs by shopping in the global marketplace. Food is grown, not by farmers for local consumers, but by corporations for global markets. This is a disaster for the food security of poor countries, as subsistence farms are lost to export producers, and is also extremely problematic for environmental and food safety reasons.

The globalisation of food production and trade requires that agricultural commodities be transported long distances, and be processed and packaged to survive the journey. In addition to sacrificing quality and variety for durability, this requires enormous inputs of energy. In fact, when account is taken of all energy inputs, global food production and trade probably consume more fossil fuel than any other industrial sector. Thus international agricultural trade policies are likely to substantially increase greenhouse gas emissions and make climate objectives much harder to achieve.

Other important aspects of the WTO agenda for agriculture can be found in the agreements dealing with food safety standards and biodiversity (SPS and TRIPs). Together, these agreements set the stage for the next Green Revolution – the one that spreads biotechnology, in the form of genetically modified (GM) foods, across the world.

*This would be changed under the GAST rules of the WLO to:*

*All countries should be encouraged to reach maximum self-sufficiency in food. They should only export and import for the end goal of helping countries move towards maximum sustainable local production, whilst fostering rural regeneration. Food which cannot be grown domestically should be obtained, where feasible, from neighbouring countries. Long-distance trade should be limited to food not available in the region. Those countries providing food exports should use the funds to increase their own level of food security and in a way that benefits rural communities.*

**The Agreement on Dispute Resolution:** Under the WTO's Dispute Settlements Body any member nation can challenge any other member country's laws if they might be viewed as impediments to trade under WTO rules. Prior to the WTO, trade dispute resolution was a matter for negotiation and compromise. While trade panels could pass judgement on whether countries were in breach of their obligations, compliance ultimately depended upon the willingness of each member state to accept their rulings. Retaliatory trade sanctions could only be imposed against an offending nation with its consent. With the creation of the WTO, the requirement for that consent has been removed and trade panel rulings are legally enforceable virtually as soon as they are rendered.

Enforcement under the WTO means recourse to the most potent remedies that exist under international law – retaliatory trade sanctions. Moreover, by the norms of conventional legal processes, WTO dispute resolution takes place with blinding speed. Cases are routinely heard, decided, appealed and resolved within a year of being brought. It is the effectiveness of its enforcement regime that ultimately accounts for the enormous influence that trade rules will now exert over the decisions of governments.

A review of WTO rulings on environmental or conservation measures reveals two consistent and common themes. The first is the expansive interpretation given to rules that limit government options that might, even indirectly, interfere with trade. The second is the exceedingly narrow interpretation given to trade provisions that might create space for environmental exceptions to the free trade orthodoxy. This has spelled disaster for every environmental or conservation regulation considered by a trade dispute panel. None has survived the encounter and, in every case, trade panels have found several grounds on which to rule against the environmental regulation.

*This would be changed under the GAST rules of the WLO to:*

*If any of the above rules were used by one Member State to challenge another for not furthering the localisation agenda, then a well/researched case would need to*

*be made. This would then be taken to the WLO, which would then adjudicate using the localisation rules of the GAST.*

*Citizen groups and community institutions are given standing in such hearings as well as having the ability to sue companies for violations of this trade code. All judicial and quasi-judicial procedures such as arbitration shall be fully transparent and open to public observation. At the end of this process trade sanctions on the inter-governmental and inter-regional trade still occurring shall be brought to bear to enforce the internal national changes required under GAST.*

## Appendix 2

### World Economic Rules for Localisation

At present no global set of rules exists for investment. If any such rules are agreed by international consensus in the future, to foster localisation, such an Alternative Investment Code should include the following:

#### Key Provisions for an Alternative Investment Code (AIC)

The intention of such a code is *not* to ensure the unimpeded international flow of capital and investment, but to have as its basic aim the regrounding of capital locally to fund the diversification of local, sustainable economies that have at their core the right to livelihood. The right to livelihood is a key human rights goal in this AIC. Other rights such as private property rights are contingent on fulfilment of this most basic human right.

**Purpose:** The AIC seeks to strengthen democratic control of capital and stimulate investments that benefit local communities.

**National Treatment:** Investments that increase local employment with decent wages, enhance protection of the environment and otherwise improve the quality of life in communities and regions within states which are parties to the AIC are encouraged. States are urged to give favourable treatment to domestic investors who further these goals and are prohibited from treating foreign investors as favourably as domestic investors.

**Most Favoured Nation Status:** Provided it is not at the expense of domestic investors, states shall give preferential treatment to investors from other states that respect human rights, treat workers fairly, and protect the environment.

**Performance Requirements:** States may impose requirements on investors that further the goals of this code such as the following:

- to achieve a given level or percentage of domestic content, whilst at the same time ensuring that monopolies do not develop;

- to give preference to goods produced locally;
- to stipulate a minimum level of local equity participation;
- to hire a given level of local personnel and respect labour and environmental standards; and
- to protect enterprises which serve community needs from unfair foreign competition.

**Standstill and Rollback:** No state party to the AIC can pass laws or adopt regulations that diminish local control of capital or that divert investors from giving priority to meeting local needs.

Existing laws and regulations that give preferential treatment to foreign investors or encourage absentee ownership of community-based enterprises must be rolled back over the next decade.

**Dispute Resolution:** Citizen groups and community institutions are given standing to sue investors for violations of this investment code. All judicial and quasi-judicial procedures such as arbitration shall be fully transparent and open to public observation.

**Investment Protection:** Workers and communities play a vital role in the creation of corporate assets, and that role must be recognised and protected. Thus, expropriation of such assets to serve vital community needs is permitted and must take into account the interest of workers and communities in those assets. Similarly, restrictions may be placed on excessive repatriation of profits by foreign investors, and capital may not be transferred without indemnification of worker and community interest in such capital.