GLOSSARY

Alternatives - Economics that benefits wide segments of the population rather than only corporations and stockholders. An example would be trade policies that contribute to workers' rights and protect the environment while simultaneously addressing national economic concerns.

Alternatives for the Americas - The name of a document written by citizens' organizations from dozens of countries in the Western hemisphere. It is part of an international grassroots effort to influence or derail the Free Trade Area of the Americas negotiations currently being held with little popular input.

Bretton Woods - The site, in New Hampshire, of the post-World War II discussions which led to the creation of the World Bank, the International Monetary Fund (IMF), and the GATT.

Cross-Border Organizing - Efforts by workers and communities from different countries to work together to achieve common objectives.

Dumping - When products are sold in a second country at prices below the cost of production in the home country. Exporters who do this seek to gain market share by wiping out their competitors.

Fair Trade - Refers to a movement which values trade that contributes to environmental protection, higher standards of living for workers, and human rights. Fair trade also refers to the actual trade of goods produced under decent working conditions, for fair wages, using methods that are not harmful to the environment.

Fast Track - Legislation granting the US president authority to negotiate trade agreements, and preventing Congress from amending any trade deal submitted by the executive branch. Fast track effectively restricts Congress to voting yes or no on an agreement — contrary to the US Constitution.

Foreign Direct Investment - Investment that results in a physical presence in a foreign country, for example, when a company builds a production facility in another country or has a stake in a business or natural resource overseas.

Free Trade - Trade of goods and services and investment across national borders without tariffs, quotas, and other restrictions to the pursuit of corporate profits. Its supporters claim that free trade benefits national consumers by increasing access to high quality, low-cost goods, that local producers become more efficient, allowing them to compete in the international market and not burden taxpayers with the cost of subsidies, and that jobs are generated as foreign firms are lured to a country, flourish as a consequence of reduced expenses, and transfer skills and technology to nationals. Critics, however, have pointed out that free trade policies have bankrupted local producers who lack the resources to compete in an international setting. The elimination of local producers has undercut national food security and created other forms of external dependence resulting in anti-democratic practices as governments act in accordance with the international interests they rely on rather than the local interests they are supposed to represent. Furthermore, critics have warned that an absence of global regulations monitoring entrepreneurial activities creates pressure on local governments to lower environmental, labor and other regulatory standards to the least common denominator in order to attract and keep fickle foreign investment.

FTAA (Free Trade Area of the Americas) - A free trade agreement under negotiation since 1994 by North and South American governments, as well as those of Central America and the Caribbean. It would be like NAFTA for the entire Western hemisphere with the exception of Cuba. Proponents hope it will be ratified by 2005. Citizens' organizations from many countries are trying to influence the negotiations, but do not receive the access to negotiations that corporations receive. (See *NAFTA and Altematives for the Americas.*)

GATT (General Agreement on Tariffs and Trade) - An international agreement and organization founded in 1948 to regulate trade across national borders. The GATT has been renegotiated through eight different rounds. Trade liberalization through the reduction of tariffs and non-tariff "barriers to trade," such as agricultural subsidies and government regulations, has been its primary objective. Should countries fail to abide by the terms of GATT, sanctions may be applied by other member countries. The 1994 GATT negotiations — known as the **Uruguay Round** because they took place in the South American country of Uruguay — replaced the GATT with the WTO (World Trade Organization). (See *Free Trade and WTO.*)

Globalization - The name for an ongoing process in which trade, investment, people, and information travel across international borders with increasing frequency and ease. During periods of globalization economies are increasingly integrated with one another, leading to greater worldwide instability since problems afflicting one country carry over to other countries, and corporations and capital investments are highly mobile, leaving a nation whenever they find a better opportunity elsewhere.

Globalization as it is now happening is characterized by: production wherever it's the cheapest; trade with few barriers; and short-term investment wherever the return is highest. Current globalization is fueled by deregulation and advances in transportation and communication technology. While proponents have asserted that globalization provides unlimited opportunities, it has created large-scale environmental damage, impeded the functioning of democratic institutions, and lowered the standard of living for many first and third world residents.

Harmonize - To make consistent the trade standards used by all countries, in order to ease and accelerate the flow of trade. In practice, harmonization has meant lowering regulatory standards to those of the least restrictive countries.

IMF (International Monetary Fund) - The IMF was founded following the conclusion of the Second World War to stabilize currency exchange rates, and thus promote international trade. More recently, the IMF has focused on providing loans to Third World nations in order to ensure that these countries meet foreign financial obligatiotis and on encouraging other creditors to continue to lend to middle- and low-income countries. Since the 1970s, the IMF has made following neoliberal economic policies, known as *structural adustment programs*, a condition for receiving loans. These policies include deregulation, cuts in government spending, increased exports, and high intere rates. (See also *Neoliberalism and World Bank.*)

Intellectual Property Rights - Patents, copyrights, and other trademarks on processes and ideas. Many people favor intellectual property rights because they protect the rights of developers to control the distribution of their discoveries. Others, including farmers and people in traditional societies, are concerned because corporations have been granted the exclusive rights to seeds, plants, and genetic codes depended upon for subsistence. In trade negotiations, the US government has pushed countries to protect copyright and patent rights for much longer than the current laws in most countries. This makes it much more difficult for poor countries to authorize local production of generic medicines, like AIDS drugs in South Africa.

Investment - In the global economy, investment refers to direct investment in plants or services, indirect investment in stocks and bonds, and real estate (including mining, timber, oil, and gas rights). **Investors** are individuals, governments and corporations who lend money to other individuals, governments and corporations in the expectation of turning a profit. Although there are millions of small investors, a few very rich and powerful individuals and investment firms maintain significant control over the global economy.

Liberalized Trade - The elimination of government regulations on imports, such as tariffs, quotas, health, and environmental policies — with the goal of increasing trade, supposedly leading to greater economic growth and prosperity.

MAI (Multilateral Agreement on Investment) - A trade and investment treaty negotiated in secret since 1995 at the OECD that would extend the deregulation measures of the GATT/WTO. Opponents say the governments of wealthy nations were attempting to approve the treaty without notifying the general public because many poor countries and the working class in the First World would object to it. The MAI has been called a corporate bill of rights for the global economy. Among other things, the MAI would allow foreign corporations to sue governments with laws at the federal, state, and level that cut into profits. It would require governments to pay for corporate losses out of taxpayer money when environmental, labor, public health, and consumer protection laws limit the profits of corporations, All signers would be bound to the MAI's terms for 20 years and those countries that did not sign would lose out on desperately needed opportunities to capture foreign exchange. Efforts to implement the MAI ceased in the fall of 1998 due to grassroots opposition after the document was leaked to the public and then posted on the Internet, but it will likely reappear in other forms, such as the *FTAA* negotiating group on investment.

Multilateral, Bilateral, and Unilateral - In theory, the WTO fosters negotiations among all of its members (multilaterally). In reality, many decisions are still made bilaterally (between two countries), principally between the United States and the European Union (EU). And the United States tends to impose trade sanctions on its own (unilaterally), although doing so is illegal under GATT.

NAFTA (North American Free Trade Agreement) - A trade agreement between the United States, Mexico, and Canada that removes tariffs on goods and services, deregulates investment, reduces travel restrictions for entrepreneurs and white-collar workers, and safeguards intellectual property rights. It passed Congress in 1993 despite opposition by unions, environimental groups, and farmers in all three countries. Among other ill effects, NAFTA has had a devastating effect on US manufacturing jobs and on farmers and the environment in Mexico. It has not led to an increase in wages or working standards in any of the countries which are part of it. The negative consequences of the agreement have been felt disproportionately by rural workers, women, the textile industry, and small farmers. NAFTA is seen as being a model of how free trade can work around the world and its investment chapter served as a blueprint for the *MAI*.

National Treatment - The corporate interests controlling the global economy would like to see all businesses treated on equal terms because of the privileged access these interests have to resources allowing them to outcompete local companies and the short-term costs it would permit them to avoid by ignoring social responsibilities. Therefore, trade agreements, which these global powers have a tremendous influence over, require that domestic companies not be favored in any way over foreign companies. This aspect of global trade treaties could affect assistance given to small or minority-owned businesses and the ability of governments to choose not to purchase products made in countries with questionable labor, environimental,and human rights records, such as anti-apartheid campaigns against investing in South Africa.

Neoliberalism - An economic ideology that calls for free markets and a minimal role for the government in the economy. In the United States, Reaganomics is a good example of neoliberalism. Free trade, privatization, cuts in social spending, anti-unionism, and structural adjustment are all neoliberal policies.

NGOs (Non-Governmental Organizations) - International institutions commonly refer to non-profit organizations by this term. UFE is an NGO.

OECD (Organization for Economic Cooperation & Development) - Based in Paris, France, the OECD is an organization composed of the governments of 29 advanced economies in North America, Europe, and the pacific Region. While the OECD primarily collects economlc data and performs analyses, recently it negotiated the MAI, which would have been the organization's first success at developing enforceable binding rules for the global economy. (See *MAI.*)

Performance Requirements - Rules that a "host" government establishes on the "performance" of foreign investment to ensure that such investment benefits the local economy. These can include requirments that the foreign firm hire local people in management positions, that they transfer technology or that they reinvest some profits in the local community. Performance requirements are protiibited under NAFTA.

Privatization - The sale of publicly owned goods and services to private companies.

Structural Adjustment - Economic policies based on *neoliberal* economics and "strongly encouraged" by the US Treasury, IMF, World Bank, and WTO. Structural Adjustment Programs (SAPS) have resulted in protests, even riots, as a result of the social and economic hardship they have produced in many poor countries. SAPs create the type of fiscal climate and financial system transnational corporations prefer. They instruct governments to privatize, export more, spend less, deregulate, and reduce the government's role in the economy. In the United States, welfare reform and other policy changes made in the 1980s and 1990s have been likened to structural adjustment. Reaganomics was based on the same ideas as SAPS.

Takings (or expropriations) - Takings have historically referred to government seizure and nationalization of private property, However, in the context of the global economy, the meaning of takings has been expanded to include regulations and laws that cut into investor profits by requiring that certain environmental, health and safety, labor, and other standards be met,

Third World Debt - The money many African, Asian, and Latin American countries owe to international financial institutions and private commercial banks which forces them to implement policies that are ecologically destructive and socially and economically detrimental to the majority of people who live In them. Third world countries became indebted in the 1960s and 1970s as oil prices and interest rates skyrocketed and exports lost value in relation to imports. After the early 1980s, in order to borrow from the World Bank, the IMF, and other sources, countries had to accept structural adjustment programs. Between 1982 and 1990, Third World countries received $927 billion in aid, loans, grants, investment, and trade credits. At the same time, these countries were paying back $1.3 trillion in interest and principal. In 1990, Third World countries were 61 percent deeper In debt than before they were receiving large-scale assistance. There is a global grassroots campaign called Jubilee 2000 that is calling for total debt cancellation for poor countries by the end of the millennium,

Trade - The movement of goods and services across national borders.

Transnational Corporation (TNC) - Like multinational corporations, TNCs are corporations that operate in more than one country. Of the world's 100 largest economies, 51 are transnational corporations and 49 are nations. TNCs are growing in size and number.

TRIPs - Trade-Related Intellectual Property Rights. The agreement under which intellectual property rights were brought into the GATT/WTO during the Uruguay Round.

U.S. Treasury - Among its official objectives are managing the finances of the US government and ensuring global economic prosperity and stability. The Treasury Department was headed until recently by Robert Rubin. Lawrence Summers is the current Secretary of the Treasury. The Department is widely held as being the most powerful influence over international financial institutions like the World Bank and the IMF. Some NGOs have started to target the US Treasury as a place to push for a morejust global economy.

World Bank - Created in 1944 to help with European reconstruction after World War 11, the World Bank today funds many large infrastucture and other development projects around the world and has been criticized for ignoring the negative consequences such projects have engendered for many Third World and Eastern European residents and the environment. Like the IMF, the World Bank is controlled by developed nations and since the late 1970s has insisted on the implementation of structural adjustment policies as a condition for poor countries to receive its loans.

WTO (World Trade Organization) - The WTO was formed during the 1994 GATT negotiations. Its main purposes are to promote free trade and settle trade disputes.WTO member countries must make their national, state, and local laws conform with WTO rules, or face sanctions. In the WTO, decisions are reached behind closed doors and corporations have access that citizens do not enjoy.

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