

## GATS: A new rallying point for social movements.

Source: *Alessandro Pelizzari*<sup>[i]</sup>, Lausanne.

See also: [GATS Campaign ATTAC Switzerland](http://www.attac.org/suisse/campagnes/agcs/index.html). (<http://www.attac.org/suisse/campagnes/agcs/index.html>)

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The campaign “*No sell off of public services*”, launched in Switzerland by Attac, in collaboration with Berne Declaration and Swiss trade unions<sup>[ii]</sup>, aims to ensure that public services are not turned over to the World Trade Organisation (WTO). By insisting that the GATS, which is on the agenda for November’s Ministerial Conference in Qatar, be reconsidered, this campaign represents a new rallying point for the social movements committed to the struggle against neoliberal globalisation.

The new round of multilateral trade negotiations - the Millennium Cycle - which was heralded by a flourish of trumpets, ended in a fiasco during the 1999 WTO’s Third Ministerial Conference in Seattle. However this proved to be nothing more than a glitch, since it has in no way prevented member states from restoring negotiations. In fact, the very same thing that was so dramatically rejected back then in Seattle is presently being cooked up behind closed doors in respect of trade in services: the seizure of new sectors by transnational companies and the programmed trading in public services, particularly in the areas of health and education.

In reply to critics, Pascal Couchepin, Federal Councillor and Head of the Economic Affairs Department, defended himself by stating that the GATS wouldn’t influence Swiss legislation since “each state is free to legislate autonomously as far as services are concerned”<sup>[iii]</sup>. Perhaps, what the minister was simply trying to say was that the liberalisation process was already so far advanced in Switzerland that legislation would continue to be adapted to suit the requirements of the major industrial and financial groups, regardless of whether the GATS was adopted.

The GATS, which was established in 1994, was the first multilateral agreement to be concluded covering the full array of services, including environment, culture, natural resources, drinking water, health, education, and social security, amongst many others. During its ratification, it was agreed by all the signatories that a full new services round would start in 2000. Contrary to the other WTO agreements, the GATS doesn’t apply exclusively to trade. Services are produced and supplied in the same place, that’s to say for the most part, locally. Therefore, they come more under the heading of on the spot investment than exportation. As highlighted by the WTO secretariat, “The GATS is the world’s first multilateral agreement on investment since it doesn’t only cover cross-border trade but all possible means of supplying a service, including the right to set up a commercial presence in the export market.”<sup>[iv]</sup> What is in question here, then, is not so much the removal of customs duties, as the widespread application of principles guaranteeing “freedom to invest”.

On the question of investment.

It’s important to linger a while on the notion of investment, which previously featured strongly in the concerns relating to the Multilateral Agreement on Investment (MAI), and which foundered in 1998 following a large-scale citizen’s campaign.<sup>[v]</sup> In economic circles, the term is frequently applied positively, so that quite recently, we heard Klaus Schwab, the Director of the Davos World Economic Forum, claim that “over the past 30 years, 100 million people have risen above the poverty threshold thanks to the multinationals that have invested in manufacturing, creating jobs and supporting families, etc.” So should we pull out all the stops to encourage investment? The answer to that comes in the form of this simple reminder : transnational companies do not create jobs. Quite the contrary, since 80% of all direct foreign investments create no jobs at all because they relate to the mergers or buy outs of existing businesses. So that in reality, “investment” comes to mean an increased concentration of very big businesses throughout the various markets.

But investment also raises questions relative to the capital ownership of businesses, associated with the way transnational companies behave towards their employees, as well as towards the natural and social environment in which the business is located. These days, investment, and to a greater extent, financial investment, has become less of an activity aimed at generating wealth than a way of appropriating it and redirecting it to the advantage of certain social categories concentrated within a few specific countries.

The GATS; issues and risks.

Effectively, by renegotiating the GATS as an international legislation on investment, the world’s most powerful economic interests seek to obtain for themselves the conditions by which they can acquire social domination of the whole planet by :

- Imposing new, severe constraints on the capacity of governments to maintain or introduce norms – ranging from employment laws to environmental protection – in application of article IV of the GATS concerning “domestic

- Limiting the use of government funds for public services. This new round of negotiations aims to eliminate the principle relating to “domestic treatment” by making it possible for state funding allocated to public services to be available to private service companies.

- Speeding up the process intended to guarantee foreign investors access to domestic markets, thus allowing transnational companies rapid and irreversible access to the markets of countries in the developing world.

The sectors most notably targeted by these negotiations are those divisions of the public sector for which there is currently a significant increase in social demand. For a number of decades already, investment has been channelled primarily into service markets with half of all direct foreign investment going into these sectors, of which health and education are proving to be the most lucrative. The annual global health care market is considered to be worth \$3,500 billion, with education notching up \$2,000 billion.

Where education is concerned, investment is being targeted for the most part towards certain sectors of higher education and professional further education. This raises a number of issues, in particular, the emergence of a world-wide market in training which leads to the marginalisation of public education systems and which applies pressure in favour of an international definition of qualifications driven by the publishers of multimedia products, the designers and suppliers of on-line services, telecommunication operators and computer businesses.

In the health care sector, a large proportion of spending is traditionally directed towards medicines. The pharmaceutical industry is experiencing both rapid expansion and vast profits, benefiting from a pricing system, which is very costly for the wealthy countries whilst at the same time being particularly scandalous in the way that it blocks access to treatment in poor countries.

All the same, the movement of capital in these sectors is (once more) hindered by the weight of restrictive national legislation. This is why the large service groups, represented by the Coalition of Service Industries which constitutes one of the most active lobbies in the GATS negotiations, are going to great lengths to actively promote the liberalisation of their sector.

Negotiating with muscle power.

However, according to Pascal Couchepin, there is no reason to be concerned as he claims that governments can choose which sectors they are prepared to submit to the GATS regulations. We all know that negotiations never take place in isolation, nor are they exempt from power struggles and during previous negotiations, those member states with the most interest in finding new markets for themselves employed all the tactics available to them to impose on the poor countries, those sectors that they should open to the international market. What’s more, this is the official stance held by the Swiss delegation, for which “no sector should be excluded from negotiations from the outset”[\[vi\]](#).

But the GATS concerns the rich nations to a far greater extent, with more than 85% of direct investment originating from OECD member countries and 80% directed towards them[\[vii\]](#). That’s where the major groups make the lion’s share of their profits, and that’s where they most want to have a free hand. There too, the WTO wants to try and dispel any fears: effectively, article 1.3 of the present agreement stipulates that public services supplied in the exercise of government power, which are not supplied on a commercial basis and which do not enter into competition with other suppliers, are excluded from the GATS.

Indeed, most public services have already been trading partially on the open market for some time, all the more so after two decades of austerity measures. In fact, an increase in the contribution made by users to the costs of services, as well as the removal of the universal nature of access to certain services has been observed almost everywhere. In the health care sector, for instance, some services are only now available to those that can afford to buy them, whilst some patients have to participate in the funding of health care services by contributing to the costs of their treatment. This under-funding of public services is merely the flip-side to the profits made by major companies over recent years and the prospering of a privileged few who have done nothing more than benefit massively from tax relief.[\[viii\]](#)

These last remarks highlight the importance of linking the battle against the GATS in with the other campaigns aimed at the transmission of neoliberal politics in our countries. In the EU, under the flag of the common market, we’ve seen telecommunications, energy and public transport liberalised left, right and centre. In Switzerland too, the politics of liberalisation and privatisation have progressed in the last ten years. So that, to give but one example, plans to dismantle the postal network, announced earlier this year, show clearly how whole regions will not belong to the “globalised world” which correspond to the plans of future investors.[\[ix\]](#)

Another world?

In several of the Southern hemisphere countries, the population is rising up against these developments, but in Switzerland resistance is becoming apparent too. In the last few months, demonstrations by users and militant unions have taken place in a number of regions. In particular with respect to the current dismantling of the postal

network. This mobilisation is vital to the power struggle without which the selling off of public services will continue unfettered.

Health and education, but also energy, water and public transport are not just goods like any other; they meet the essential social needs of the population, the fulfilment of which has to be guaranteed on a collective basis and can not be submitted to the interests of private parties. Thus, the stakes are as much political as economic and require a political response: is it really enough just to try and tinker with the rules of the system, with disastrous consequences for all the populations of the planet, by suggesting, for example, a few amendments to the GATS? Any action set exclusively at this level would be more than likely to be highly restricted not only, by the concentration and centralisation of the financial, industrial and commercial powers crystallised in the transnational companies but also by the immense institutional power that the WTO derives from its exceptional judicial jurisdiction. Has it not now become a matter of urgency to reopen the debate on the detours that should be taken by a society capable of making the whole of the world's productive resources serve the needs and aspirations of the majority of the planet's inhabitants?

These are the questions we'll be asking on 10 November, when thousands of us will be demonstrating in a peaceful manner in Geneva, the headquarters of the WTO, for the opening of the Qatar round of negotiations.

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[i] Sociologist, member of the secretariat of Attac Switzerland.

[ii] [www.attac.org/suisse/campagnes/agcs](http://www.attac.org/suisse/campagnes/agcs).

[iii] Communiqué by P Couchepin on 31 July 2001 in reaction to the anti-GATS campaign.

[iv] Quoted from the Berne Declaration's brochure, "*OMC: Au service de quel monde?*", 2001.

[v] See L'Observatoire de la mondialisation, "*Lumière sur l'AMI*," Paris, L'esprit frappeur, 1998.

[vi] Libération, 30 July 2001.

[vii] Neue Zürcher Zeitung, 3 August 2001.

[viii] For an analysis of this evolution, see Alessandro Pelizzari, "*Die Ökonomisierung des Politischen*, Konstanz, UVK" -Raisons d'Agir, 2001.

[ix] See also Attac Switzerland brochure "*Du service public au service marchand*", available from [vaud@attac.org](mailto:vaud@attac.org).