Trading Away Access to Public Services

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A conspiracy was hatched, at the behest of the global elite, in Geneva in 2012 that has far reaching implications for the welfare and well being of billions of people across the world. The conspiracy involves the commencement of secret negotiations, called the 'Trade in Services Agreement (TISA)' that seeks to convert all forms of services across the world into tradable commodities. The latest round of negotiations in this process concluded in Geneva in June 2014.

TISA was initiated primarily by the US and the EU. They mobilised a group of countries curiously termed as the "Really Good Friends", to begin negotiations on an agreement to liberalize trade rules related to services. At present those participating in the negotiations include the following:

High Income Countries: Australia, Canada, Chile, Chinese Taipei, European Union (all 28 participating countries), Hong Kong, Iceland, Israel, Japan, Liechtenstein, New Zealand, Norway, Republic of Korea, Switzerland, United States.

Upper Middle Income Country (Upper MIC): Colombia, Costa Rica, Mexico, Panama, Peru, Turkey,

Lower Middle Income Countries (Lower MIC): Pakistan, Paraguay

Clearly, as the name of the 'club' (really good friends!) suggests, it is a rich countries' club, with a few Upper MICs and just two Lower MICs (Pakistan and Paraguay).

Services and the global trade regime

It is estimated that the participating countries account for 70% of the global services economy. The TISA negotiations need to be understood in the context that the economies of the rich countries are critically dependant on the services sector -- services comprise 75% of the economy in both the EU and the US. While manufacturing has continued to shift to countries other than the elite rich countries, economic growth in the high income countries is dependant on the growth of the services sector.

The GATS (General Agreement on Trade in Services) agreement under the WTO (signed in 1994) was the first attempt to globalize trade in services. It may be recalled that developing countries had initially resisted the inclusion of services (and intellectual property rights) in the WTO agreement, but were subsequently brought on board with the promise that increased access to global markets in the manufacturing and agricultural sector would compensate for any losses that they would face by opening the services markets. The former, of course, did not happen but there have been continuing efforts to liberalise rules at a global level in the services sector.

Services cover every aspect of human activity; they encompass all that we need to lead fulfilling lives. We elect governments so that we have access to services that address our needs and aspirations – ranging from health, education, water supply, transport, housing, energy, and telecommunications to financial services such as banking, insurance and pensions. We expect governments to regulate access to these services in a manner that would promote equity. Thus a key role of governments has been to provide public services, so that commercial interests do not hamper the access to needed services by those who are socially and economically disadvantaged.

Since 1994, while the GATS agreement has made progress, it has not kept pace with the expectations of the rich economies. This is also because negotiators from developing countries had been successful (when the WTO agreement was being negotiated) in insisting that the services sector be treated differently from other sectors. GATS works on the principle of 'positive lists', where it allows countries to choose only those sectors and sub-sectors that a country wants to open up to global trade.

TISA subverts equitable access to services

TISA is a dangerous attempt by the rich and powerful to subvert attempts to secure equitable access to a range of services. It not only affects poor countries, it also affects the poor in rich countries. The basic philosophy that drives TISA is that governments should not regulate or provide services. Instead, services should be provided by for-profit private enterprises operating in a global market for services. If markets are to be created for services, then for obvious reasons existing public services need to be privatized.

The Public Services International (PSI) describes TISA as: *"A treaty that would further liberalize trade and investment in services… treaty rules, would provide all foreign providers access to domestic markets at 'no less favorable' conditions as domestic suppliers and would restrict governments' ability to regulate, purchase and provide services. This would essentially change the regulation of many public and privatized or commercial services from serving the public interest to serving the profit interests of private, foreign corporations".*

Implications for the health sector

Thus, for example, in the health sector the public provision of healthcare would need to be abandoned so that 'health markets' can be created. A global agreement on services would prevent governments from imposing laws and regulations to protect public health (among other areas), and governments would be forced to allow transnational corporations to operate freely, even in situations where they may clearly endanger public health. We already know that tobacco companies are suing country governments which have laws that restrict the manufacture, sale and advertisement of tobacco products. Price controls on medicines can be challenged on the premise that they restrict the free operations of drug MNCs. TISA could also allow global health management companies to determine the cost of health care, and take decisions regarding access to healthcare for billions of people. Governments would lose the power to regulate healthcare services

Stalling regulations of the financial markets: Wall Street strikes back!

Diabolically, TISA is designed to stall all attempts to reform and regulate the financial sector (including the big capitalist banks and other financial instruments) in the aftermath of the global economic meltdown. A wikileaks analysis of the April 2014 negotiating text by Law Professor Jane Kelsey of the University of Auckland also reveals that the U.S. and EU negotiators propose that governments that sign on to the TISA will be required to halt new regulations, including those intended to regulate the financial sector.

Negotiations under TISA are being conducted with utmost secrecy. A recent Wikileaks report reveals that the cover page of the negotiating document says: "Declassify on: Five years from entry into force of the TISA agreement or, if no agreement enters into force, five years from the close of the negotiations".

Importantly, a key area under consideration is the financial sector. TISA is led by the same countries whose regulatory failures as regards the financial sector were singularly responsible for the global financial crisis in 2008. Yet negotiators from the EU and the US are engaged in forging ways to make regulations of the financial sector (banking, insurance, etc.) even more difficult. Steve Suppan, in a blog on www.globalpolicyjournal.com writes that the U.S. and EU trade negotiators are engaged in trying to open markets for the big banks and other financial firms. *"Incredibly, the leaked text gives no indication that the industry the U.S. and EU negotiators so zealously lobby for needed at least a $29 trillion bailout to avoid bankruptcy from 2007 to 2010. It's as if the negotiators slept through the financial collapse".*

How TISA affects India

A moot question is how TISA would affect countries that are not part of the negotiations. TISA's strategy is almost akin to a military manoeuvre. The strategy is to arrive at a common position amongst the rich countries (with a fig leaf of legitimacy provided by a few middle income countries) and then to force the consensus on the rest of the world. TISA negotiations are currently taking place outside the framework of the General Agreement on Trade in Services (GATS) and the World Trade Organization (WTO). However, the Agreement is being crafted to be compatible with GATS so that a critical mass of participants will be able to pressure remaining WTO members to sign on in the future. Given the way global power relations work and the fact that the negotiating countries control 70% of the services ‘market’ this is not inconceivable.

Joseph Stiglitz points out in a recent column:

> *“Today, the purpose of trade agreements is different. Tariffs around the world are already low. The focus has shifted to “nontariff barriers,” and the most important of these — for the corporate interests pushing agreements — are regulations. Huge multinational corporations complain that inconsistent regulations make business costly. But most of the regulations, even if they are imperfect, are there for a reason: to protect workers, consumers, the economy and the environment”.*
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> *“What’s more, those regulations were often put in place by governments responding to the democratic demands of their citizens. Trade agreements’ new boosters euphemistically claim that they are simply after regulatory harmonization, a clean-sounding phrase that implies an innocent plan to promote efficiency. One could, of course, get regulatory harmonization by strengthening regulations to the highest standards everywhere. But when corporations call for harmonization, what they really mean is a race to the bottom”.In India, neoliberal economists, the economic press and their political masters have been vocal about the need to usher in the “next generation of economic reforms”. This is merely an euphemism for dismantling the remaining regulatory mechanisms that still exist, which exercise a modicum of oversight on various sectors of the country’s economy. It would, thus, not be difficult to envisage that India would willingly embrace the global framework of liberalisation that TISA advocates.*