



**CHURCH WORLD SERVICE**

**Churches in the U.S. and Just Trade:  
The Free Trade Area of the Americas (FTAA)**

**Background Resource prepared by  
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For**

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*“Let us then pursue what makes for peace and for mutual upbuilding.”* Romans 14:19

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## Introduction

At the beginning of the twenty-first century, the worldwide church faces the ethical and theological challenges posed by the negative consequences of globalization. Though the promises of the global market seem at first glance to offer greater freedom for people around the world, current approaches to international trade often cause greater global income disparities and environmental degradation. Churches in the United States have a moral obligation and a strategic opportunity to build on more than ten years of work on fair trade and work together for a more humane, just, and environmentally sustainable global market.

Our purpose, then, is to encourage the U.S. churches to join partner churches in North America and throughout the world in a long-term process of working for a more just global economy through the following:

1. Theological and ethical reflections on economic globalization;
2. Political reflections on U.S. economic policymaking which contains an analysis of the impact of the North America Free Trade Agreement (NAFTA) and the proposed Free Trade Area of the Americas (FTAA) as a lens through which to critique global trade; and
3. A review of the related efforts of North American churches and suggestions for continued prophetic activity.

The Free Trade Area of the Americas is a regional trade agreement that seeks to progressively eliminate barriers to trade and investment in North and South America. Heads of State of the 34 nations in the region began the effort to unite the economies of the Americas into a single free trade area at the Summit of the Americas, held in Miami, Florida in December 1994. They agreed to finish the negotiations towards this agreement by the year 2005. The FTAA would be the largest regional integration in history between developed and developing countries. It is estimated that a completed FTAA would affect over 800 million people in the Americas region.

Since the beginning of the negotiations, civil society groups, including some churches have spoken out against the problems associated with an FTAA that promotes trade liberalization without assessing the social and environmental impacts as part of the negotiations process.<sup>1</sup> While the FTAA will most likely benefit some, it has the potential to harm millions of people. Church groups are highly critical of the closed negotiations process that is thought by many to be undemocratic due to lack of participation, overall accountability and transparency.

Until recently, most of the 34 participating countries (with the exception of Venezuela) have been committed to completing the agreement without any major debates or shifts in timelines. At the trade ministers' meeting in Miami November 20-21, 2003, governments shifted their original positions for a broad FTAA as a single undertaking for all 34 countries. On the one hand, FTAA countries reaffirmed their commitment to a comprehensive FTAA for supposed completion by 2005.<sup>2</sup> On the other hand, for the first time within this process, they negotiated the incorporation of flexibility mechanisms that would allow countries to assume different

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<sup>1</sup> Civil society groups are non-governmental organizations focused around specific issues like labor, women, faith, environment, human rights, development, and campesinos. These groups are working against the FTAA in the Americas region through the Hemispheric Social Alliance, which is creating alternatives to the current process of regional integration. [www.hsa-asc.org](http://www.hsa-asc.org).

<sup>2</sup> Governments, non-governmental groups and the private sector have expressed skepticism that negotiators will be able to maintain their earlier timeline for FTAA completion. It is now widely expected that the FTAA timeline will be extended.

levels of commitments within the FTAA.<sup>3</sup> It is still unclear what kinds of mechanisms for flexibility will be used and how they will be used. Yet, it is important that governments are critiquing the current model of regional economic integration and calling for alternatives to address the different needs of the 34 countries.

As the superpower in the region, the U.S. is a key player in the FTAA negotiations and has been pushing for this free trade area as a political and economic benefit to the region. Some critics have been wary that an FTAA would mainly benefit U.S. business groups and would contribute less to long-term sustainable development. It is essential that U.S. churches become knowledgeable about the process of the negotiations, the content, as well as the potential impacts on the Americas. Unfortunately, there has been little debate in the national context to date. This lack of dialogue in the U.S. is entirely unacceptable because we know that these trade negotiations will affect our lives and the lives of our neighbors and neighboring nations. Churches have a theological responsibility to think and act prophetically on these concrete issues of global trade that will affect our communities.

Some U.S. churches are raising these key ethical concerns and questions relative to the FTAA and free trade more generally:

- Are people or profits the ultimate concern of current economic policy? While churches affirm that this is not an either/or question, protecting the human rights and ensuring the basic needs of all people outweigh the maximizing of profits for a few. How do the churches ensure a people-first approach in trade agreements?
- Who should be around the table to make decisions about trade? What role in particular should representatives of civil society (e.g., churches, labor unions, environmental groups, human rights groups) play to ensure that voices of the most vulnerable are central in decision making on trade?
- What should be the relationship between local regulations and global regulations in trade agreement such as NAFTA and the FTAA? When conflicts arise between local actions, national actions, and international standards, which one should receive priority? Who should adjudicate such disputes?
- What role should government play in relation to the private sector? With many global corporations already larger than national governments, how should they relate? How do we ensure that the needs of people and the well-being of God's creation are upheld when conflicts between governments and corporations occur? Are some forms of regulation needed?
- Who will care for and protect the global commons (e.g., fresh water, air, oceans, etc.) from exploitation?
- How has trade influenced the disappearance of cultures? What role can the churches play in ensuring that history, tradition and culture are not secondary influences to the market?

Regional economic integration initiatives, like the FTAA, are specific examples of the broader phenomena of economic globalization. While the FTAA will be the lens through which we analyze globalization in our region, globalization itself will be introduced and evaluated from theological and ethical perspectives in the *first section* of this paper. The theological foundations for just trade will be reviewed using the categories of sacraments, covenant and creation. The U.S. churches' response to globalization will be placed in the context of a growing concern among the global church around trade issues.

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<sup>3</sup>FTAA Draft Ministerial Declaration. FTAA Meeting: Miami, USA, November 20-21, 2003.

There are five interfaith principles of just trade that will be used as a general framework for theological engagement these issues of economic policy (see Appendix B):

1. International trade and investment systems should respect and support the dignity of the human person, the integrity of creation, and our common humanity.
2. International trade and investment activities should advance the common good and be evaluated in the light of their impact on those who are most vulnerable.
3. International trade and investment policies and decisions should be transparent and should involve the meaningful participation of the most vulnerable stakeholders.
4. International trade and investment systems should respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people.
5. International trade and investment systems should safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.

Organizations and institutions that have endorsed these principles include Church of the Brethren--Washington Office, Church World Service, Evangelical Lutheran Church in America, Mennonite Central Committee, U.S.A., Presbyterian Church (U.S.A.)--Washington Office, United Church of Christ Justice and Witness Ministries, and United Methodist Church General Board of Church and Society. These five principles will be used as ethical norms in the political analysis of economic policy in section two.

The *second section* of this paper presents an analysis of the political-economic model which is the basis of the FTAA and explores its potential impact on the Americas region from a justice perspective. This analysis focuses on the U.S. experience with privatization and the corporate agenda. Understanding the existing problems of NAFTA is essential to understanding the potential problems of the FTAA. The section reviews some of the specific challenges associated with the FTAA so that the churches can begin to understand the elements of the FTAA that are so problematic.

The *third section* of the paper presents a call for ecumenical action on just trade. The interfaith principles of just trade are explained in the context of Christian theology and ethics. Specific resolutions and actions by the churches are presented. These signs of hope demonstrate the church can be pro-active in its pursuit of a just economy for all.

## SECTION I: The Church's Responses to Globalization

There is a growing consensus throughout the global church, that globalization is a theological and ethical challenge of utmost urgency. Below are some examples of U.S. churches taking stands:

- In January 2002, the U.S. Conference of Catholic Bishops sponsored a conference called "Humanizing the Global Economy." Archbishop Diarmuid Martin wrote, "Humanizing globalization means bringing all our policies close to the real life situation of people in any part of the world."<sup>4</sup>
- The Presbyterian Church (USA) General Assembly adopted a resolution on FTAA in June 2003 to: "Oppose multinational actions and trade agreements that elevate rights of corporations over the right of governments and indigenous peoples ... to pass and enforce laws that preserve the public good and protect their citizens, economies, and environments."<sup>5</sup>
- In July 2003, the 24<sup>th</sup> General Synod of the United Church of Christ approved a new resolution calling for "a more just, humane direction" to world economics.<sup>6</sup>
- In August 2003, the Episcopal Church approved a resolution urging pharmaceutical companies to relinquish patent rights in developing countries to allow for development of HIV medications and the creation of generic versions of those drugs.<sup>7</sup>
- In August 2003, the Eighth Church-wide Assembly of the Evangelical Lutheran Church in America approved a social statement that affirms that, "Public health measures ensuring safe water and food, or preventing and limiting outbreaks of infectious diseases are so 'communal' that they can be done well only from a governmental base with adequate tax dollars."<sup>8</sup>

Considering the work of the churches in the early 1990's on NAFTA and the negative consequences already experienced due to trade liberalization and the current debate around the FTAA, churches in North America stand poised at a critical juncture, joining forces in a growing coalition toward cooperative, long-term dialogue and strategic action.

U.S. churches are speaking out and organizing collectively around issues raised by economic globalization through broad-based coalitions. One important voice, which builds on the churches critical work on NAFTA in the early 1990's, is the Interfaith Working Group on Trade and Investment (IWG), which has been meeting in Washington, D.C. since the collapse of the trade negotiations at the World Trade Organization (WTO)<sup>9</sup> Ministerial that took place

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<sup>4</sup> Archbishop Diarmuid Martin, Permanent Observer of the Holy See to the United Nations Office and Specialized Agencies in Geneva and to the World Trade Organization, "Humanizing the Global Economy," Keynote address at the conference "Humanizing the Global Economy," sponsored by the U.S. conference of Catholic Bishops. Pope John Paul II Cultural Center, Washington D.C., January 28, 2002. <http://www.usccb.org/sdwp/international/globalization.htm>.

<sup>5</sup> *On Opposing the Free Trade of the Americas Agreement in its Current Form*, adopted by 215<sup>th</sup> General Assembly of the PC(USA), (2003). <http://www.pcusa.org/ga215/business/overtures/ovt0333.pdf>.

<sup>6</sup> *A Faithful Response: Calling for a More Just, Humane Direction for Economic Globalization*, Resolution adopted by the 24<sup>th</sup> General Synod of the United Church of Christ, July 13, 2003. <http://www.ucc.org/synod/resolutions/pro24-2.pdf>

<sup>7</sup> *HIV/AIDS: HIV Medications Availability*, Resolution, 2003 at [http://submitresolution.dfms.org/view\\_leg\\_detail.aspx?id=A020&type=ORIGINAL](http://submitresolution.dfms.org/view_leg_detail.aspx?id=A020&type=ORIGINAL)

<sup>8</sup> *Caring for Health: Our Shared Endeavor, A Social Statement on health, healing and health care adopted August 11-17, 2003* at <http://www.elca.org/dcs/socialstatement/healthcare.html>

<sup>9</sup> The World Trade Organization (WTO), previously the GATT, became an official trading body in 1995. It currently has 148 members. Decisions are made by consensus. It has a secretariat in Geneva, Switzerland as well

in Seattle, Washington in 1999. It was clear at the 1999 Ministerial that although churches had provided space for reflection during the Ministerial, their analysis and advocacy were largely absent from the trade debate. As a result, the IWG was formed and has created a set of interfaith principles to help guide different faiths in broadly assessing trade policy as it relates to the common good. These principles are used in this paper as a guide for the larger debate around the FTAA and free trade more generally.

Globalization has also become a critical focus of global ecumenical communions. In December 1997, delegates to the 23rd General Council of the World Alliance of Reformed Churches (WARC) unanimously called on the member churches of the Alliance to engage in a committed process of recognition, education, and confession at all levels of their life with regard to world economic injustice and ecological destruction. At the WARC “South-South Forum,” Buenos Aires, April 2003, WARC declared that the present moment is a *kairos*, challenging the churches of the Alliance family to confess their faith anew, to covenant with one another, and to commit themselves to decisive action on issues of economic globalization.

At the Eighth Assembly of the World Council of Churches (WCC), in Harare, 1998, the 330 member churches called globalization a “pastoral, ethical, theological and spiritual challenge to the churches.”<sup>10</sup> In preparation for the WCC Assembly, and in response to it, the Justice, Peace, and Creation Team has produced a number of dossiers that are the result of ecumenical globalization consultations around the world.<sup>11</sup> The member churches of the WCC argue for an alternative global economic model based on a theology of life, in contrast to the culture of domination produced by economic globalization which consistently causes an unprecedented degree of suffering, poverty, labor abuse, and environmental degradation.<sup>12</sup>

Most worldwide Christian communions do not reject international trade in itself, but the present unjust trade relations. These communions want to support an approach to regional and international trade that is humane, just, and environmentally sustainable. Roy H. May writes, “The critique of globalization is not of international trade itself, but rather the terms and conditions of world trade...and its effects on people, especially the weakest social sectors, and the environment. This viewpoint indicates especially the enormous power of the TNCs [Transnational Corporations], the brutal competitiveness of the world economy, and the quest for equity or the welfare for the environment.”<sup>13</sup> The time for humane trade has clearly come.

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as a dispute settlement mechanism that is binding. The WTO has been the subject of criticism by some member countries as well as non-governmental organizations who make the claim that its current structure is undemocratic and un-transparent. Some are questioning the validity of certain negotiations such as agriculture and trade-related property rights taking place in this multilateral body. There is much debate on the positive and negative aspects of the WTO. For official information on the WTO, go to [www.wto.org](http://www.wto.org). For some non-governmental perspectives, go to Third World Network <http://www.twinside.org.sg/> or International Gender and Trade Network, [www.igtn.org](http://www.igtn.org).

<sup>10</sup> WCC, “Together on the Way, 5.3 Globalization,” Eighth Assembly, Harare, Zimbabwe, 1999.

<sup>11</sup> WCC-Justice, Peace, and Creation (ed.) *Dossiers I-VII on Globalization*. (WCC: Geneva: 1998-2003): *Multilateral Agreement on Investment I & II, Dossier on Globalization and Debt, There are Alternatives to Globalization, Globalizing Alternatives to Globalization, Economic Globalization: A Critical View and an Alternative Vision, and The Island of Hope: An Alternative to Economic Globalization*.

<sup>12</sup> WCC, “Together on the Way, Resisting Domination—Affirming Life: the Challenge of Globalization,” Eighth Assembly, Harare, Zimbabwe, Report of Policy Reference Committee II, 1999.

<sup>13</sup> Roy H. May, Jr. “Economic Globalization,” in *A Dictionary of the Ecumenical Movement*. 2<sup>nd</sup> Ed. Eds. Nicholas Lossky et. al (Geneva: WCC, 2002), 490.

## Theological and Ethical Reflections on Economic Globalization

The term globalization can refer to a general system of social forces that presently function to bring our world together, including technology, telecommunications, urbanization, and democratic capitalization. *Economic globalization* usually refers to a form of free-trade capitalism that has facilitated a transformation of national economies into regional and international trading blocks that carry out massive global transfers of financial capital. While economic globalization seeks to stimulate economic growth internationally, it often has negative consequences for impoverished nations, the poor and marginalized communities in all nations, and the environment.<sup>14</sup>

A biblical vision of the Christian church presents an alternative worldview. The whole inhabited earth (*oikoumene*) is seen as an *oikos*, God's household of life. Since the cosmos is God's home, it should be ordered according to God's eternal reign of peace and justice (Ps. 24:1). The understanding of the world as God's household of life resonates with both the sacramental and covenantal traditions of Christianity. Through the incarnation of Jesus Christ, who is simultaneously Creator and creature, all creation can be viewed as a sacrament that discloses the goodness and grace of God. Likewise, God has made a covenant with the human community to care for creation (Gen. 2:15). Crucial to maintaining our covenant with God and with one another is protecting the integrity of creation that belongs to God in its entirety (Psalm 24:1).

Thus, from the standpoint of a sacramental and a covenantal theology of creation, trade—in its regional, national, and international dimensions—must always serve to strengthen rather than weaken our covenantal relations with all people and the whole earth. However, this biblical vision of a just and sustainable economic order is often at variance with the aims of economic globalization.

Greek Orthodox Ecumenical Patriarch Bartholomew writes, "Because the church loves everyone, it also experiences the unity of humankind to its fullest. From this point of view Christian ecumenicity differs substantially from globalization. The former is based on love for one's brother and sister and respects the human person whom it also seeks to serve. The latter is primarily motivated by the desire to enlarge the market and to merge different cultures into a new one, in accordance with the convictions of those who are in a position to influence the world-wide public...expanding economic dominance of the financial giants even over people to whom access was denied because of national borders and cultural barriers."<sup>15</sup> As Patriarch Bartholomew suggests, the mandate of the church and the directive of economic globalization differ sharply from one another.

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<sup>14</sup> Larry Rasmussen identifies three waves of economic globalization: colonialization, development, and post-1989 free-trade capitalism. See Larry Rasmussen, "'Give Us Word of the Humankind We Left to Thee': Globalization and its Wake." *Episcopal Divinity School Occasional Paper 4*, (August 1999): 1-20. Rebecca Todd Peters discusses theories of globalization in four categories: neoliberal globalization, developmental globalization, environmental globalization, and post-colonial globalization. See Rebecca Todd Peters, *The Ethics of Globalization: Assessing the Postmodern Landscape*. (London and New York: T&T Clark International, 2004). Cf. Charles Taylor, "Defining Globalization." *Ecumenism* No. 149 (March 2003): 6-13; Cynthia Moe-Lobeda, *Healing a Broken World: Globalization and God* (Minneapolis: Fortress, 2002); Anthony Giddens, *Runaway World: How Globalization is Reshaping Our Lives* (London: Routledge, 2002); Richard Falk, *Predatory Globalization: A Critique* (Cambridge: Polity Press, 1999).

<sup>15</sup> His All Holiness the Ecumenical Patriarch Bartholomew. "Moral Dilemmas of Globalization." *Ecumenism* 149 (March 2003): 14.

This mandate stands at odds with the current models of regional economic integration, in which people and the environment become subordinated to market shares and profit. The global church recognizes this disparity and views economic globalization as one of the major theological and social challenges of our day.

### **Theological Foundations for Just Trade: Sacraments, Covenant, and Creation**

Many Christian paradigms exist, offering ways to view the problem of economic globalization, but two have been particularly meaningful across Christian traditions: the sacramental tradition and the covenantal tradition. The Roman Catholic, Eastern Orthodox, and Anglican communions understand the whole created world as a sacrament of God. Ecumenical Patriarch Bartholomew writes, “All things are sacramental when seen in the light of God...The Lord suffuses all of creation with His Divine presence in one continuous legato from the substance of atoms to the Mind of God...Let us renew the harmony between heaven and earth, and transfigure every detail, every particle of life.”<sup>16</sup> Such “harmony” requires us to see creation with eyes of gratitude, acknowledging the goodness of God through the celebration of the Holy Eucharist.<sup>17</sup>

Humanity cares for the creation as servants of God, commissioned to give God’s own rule a visible and sacramental presence.<sup>18</sup> We give voice to the creation’s Eucharistic character of praise.<sup>19</sup> It is in the Holy Eucharist that the church communally and mystically discovers the person of Jesus Christ, *Christus creator*, who is simultaneously the *logos* of creation and the first born of creation (John 1; Colossians 1; Rev. 3:14).

The Eucharistic liturgy is the place where the role of humanity as priest linking creation to God is ritualized. The act of offering the elements to the Creator and receiving them back in order to consume them enacts in symbolic terms the responsibility of the human person for creation, anticipating the coming sacramental universe. Through partaking in the Eucharist and caring for creation, the human being becomes a liturgical being, praising God the creator and redeemer of the universe. Through this lens, the church’s work on just trade issues becomes a vital way of expressing our gratitude for creation.

In the Reformed tradition it is John Calvin who is most helpful in terms of the revelatory nature of the sacraments and creation. Through his Eucharistic doctrine of Christ’s “real presence,” John Calvin is able to affirm creation’s sacramental character as a “theatre of God’s glory.”<sup>20</sup>

While Reformed and Lutheran theology have a sacramental tradition, creation is often viewed through the lens of the biblical concept of covenant. A covenant is a communion between partners that binds them in love and loyalty. God makes a covenant with the good creation in which both parties play a vital role in caring for its well-being. Through caring for the economic well being of all people, God expresses that love is the very essence of the divine

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<sup>16</sup> The address of His All Holiness Ecumenical Patriarch Bartholomew, *Cosmic Grace, Humble Prayer: The Ecological Vision of the Green Patriarch Bartholomew*. Ed. John Chryssavgis (Grand Rapids: William B. Eerdmans, 2003), 217,222.

<sup>17</sup> Kosuke Koyama, “The Eucharist: Ecumenical and Ecological,” *Ecological Review* 44, no. 1 (January 1992): 80-90.

<sup>18</sup> Jürgen Moltmann, *God in Creation*. Trans. Margaret Kohl (Minneapolis, MN: Fortress Press, 1993), 220.

<sup>19</sup> *Ibid.*, 71.

<sup>20</sup> Susan Schreiner, *The Theatre of His Glory: Nature and the Natural Order in the Thought of John Calvin*. (Durham, NC: Labyrinth Press, 1991).

nature.<sup>21</sup> God calls the world to be in “right covenantal relations” with the human community, other creatures, the environment, and God. God’s covenant with Noah was a covenant with all creation (Gen 9:9-10): “I have set my bow in the clouds, and it shall be a sign of the covenant between me and the earth.” The rainbow symbolizes God’s providential care for all of creation, preserving it from destruction and leading it to the fullness of life abundant. God’s earth is a common inheritance for all creatures. It should not be exploited by the privileged few.

God’s covenant with creation calls the Church to work diligently in the task of caring for creation, including the work of ensuring just trade relations. “Right relations” is one way to describe the church’s covenantal responsibility in working for just trade. A just economy is one in which all parties are in right relation to each other and to nature. The church fulfills this vocation when it helps model “right relations” in its own community.<sup>22</sup> Promoting loving “right relations,” the politics of the church offer a vibrant alternative to that of globalization that is increasingly legitimated through modern western nation states.<sup>23</sup> The church is also called to bear prophetic witness through public policy and advocacy work, implementing “right relations” in the governing and economic structures of its local, national, and regional community.

## **Section II**

### **U.S. Economic Policymaking and Political Reflections**

Economic policymaking should respect the dignity of the human person and the integrity of creation. Although the U.S. could be playing a positive role in achieving the common good, it is promoting an economic agenda without acknowledging how it contributes to world poverty and injustice as the largest superpower in the world. One basic example is that U.S. policies abroad are inextricably linked with our own unsustainable national consumption patterns that are contributing to global inequity. U.S. citizens comprise about 4% of the world’s population, yet control and consume far more than our share of the world’s resources. Another example is that our trade and investment policies are extensions of privatization and deregulation as they have occurred in the U.S. context. Instead of assessing what has been the social fallout in the U.S. from privatization of services and corporate consolidation of agriculture, the U.S. builds on this trend through unjust global trade and investment policies.

#### **An Overview of the U.S. Economic Policy Context – Privatization and the Corporate Agenda**

The U.S.’ steps towards adopting free trade policies are based on the assumption that privatization and deregulation have worked in this country and that others should follow accordingly. However, privatization and deregulation have not always achieved positive outcomes partly because, in many cases, these steps have been taken without instituting the proper safeguards and regulations to ensure that people’s basic needs are being met. In the

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<sup>21</sup> M. Douglas Meeks, *God the Economist: The Doctrine of God and Political Economy* (Minneapolis: Fortress Press, 1989).

<sup>22</sup> See Stanley Hauerwas, *A Community of Character: Toward a Constructive Christian Social Ethics* (Notre Dame, Ind.: University of Notre Dame Press, 1981); *In Good Company: The Church as Polis* (Notre Dame, Ind.: University of Notre Dame Press, 1995).

<sup>23</sup> William T. Cavanaugh, *Theopolitical Imagination: Discovering the Liturgy as a Political Act in an Age of Global Consumerism* (Edinburgh: T & T Clark Press, 2002).

U.S. partial privatization has occurred in a variety of sectors such as education, health care, and energy. Agriculture, on the other hand, has always been mainly private.

Privatization of health care in the U.S. is one of the most controversial themes in current U.S. politics. U.S. residents with privatized health care, either HMO or PPO often struggle with high premiums, a limited number of choices of doctors and nurses, high drug costs and, in many cases, only partial provision of health care. Nevertheless, they have health care. Unfortunately, those who are unemployed, underemployed and self-employed are often not in a financial position to purchase health insurance. Over 44 million U.S. inhabitants do not have health insurance<sup>24</sup> because the market has proven unaccountable to this portion of the U.S. population. Yet, the U.S. government is a strong supporter of trade in private health insurance in order to create new markets for U.S. companies abroad.

The 2001 energy scandal in California was a direct result of privatization and deregulation. California deregulated its energy sector in 1998 and opened its doors to corporations to provide this service in the state. Enron, as a contractor to the State of California, manipulated prices and provision of its energy services in order to increase its market-share and overall profit at the expense of Californians – some of whom were using less energy but facing the tripling of their monthly energy bills. Two years later, the State of California is experiencing a budget crisis, in part due to the costs it incurred from responding to fallout in service provision resulting from its deregulation of energy and Enron's ensuing bankruptcy. Strong state and federal regulations would have ensured that Enron be held accountable to the State's energy needs and that it be restricted from overcharging the public.

The 2003 budget in Congress has reduced its federal public education spending and left states responsible for figuring out their own educational budgets and priorities. States that are already struggling financially and cannot afford to maintain and/or upgrade their public schools have turned to private companies. Although corporations have made the claim that they are best equipped to ensure quality education, their bottom line is by definition to make a profit. As one example of the challenges associated with privatized educational programs, sociologists at Vassar and Johns Hopkins completed a study on Channel 1, which is the most widespread private educational channel in the U.S. It reaches over 8 million students in over 12,000 classrooms, but is disproportionately located in low-income schools. The researchers found that “only 20% of Channel 1 air time is spent on coverage of recent political, economic, social or cultural news. The remaining 80% is devoted to advertising, sports, weather and natural disasters, feature and profiles and self-promotion of Channel 1.”<sup>25</sup> They also found that Channel 1 is not subject to quality control.<sup>26</sup> In spite of these challenges surrounding privatization and the ‘corporatization’ of education in this country, education is included in the FTAA negotiations.

The corporate consolidation of U.S. farms has been devastating to the small family farmers who have been unable to compete. The last decade has all but eliminated family farms and allowed for the consolidation of wealth into the hands of a small number of agribusiness groups who are able to recover from drops in price in the global market as they occur whereas the smaller farmer cannot. Farmers and activists have criticized U.S. agribusiness groups for

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<sup>24</sup> Mathew Miller, “A Bolt of Civic Hope.” *Atlantic Monthly*. 286/4 (October 2000) 77.

<sup>25</sup> Maria Riley, “Education Matters: General Agreement on Trade and Services (GATS).” International Gender and Trade Network Economic Literacy Series., Center of Concern, 2001., 2-3. [www.igttn.org](http://www.igttn.org) (section on economic literacy); “What’s on Channel 1?” 1998. Center for Commercial Free Education. ([www.corpwatch.org/issues/PID.jsp?articleid=888](http://www.corpwatch.org/issues/PID.jsp?articleid=888)).

<sup>26</sup> *Ibid.*, 3.

pushing out small farms and sustainable production in favor of a model that prioritizes profit over the environment and social development.<sup>27</sup> This model is one the U.S. government supports as a means to pave the way for free trade.

Privatization, followed by deregulation and consolidation of corporate power in the U.S., has certainly helped some people and corporations, but this process has been devastating to many individuals and communities in a variety of sectors. Furthermore, the privatization agenda is the precursor to the first regional trade agreement between the U.S., Mexico and Canada called the North America Free Trade Agreement (NAFTA). Canada and the U.S. had previously enacted a bilateral free trade agreement, but NAFTA represents an initial framework for expansion of free trade in the region as a whole. The U.S. government has repeatedly stated that the NAFTA model is a positive one for development and, as such, sees it as a foundation for the FTAA. However, another perspective is that freer trade and investment through the NAFTA have in many cases worsened the situation for workers, the environment and communities.

### **Lessons from NAFTA**

The first problem with NAFTA is that its process was undemocratic as the negotiations took place behind closed doors. A draft of the negotiating text was leaked at one point, but otherwise the texts were never published and were inaccessible to the public. Critiques coming from civil society groups were not considered central to the negotiations process. President Clinton did consult with several NGOs regarding the side agreements on labor and environment. Still, these side agreements on labor and environment were non-binding and were separate from the rest of the text.

The Institute for Policy Studies (IPS) highlights the problem with economists who refer to the positive results from NAFTA in terms of an increase in productivity and GDP. IPS writes that in spite of the flood of foreign investment into Mexican manufacturing, the real value of the minimum wage has dropped nearly 18 percent and the average manufacturing wage has dropped by 21 percent in Mexico.<sup>28</sup> NAFTA has restricted the three participating countries from imposing labor and environmental standards, including wage requirements or local content rules to protect communities. Although statistics on U.S. job loss post-NAFTA are difficult to calculate, as of May, 2002, about 403,000 U.S. workers had qualified for a special NAFTA retraining program for those who experience job loss when production moves to Canada or Mexico.<sup>29</sup> IPS also reports that Canada's social programs have sharply declined over time as a result of its free trade agreement with the U.S., followed by NAFTA.<sup>30</sup>

Several U.S. companies (such as Nike and Coca-Cola) have moved their production to Mexico because its relaxed investment laws make it easier for companies to make a profit without being held accountable to workers and the environment. As a result, in many cases workers are operating in unhealthy environments and are strongly discouraged, if not threatened, from attempting to unionize to protect themselves. Most of these workers are located in the export processing zones where factories called *maquiladoras* have been created to facilitate mass production of goods to be traded. The majority of *maquila* workers are working for a pittance and struggling with terrible poverty while corporations are making

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<sup>27</sup> See National Family Farm Coalition at [www.nffc.net](http://www.nffc.net) and Alliance for Responsible Trade at [www.art-us.org](http://www.art-us.org).

<sup>28</sup> Sarah Anderson and John Cavanagh, "Rethinking the NAFTA Record." Institute for Policy Studies. August 8, 2002, 2.

<sup>29</sup> *Ibid.*, 4.

<sup>30</sup> *Ibid.*, 5

billions. Women workers have experienced terrible violence and violations of their human rights, including rape, murder and forced pregnancy tests.<sup>31</sup>

In the area of national sovereignty, investors for the first time have the right to sue governments as part of the NAFTA. As a result of Chapter 11 'investor to state' language in the NAFTA, investors have been able to initiate legal suits with governments for any measures that threaten to diminish their potential profits. Companies have used these rules to challenge governments that have imposed restrictions on the use of toxic chemicals, including the discharge of toxic waste that threatens drinking water. A good example is that the Methanex Corporation initiated a lawsuit demanding almost \$1 billion over a California decision to phase out MTBE, a groundwater-polluting gasoline additive. Their claim was that the company would lose \$1 billion in potential profits. In this case and in a list of others, protection of the environment has been pitted against investors' potential for profit.<sup>32</sup> Similar language is being considered in the FTAA.

Economic growth from NAFTA that is reflected in official GDP statistics *does not* indicate an overall improvement of wealth in NAFTA countries and other countries in the region. A report from the UN Committee on Trade and Development (UNCTAD) in 1997 states that trade liberalization in Latin America as a whole led to widening wage gaps, and falling real wages for workers.<sup>33</sup> The UN Development Programme's (UNDP) Human Development Report 2003 indicates that the gap between rich and poor has actually widened in the region (as well as globally) over the last decade.<sup>34</sup> In short, although some have benefited from NAFTA and other trade agreements in the region, too many have been left out of the equation.

Mexican farmers who are no longer able to maintain their livelihoods are migrating to the U.S. and Canada in search of better jobs. Since the inception of NAFTA, the numbers of undocumented workers who migrate to the U.S. have grown exponentially. Mexican President Vicente Fox has called on President Bush to address the economic contribution of Mexican workers to the U.S. economy by opening the borders and allowing Mexicans to live and work in the U.S. This issue is still unresolved so thousands of illegal Mexican workers live and work in the U.S., contribute to this economy, but remain unprotected under U.S. law.

As has been mentioned, NAFTA is seen by many to have paved the way for the FTAA negotiations. As such, the problems associated with the free trade model that was enacted through NAFTA, which have devastated communities, displaced people, and harmed the environment, must not be allowed to be exacerbated through the FTAA.

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<sup>31</sup>"A Job or Your Rights: Continued Sex Discrimination in Mexico's Maquiladora Sector." *Human Rights Watch* Vol. 10/1B (December 1998).

<sup>32</sup>"NAFTA Chapter 11 Investor to State Cases: Bankrupting Democracy. Lessons for Fast Track and the Free Trade Area of the Americas." Public Citizen and Friends of the Earth, 2001, 26-27.

<sup>33</sup> *Trade and Development Report*, United Nations Conference on Trade and Development, 1997. (Geneva, Switzerland.: UNCTAD, 1997)

<sup>34</sup>"Millennium Development Goals: A Compact Among Nations to End Human Poverty," Human Development Report. 2003, 39.

## FTAA- The Challenges

### Democracy and National Sovereignty

The FTAA's current process is undemocratic in that the governments involved have not yet found a way to consult in a meaningful way with people in their countries in order to move forward with a regional integration which reflects the overall needs of the region.

Unlike with NAFTA, FTAA negotiators did create an official non-negotiating committee of Government Representatives on Civil Society Participation (Civil Society Committee). This committee is meant to liaise with civil society groups who are concerned with the labor, gender, and environmental impacts of economic policy. However, over time it has become clear that this committee has not been effective. As with the side agreements of NAFTA, any recommendations through this committee are not binding and have little impact on the actual negotiations. The committee is used as a smoke screen and a clearinghouse of information that will eventually get to the negotiators who are not held accountable to respond. The committee has been successful in calling for the release of the draft FTAA texts. However, these draft texts have been released each time only *after* the trade ministers' meeting had already taken place. In other words, civil society groups were never given the chance to give input to the specifics of the texts as part of the negotiating process before the ministers' meeting. Also, the draft texts that have been released are fully bracketed (which means they are still in proposal format and have not been agreed upon), making it impossible to identify key government negotiating positions. Civil society groups have an idea but are left guessing as to what most of the FTAA governments, including the U.S., are proposing.

The Civil Society Committee posts its official reports on the official FTAA web site ([http://www.ftaa-alca.org/alca\\_e.asp](http://www.ftaa-alca.org/alca_e.asp)). These reports are helpful in showing that at least someone is reading the submissions and that they are somehow documented in the official process. However, these reports are benign in that they do not appear to contribute to any shift in the negotiations process of the FTAA.

The U.S. government has not had substantive dialogues with non-profit or faith-based organizations. Instead, meetings have been in the form of briefings or public relations events. The government periodically publishes requests for comment in its *Federal Register*. But few people in the U.S. are aware that this window for input exists. Furthermore, even when groups have sent in comments on the FTAA, the U.S. government has not incorporated these concerns. In some cases, governments have not even acknowledged their receipt. The Interfaith Principle #3 reminds us: "*International trade and investment policies and decisions should be transparent and should involve the meaningful participation of the most vulnerable stakeholders.*" The flawed Committee on Civil Society, the insular Federal Register process and the lack of transparency within the negotiations process clearly demonstrate a lack of meaningful participation of the larger public.

Perhaps the most overwhelming undemocratic element of the FTAA process is its potential threat to national sovereignty. Based on the draft text, the FTAA could hinder member countries from instituting domestic regulations to ensure that environmental, labor, health, and development priorities are linked with investment and trade. Without these regulations, FTAA rules for trade and investment will supercede a government's responsibility and duty to protect the common good for its people. What then is the role of the government, if it is not to ensure the common good? In the U.S. this means that state and local laws to protect the environment, to improve schools, and to provide clean energy and water could all be

overturned if they are considered a hindrance to free trade. There are ethical questions that surround this theme and it seems clear that most of the U.S. public is not following this debate or they would be outraged at the mere possibility that trade laws would overrule their voice within the democratic system. Principle #4 states: “*International trade and investment systems should respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people.*” As a result of corporate interests and the general public lack of knowledge at all state levels, the importance of national sovereignty and democratic processes has become obscure in the FTAA negotiations process.

### **Food Security and Agriculture in the FTAA**

The potential impacts of the FTAA are anticipated by trends we have already seen towards the consolidation of agribusiness groups in the U.S, including their role in the trade negotiations process. In fact, the U.S. agribusiness groups, such as Monsanto and Cargill, have helped to write trade language for the U.S. government both multilaterally and regionally.

In the U.S. context, the consolidation of agribusiness groups over time is disturbing. According to Paul Johnson, the number of U.S. farms has dropped from seven million to 2.16 million, with 170,000 of them accounting for 68% of production today.<sup>35</sup> Between 1992 and 1999, more than 72,000 family farms disappeared. Prices for commodities plummeted, as have family farm incomes.<sup>36</sup> In 1999, Americans paid \$619 billion on U.S. food, but farmers only received \$121 billion.<sup>37</sup> The Environmental Working Group has reported that over 60 percent of subsidies in the 2002 U.S. farm bill to aid U.S. farmers will go to the top 10% of the biggest U.S. producers who are largely corporate and not family farms.<sup>38</sup> In fact, the U.S. Census Bureau no longer considers family farming an official occupation in the U.S. because the number of people employed in that sector has fallen below 1% of the total population.<sup>39</sup>

It seems inappropriate that a small number of largely unregulated agribusiness groups are running food production in this country and throughout the Americas with little regard for the non-quantifiable and even ethical impacts. For example, Mexico has grown corn over centuries as one of its major commodities and sources of food security. The U.S. corn industry has consolidated its export production and driven down prices relative to production costs, thereby pushing out small farmers in Mexico, who account for 29% of rural employment.<sup>40</sup> As a result of NAFTA, Mexican consumers are now importing a quarter of their corn from the United States because it is cheaper than the different varieties of corn that are domestically produced.<sup>41</sup>

There is also the question of general health that is linked to the agribusiness industry in the U.S. and to the agricultural negotiations. In the U.S., “the Food and Drug Administration has ruled that genetically engineered food is ‘substantially equivalent’ to regular food and needs no long-term testing or labeling. An estimated 60 percent of the processed food in grocery

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<sup>35</sup> Paul D. Johnson, “The Future of Farming.” *Denver Post*. June 15, 2003.

<sup>36</sup> Robert E. Scott and Adam S. Hersch, “Trading Away U.S. Farms.” Economic Policy Institute, September, 2001.

<sup>37</sup> Ibid.

<sup>38</sup> Paul D. Johnson, “The Future of Farming.” *Denver Post*. June 15, 2003. The Environmental Working Group.

<sup>39</sup> Alliance for Responsible Trade. Letter to the FTAA Ministers in Sao Paulo, Brazil. June 23, 2003.

<sup>40</sup> “Making Global Trade Work for People.” Heinrich Boll Foundation, Wallace Global Fund, UNDP, The Rockefeller Foundation. 2003, 132.

<sup>41</sup> Ibid., 132.

stores today contains genetically modified ingredients derived from such widely bio-engineered crops as soybeans and corn.”<sup>42</sup> One contentious issue is that of genetically modified foods (GMOs) and individuals’ right as consumers to know what they are eating. The U.S. is systematically against labeling of GMO food or even restricting its trade.

Farmers who are working with toxic pesticides and other chemicals meant to speed up production and increase trade in exports often end up with debilitating diseases, miscarriages and increased rates of death. For example, flower workers in Ecuador, the majority of whom are women, cut flowers specifically to export to the U.S. market. These women have been documented as working for slave wages and under terrible conditions. According to a *New York Times* article written in February 2003, doctors and scientists who have worked in Ecuador say serious health problems have resulted for many of the industry’s 50,000 workers, more than 70 percent of them women. Researchers say their work is hampered by lack of access to flower farms because of reluctant growers. But studies that the International Labor Organization published in 1999 and the Catholic University issued last year showed that women in the industry had more miscarriages than average and that more than 60 percent of all workers suffered headaches, nausea, blurred vision or fatigue.<sup>43</sup>

Principle #2 states: “*International trade and investment activities should advance the common good and be evaluated in the light of their impact on those who are most vulnerable*”. The examples provided indicate that international trade and investment is being implemented at the expense of the most vulnerable and regardless of whether it furthers the common good.

In terms of the political debate within the agriculture negotiations, Latin American countries have stated that the U.S. is instituting protectionism against emerging economies, whose primary opportunity for development lies in agricultural production. The U.S. government’s position on the FTAA, and on global trade in general, is for countries to eliminate all subsidies and domestic support without taking national differences into account. Yet, the U.S. government’s 2002 Farm Bill essentially subsidizes its agribusiness sector by about 60% as noted above. The fact that the U.S. government has not implemented the policies it is advocating for other countries is the major source of contention in the agriculture negotiations – and rightfully so.<sup>44</sup> The types of agriculture vary from country to country – from corporate to subsistence, with very different players. What is at stake is the ability of countries to develop and own their national agricultural production systems and to be able to negotiate on a level playing field.

Many are calling for the FTAA negotiators to abandon the ‘one size fits all’ approach to agriculture and create mechanisms that are flexible not only in the design of rules on agriculture, but also in their ability to help developing countries build their agriculture sector to achieve food security, fulfill development needs and participate equitably and effectively in international trade. In fact, the negotiations on agriculture in the FTAA may be derailed if developing countries’ concerns are not taken into account. Brazil has been one of the most vocal in this critique of the agriculture negotiations both regionally and multilaterally.

<sup>42</sup> Paul D. Johnson, “The Future of Farming,” *Denver Post*. June 15, 2003.

<sup>43</sup> Ginger Thompson, “Behind Roses’ Beauty, Poor and Ill Workers,” *New York Times*. February 13, 2003.

<sup>44</sup> Raul Pierri, “South America Up in Arms of U.S. Farm Bill,” Inter-Press Service (IPS). Montevideo, May 10, 2003; Dionne Jackson Miller. “U.S. Farm Bill Prompts Regional Re-Think.” IPS, Montego Bay, May 15, 2002.

Principle #5 in this paper guides us with language affirming: “*International trade and investment systems should safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources*”. Current patterns of production, consumption and trade liberalization in agriculture are directly linked with depletion of resources, alienation of peoples and unsustainable development. A Christian theology of creation affirms that the whole earth is good. The Church needs to stand in solidarity with farmers, economically empowering them to be faithful stewards of God’s creation.

### **TRIPS: Access to Essential Medicines**

The Trade in Intellectual Property Rights (TRIPS) chapter in the FTAA is tasked with promoting greater efficiency and transparency in the area of intellectual property and protection through defining and introducing patents.

The FTAA TRIPS chapter is referred to by many as the “TRIPS plus” agenda which would further the interests of large pharmaceuticals at the regional level where they may be somewhat constrained multilaterally. For example, a TRIPS Declaration exists multilaterally at the World Trade Organization (WTO) which allows countries to prioritize national health needs over rules on intellectual property, thereby allowing them to produce generic drugs at cheaper prices. However, the U.S. in particular has been pushing for a more ambitious TRIPS agreement in the FTAA which would extend existing 20 year patents owned by major pharmaceutical companies, effectively creating monopolies to further limit the availability of essential drugs to the market in order to charge higher prices for a longer period of time. Additionally, the U.S. has been pushing for an FTAA that will further restrict manufacturers’ capacity to produce generic drugs through compulsory licensing as well as their capacity to import cheaper drugs from non-patented producers through parallel imports.

If a “TRIPS plus” agenda were to be agreed upon, it could be devastating to the region. The FTAA fails to take into account the disparities between countries that cannot afford key medicines for their populations and countries that can. In Latin America and the Caribbean, HIV/AIDS is the second cause of death from disease with 1.8 million people living with the disease. The Caribbean is the most affected region after Sub-Saharan Africa.<sup>45</sup> The monopoly on patents would mean that the most vulnerable populations with the least amount of money in the Americas would be unable to afford life-saving drugs.

The negotiations also fail to take into account indigenous groups who are attempting to protect their cultural heritage and receive just compensation for their knowledge (i.e. crafts and herbal medicines). The IPR chapter protects the rights of corporations to patent seeds even when the seeds have been developed and used by indigenous groups for centuries and are central to national food security and livelihoods. According to Action Aid, there are over 900 patents on the five crops that contribute to three-fourths of the world’s food supply - most of which are controlled by industrialized countries.<sup>46</sup> A “TRIPS plus” agenda in the Americas region builds on this trend. The language in the IPR chapter ignores the lack of clarity over who owns community-based knowledge. Additionally, there is no appropriate legal mechanism in IPR to date to protect these imbalances.

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<sup>45</sup> “Making Trade Fair for the Americas: Agriculture, Investment and Intellectual Property – Three Reasons to Say No to the FTAA.” Oxfam Briefing Paper #37. (Rio de Janeiro: Oxfam International, 2003), 23.

<sup>46</sup> “Patents and Food Security.” Action AID Briefing 5, (London: Action AID, 1999).

To make matters worse, in the IPR chapter, all forms of life are subject to be patented. This includes plants, animals and seeds. There is much disagreement over the moral implications of patenting life forms. In fact, African delegates in the WTO have lead the charge to review 27(3)(b), the clause in the TRIPS agreement that deals with the patenting of life forms. In support of this initiative, the African Union has developed model legislation for African countries to use and to protect traditional knowledge and farmers' and breeders' rights to access genetic resources. This issue has not been resolved in the WTO nor in the FTAA negotiations. Principle # 1 in this paper states: "*International trade and investment should respect and support the integrity of creation*". This principle seems to be under attack in the negotiations around patenting life forms in that all forms of life are subject to the market, thereby effacing their intrinsic value.

The United States is the largest investor in pharmaceutical research and development and is home to 40% of the global industry.<sup>47</sup> The U.S. has been the strongest advocate for the "TRIPS Plus Agenda" with the support of the big pharmaceutical companies who have lobbied to ensure their interests are met within the negotiations. This relationship will allow for U.S. company profits to take precedence over national health and cultural rights in the Americas. Many groups in the U.S. have implored the U.S. government to break away from its existing relationship with the pharmaceutical industry and its interests in order to allow for trade rules that will serve those who are most vulnerable.

### **Services in the FTAA**

Mentioned previously, the U.S. has already 'corporatized,' at least in part, many of its key services, including health care, energy, and education. The FTAA represents a further commitment to privatize, corporatize and deregulate such services throughout the Americas.

Under the FTAA chapter on services, the fact that all services are included will have an impact on people's lives in terms of their basic economic and social rights to water, health, education, and even to housing. Due to their social roles in every country in the world, women tend to be the ones who collect water, take care of children, the elderly and the ill, cook meals and clean when services are not otherwise provided. They are also particularly sought after as workers in the service sector. In the U.S. the majority of women workers find their employment in the service sector.<sup>48</sup>

Understanding how women and men are differently affected in the services sector in terms of consumption and production would help to highlight who stands to benefit and who stands to lose in the trade of services. Yet, trade negotiators have not done any social, gender or environmental impact assessments of what trade in services could mean to different countries and different communities. As such, there is no basis to assume that the services negotiations will benefit people. Many groups are calling for a moratorium on services negotiations until FTAA governments undertake impact assessments, the results of which would be reflected in trade policy.

Domestic regulations are another key concern in the services negotiations. The FTAA has unclear definitions about the kind of domestic regulations a country would be allowed to implement in the area of services. Although countries can regulate trade in services in order to

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<sup>47</sup> "Making Trade Fair for the Americas: Agriculture, Investment and Intellectual Property – Three Reasons to Say No to the FTAA." Oxfam Briefing Paper #37. (Rio de Janeiro: Oxfam International, 2003), 23.

<sup>48</sup> Elizabeth Kahling, "U.S. Women Workers: Trends and Trade." Center of Concern, 2002.

pursue domestic policy goals, the types of regulations that would be acceptable are still largely undefined. Maria Riley from the Center of Concern writes, “Regulations exist not only to ensure the quality of the service but also to protect people’s rights and to ensure certain social and cultural values and objectives. Domestic regulations include, for example, universal access to water, consumer protections, public safety as well as rules to promote development objectives such as universal education and health, to guarantee human rights and to protect the environment.”<sup>49</sup> She points out that some services such as energy and communication need strong regulations to protect consumers from market manipulation or from being denied their basic rights.

A moratorium on services negotiations in order to complete impact assessments would be an important step towards just policy-making. It is also clear that governments must be given the authority to design and implement domestic regulations in order to obtain their national development objectives without being subject to trade sanctions. This is supported in Principle #4: *“International trade and investment systems should respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people”*. Current trade language on domestic regulations could threaten the responsibility of governments to uphold and protect the common good and to be held accountable for their actions.

### **Investment in the FTAA**

Under NAFTA there was very little regulation of foreign investment. Much of the highly contentious language on investment that was negotiated in NAFTA is also being considered in the FTAA negotiations. In spite of the negative impacts that are now associated with broad, unregulated investment, negotiators continue to propose the same flawed model.

Investment in the FTAA could be defined so broadly so as to include all kinds of foreign investment. Since the Asian Financial Crisis of 1997-98 as well as the subsequent economic crises in Russia, Brazil and Argentina, the international community has been calling for new rules of investment that would limit capital flows, impose local investment requirements to contribute to national development, and restrict investors from manipulating the financial markets through speculation. The potential impacts of unregulated investment via speculation could be devastating in many countries. Many civil society groups have been calling for a financial system and for foreign direct investment rules that will regulate capital to be used for productive purposes and not simply for speculation and fly-by-night capital flows.<sup>50</sup>

As with NAFTA, the FTAA will most likely include a national treatment clause that will require governments to treat foreign investors at least as favorably as domestic ones. This treatment often puts local industry and infant industries at a serious competitive disadvantage. NAFTA’s national treatment rules have had obvious impacts on local ownership of resources, job loss, land distribution, and migration. Many civil society groups have called for rules to ensure local content and local management as well as retraining for shifts in the employment sector.<sup>51</sup> Regulations to hold the corporations accountable to national standards for development and to international human rights are also required if positive outcomes are to be truly achieved.

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<sup>49</sup> Maria Riley, “Women and Services in the FTAA”. Breaking Boundaries II. Center of Concern, 2003.

<sup>50</sup> See New Rules for Global Governance at [www.new-rules.org](http://www.new-rules.org)

<sup>51</sup> See Hemispheric Social Alliance at [www.hsa-asc.org](http://www.hsa-asc.org)

As was stated earlier, ‘investor to state’ language from Chapter 11 of NAFTA is currently being considered in the FTAA. The ‘investor to state’ provision has allowed corporations to sue governments over expropriation that might result due to national regulation. The ‘investor to state’ provision raises serious questions about national sovereignty, which is to say, a government’s ability to enact legislation (such as the banning of Methanol – a highly toxic gasoline additive) vs. a companies’ ‘right’ to make a profit.<sup>52</sup>

Principle #2 states that *International trade and investment activities should advance the common good and be evaluated in the light of their impact on those who are most vulnerable.* Principle #5 states that *International trade and investment systems should safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.* The investment chapter of the FTAA would benefit a select few and would encourage corporations to invest without being held accountable to national rules and standards, such as laws to protect workers and the environment.

The FTAA is problematic for the variety of reasons that have been explored in this paper. It is important to understand as well that the FTAA is problematic in that it can be seen as an extension of U.S. National Security. Further, U.S. positions on trade in other trade fora are relevant to any discussion of the FTAA. Brief mention is given to these themes.

### **FTAA’s and U.S. National Security – Links to Global Trade National Security**

The U.S. government is promoting trade and investment policies as part of its national security, particularly since September 11, 2001. The U.S. National Security Strategy, section four, reads, “A strong world economy enhances our [the U.S.] national security by advancing prosperity and freedom in the rest of the world. We will promote economic growth and economic freedom beyond America’s shores.” The document further explains it will do this through global, regional and bilateral free trade initiatives.<sup>53</sup> According to *Inside U.S. Trade*, U.S. Trade Representative Robert Zoellick gave a speech on May 8, 2003 explaining that countries that seek free trade agreements must be prepared to cooperate with the United States on its foreign policy and national security. He further stated, “An FTA with the U.S. is not something one has a right to. It’s a privilege.”<sup>54</sup> The administration’s argument is that open, free markets will diminish the threat of terrorism and global insecurity.

President Bush told President Uribe of Colombia, that “the Free Trade Agreement of the Americas” [sic] would “boost the capacity of the Colombian economy to grow”. Bush further stated, “We’ve got all kinds of different opportunities to work together, whether it be in trade or counter-narcotics, or fighting terror.”<sup>55</sup> The link between security and trade in this sense can be questioned as one of repression and violence in order to protect negotiators from people who were using their right to expression.

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<sup>52</sup> See “Trading Democracy”, *Now with Bill Moyers* February 1, 2002.

([http://www.pbs.org/now/transcript/transcript\\_td.html](http://www.pbs.org/now/transcript/transcript_td.html)) and William Greider, “The Right and U.S. Trade Law: Invalidating the 20<sup>th</sup> Century”, *The Nation*, October 15, 2001

(<http://www.thenation.com/doc.mhtml?i=20011015&s=greider>)

<sup>53</sup> “U.S. National Security Strategy,” Section Four: “Ignite a New Era of Global Economic Growth Through Free Markets and Free Trade.” <http://www.state.gov/r/pa/ei/wh/c7889.htm>

<sup>54</sup> Jock Nash, “Zoellick says FTA candidates must support U.S. foreign policy.” *Inside U.S. Trade*. May 16, 2003.

<sup>55</sup> “Remarks by President Bush and President Uribe of Colombia in Photo Opportunity”, White House, Office of the Press Secretary, April 30, 2003 at <http://www.whitehouse.gov/news/releases/2003/04/print/20030430-25.html>

A recent example of this is the 8.5 million dollars from the Iraq bill that passed in the House and the Senate in which a budgetary line was designated to support Miami to host the FTAA ministers' meeting. This money allowed Florida to spend almost nine million dollars to bring in police from 40 agencies throughout the state to protect the public from supposed violent protestors at the FTAA trade ministers' meeting in Miami from November 20-21, 2003.<sup>56</sup> It is important to note that the demonstrations were peaceful and yet protestors were met with physical violence from the police.<sup>57</sup>

Churches continue to denounce the linking of free trade and security, which the current administration claims are part of its overall national security goals. In fact, when trade projects are fair, they do not warrant military protection, but rather support from the population. Churches must continue to ask ourselves why governments seek protection from their own people who are advocating for economic and social justice and not violence. There seems to be a contradiction in the rhetoric of what security should mean versus the way in which U.S. security agenda is being outlined and implemented.

## **Global Trade**

The World Trade Organization (WTO) Ministerial took place in September 2003 in Cancun, Mexico. The talks ultimately collapsed after five days of gridlock. The U.S.' goal there was to advance trade liberalization in agriculture as well as the launching of negotiations on at least some of the "Singapore Issues" (investment, government procurement, competition policy, and trade facilitation). This was met with strong resistance from countries of the Global South who stated that U.S. interests were considered in the draft negotiations text over those from developing countries who do not support further liberalization in agriculture or negotiations in any of the new issues such as investment or government procurement.

Instead of acknowledging the real concerns among member countries of the WTO relative to trade and socially sustainable development, USTR Robert Zoellick summed up U.S. disappointment of the collapse of the negotiations by stating, "The key division at Cancun was between the can-do and the won't-do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries."<sup>58</sup> As part of its strategy to achieve its goals, the U.S. is working to complete the Free Trade Area of the Americas, a Central American Free Trade Agreement (CAFTA), and to sign bilateral agreements with the 'can-do countries.'

Although trade ministers agreed to flexibility mechanisms in the FTAA at the Miami meeting, in November, 2003, this may be irrelevant due to the bilaterals that are taking place as countries are negotiating ambitious liberalization with the U.S. that could go further than the FTAA. The U.S. has already announced and/or completed a series of bilaterals in the Western Hemisphere with Chile, Colombia and the Dominican Republic. At the Miami

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<sup>56</sup> Alex Clifton, "Iraq War Bill Includes Millions for Miami Trade Meeting." *Palm Beach Post*, November 4, 2003.

<sup>57</sup> Testimony from Alexandra Spielfoch during the trade ministers' meeting in Miami, November 17-21, 2003.

<sup>58</sup> "America will not wait for the won't do countries." *Financial Times*, September 22, 2003, Monday London Edition 1 Pg. 23.

meeting, the U.S. announced new trade deals with Peru, Panama and Uruguay as well. CAFTA negotiations were completed in December 2003 and the agreement will go before Congress by early summer of 2004.

The danger for developing countries in negotiating bilaterally or even sub-regionally with the U.S. is that they do not have the leverage they would as a block. Churches will not only need to pay attention to the process and content of the FTAA, but to the variety of ways the U.S. is pushing its economic policies bilaterally, sub-regionally and multilaterally. The FTAA is one important piece that is linked to an overarching agenda of trade and national security as part of U.S. foreign policy.

## Section III

### Churches in the U.S. and *Just Trade*

The five interfaith principles that the Interfaith Working Group on Trade and Investment formulated can serve as a general framework for a Christian theological foundation for just global trade.

#### ***1. "International trade and investment systems should respect and support the dignity of the human person, the integrity of creation, and our common humanity."***<sup>59</sup>

The Christian church is called to "build and nurture economies that put people and the environment first."<sup>60</sup> An earth-centered ethic embraces all of creation as a sacrament of God's glory. All people are created in the image of God and valuable, regardless of their race, gender, or socio-economic class.

The goodness of God's creation includes human community and ecosphere as one united earth habitat. Humanity has a covenantal responsibility to care for all of creation (Gen. 2:15). Environmental degradation and international trade injustices are examples of human sin, a breaking of the covenant between God and humanity (Gen. 3:17). The prophet Isaiah warns of the environmental consequences of unjust trade and economic practices: "the earth lies polluted under its inhabitants; for they have transgressed laws, violated the statutes, broken the covenant" (Isaiah 24:5). For churches today, like Isaiah, promoting unjust trade practices violates our responsibility to care for the entire earth and all of its inhabitants.

U.S. churches are working developing and implementing ecumenical modes for cultivating sustainable community.<sup>61</sup> In 1996 the Presbyterian Church (USA) declared, "Regarding just and sustainable international trade, the General Assembly...holds that the international trading system must incorporate the basic norms of social justice and environmental sustainability, rather than depend solely on the norms and outcomes of free trade."<sup>62</sup> Recent

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<sup>59</sup> *An Interfaith Statement on International Trade & Investment*, Principle 1.

<sup>60</sup> WCC Delegation to the Fifth Session of the UN Commission on Sustainable Development, "Building a Just and Moral Economy for Sustainable Community," April 19, 1997, New York, New York.

<sup>61</sup> For an ecumenical discussion of sustainable community from a U.S. Lutheran ethical perspective see Larry Rasmussen. "Sustainable Development and Sustainable Community: Divergent Paths." *Development Assessed: Ecumenical Reflections and Actions on Development* (Geneva: WCC Publications, 1995); "Theology of Life and Ecumenical Ethics." In *Working on Theology of Life: A Dossier* (Geneva: WCC Unit III, 1998).

<sup>62</sup> *Hope for a Global Future: Toward Just and Sustainable Human Development*, adopted by 208<sup>th</sup> General Assembly (1996).

ecumenical Christian responses to globalization build on momentum from a half century of vibrant Christian environmentalism, including the work of the Eco-Justice Working Group of the National Council of Churches. Today's ecumenical campaign for just trade, like the U.S., Canadian and Mexican churches' critique of NAFTA, insists that trade policies should enhance human dignity, common good, and the integrity of creation, the same core values of the conciliar movement for justice, peace, and integrity of creation in the 1990s. As we begin the 21<sup>st</sup> century, it is vital that these core theological values be translated into a just economy for all.

**2. *“International trade and investment activities should advance the common good and be evaluated in the light of their impact on those who are most vulnerable.”*<sup>63</sup>**

Throughout the biblical literature, there is a clear call for the people of God to work together for the common good (e.g., Nehemiah 2:18; 1 Corinthians 12:7). The prophet Micah envisions a community where everyone has enough to sustain a family: “they shall all sit under their own vines and under their own fig trees, and no one shall make them afraid” (Micah 4:4). For each family to have their own trees means they each have the means to participate fully in trade and in meeting one another's needs. Such equitable distribution of the means of production stems directly from a shifting of resources from warfare to sustainable development. Both Isaiah and Micah call for the transforming of swords and spears (weapons production and arms trade) into the tools of sustainable agriculture (plowshares and pruning hooks) available for all, especially the most vulnerable (Isaiah 2:4; Micah 4:3).

When weighing between the interests of profit and the needs of the “most vulnerable,” the Bible calls us to side with the oppressed as the path to restoring justice and realizing the common good. Those whom society treats as “the least” Jesus considers the most important in affirming our common humanity (Matt. 25:31-46). It is through persistent and compassionate empowering of the most vulnerable in society, that the church ensures a common good that is common to all.

Christian churches are strategically placed to advocate in solidarity with the world's poor. Churches have moral credibility in representing the concerns of the oppressed because they often have daily contact with those who are economically marginalized, and, in some cases, are themselves among the socially and economically marginalized. Moreover, the churches of Africa, Asia, and Latin America have given voice to the most negative impacts of economic globalization.<sup>64</sup>

**3. *“International trade and investment policies and decisions should be transparent and should involve the meaningful participation of the most vulnerable stakeholders.”*<sup>65</sup>**

The Presbyterian Church (USA) states, “Justice today requires participation, the inclusion of all members of the human family in obtaining and enjoying the Creator's gifts for sustenance.”<sup>66</sup> Meaningful participation “of all members of the human family” involves

<sup>63</sup> *An Interfaith Statement on International Trade & Investment*, Principle 2.

<sup>64</sup> Konrad Raiser, “The Future of Christianity in the Era of Globalization,” *Ecumenism* No. 149 (March 2003): 23. Cf. Philip Jenkins. *The Next Christendom: The Coming of Global Christianity*. (Oxford: Oxford University, 2002).

<sup>65</sup> *An Interfaith Statement on International Trade & Investment*, Principle 3.

<sup>66</sup> *Restoring Creation for Ecology and Justice*, adopted by 202<sup>nd</sup> General Assembly (1990).

genuine leadership rather than being included in a limited way. Jesus takes the radical step of affirming that society's marginalized and vulnerable are actually models for faithful leadership. The model of loving one's neighbor is that of the Samaritan who crosses racial lines to help and empower a vulnerable fellow human (Luke 10:25-37; cf. Luke 9:54-55).

Christian churches should be advocates for countries and people who are "the most vulnerable stakeholders" in the global economy (e.g., women, farm workers, migrant laborers, sweatshop workers, unemployed, indigenous peoples). In approaching and negotiating trade agreements today we must ask whether the voices of the most vulnerable participants in the global economy are included in articulating the provisions for just and fair trade. U.S. churches have a long history of charitable giving to the poor, and consulting with the poor, but how often do U.S. churches genuinely follow the leadership of poor and vulnerable communities?

***4. "International trade and investment systems should respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people."<sup>67</sup>***

The prophet Jeremiah suggests that the legitimate role of a government is to meet the basic needs of the most vulnerable, including orphans, widows, the poor, and foreigners (Jeremiah 7:5, 22:3, 13-17; Cf. Zechariah 7:9-10; Malachi 3:5; Psalm 72; James 1:27). When a government fails to meet the basic human needs of the citizens through unjust trade practices, the prophets would call the government to account. For instance, Jeremiah decries, "they take over the goods of others...therefore they have become great and rich. They do not judge with justice the cause of the orphan, to make it prosper; and they do not defend the rights of the needy" (see Jeremiah 5:26-29). An essential part of the churches' respecting the legitimate role of government is through prophetically confronting these ruling powers on behalf of the poor and the marginalized.

Martin Luther, in his analysis of the commandment against stealing, addresses the proper role of government in relation to trade: "It is the responsibility of the princes and magistrates to restrain open wantonness. They should be alert and courageous enough to establish and maintain order in all areas of trade and commerce in order that the poor may not be burdened and oppressed."<sup>68</sup> Thus, from a Lutheran perspective, government leaders have a covenantal responsibility to organize trade in a manner that empowers the lives of the poor.

Trade agreements that take power out of the hands of local and national governments are, in reality, taking power out of the hands of people. With the rise of regional economies, economic decision making is placed in corporations and international financial institutions that are far less accountable to communities than are governments.<sup>69</sup> This lack of accountability can facilitate abuse. The prophet Ezekiel rejects such unjust actions of institutional leaders who oppress the poor through deception: "Its officials within it are like wolves tearing the prey, shedding blood, destroying lives to get dishonest gain. They have oppressed the poor and needy, and have extorted from the alien without redress" (Ezekiel 22:27, 29). The church should mount aggressive prophetic criticism of economic policy when it "oppresses the poor and the needy." Through its advocacy the church has an important role to play in shaping economic policy through the institutions of national and international governance.

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<sup>67</sup> *An Interfaith Statement on International Trade & Investment*, Principle 4.

<sup>68</sup> Martin Luther, "The Large Catechism," *The Book of Concord*.

<sup>69</sup> Kenichi Ohmae, *The End of the Nation-State, The Rise of Regional Economies* (London: HarperCollins, 1995).

**5. “International trade and investment systems should safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.”<sup>70</sup>**

Since all of creation belongs to God, safeguarding the global commons is a fundamental covenantal responsibility of churches. Through a “greening” of the churches since the 1960s, there is a growing consensus among churches that environmental activism is central to the mission of the church.

Just trade practices are an essential part of this broader task of caring for God’s creation. The U.S. church should actively advocate for impact-oriented trade policies whose results will safeguard God’s earth and promote equity among the human family. The Lutheran World Federation stresses concern for the consequences of trade: “In trade agreements, the rules typically do not account adequately for the consequences on people’s human rights, communities and the environment.”<sup>71</sup> Churches must stand in solidarity with local communities, helping them to maintain the right and responsibility to care for their environment and livelihoods. The churches have a moral responsibility to hold the government accountable for the ways that its policies may or may not contribute to the well-being of humanity and creation.

### **Signs of Hope: Moving Forward**

*“Be doers of the word, and not merely hearers.” James 1:22a*

In the midst of the fact that the U.S. government and too many of its decision-makers are making unjust economic policy decisions for this country and for the region, U.S. churches who have not traditionally been engaged on these issues must get involved. The process of reflection for us as U.S. citizens may be painful as we seek to understand how our culture may be benefiting from others’ misfortune. The church’s vision for a just world provides a vital political and moral alternative to this injustice. As such, trade policies should be held accountable to the core ethical beliefs of Christianity and those of other religious communities.

Since broad-based and meaningful participation has not occurred in the FTAA negotiations, churches must play an important role in calling for just democratic processes by engaging one another to hold the U.S. government accountable. Forms of democracy are absolutely essential in order to lift up the voices of those who have been excluded in order that the policies developed reflect the common good and the dignity of the human person.

In affirming the importance of the global commons--the sanctity of God’s creation--churches must come together in support of environmentally safe and socially sustainable economic policies. As we affirm that the earth and all that is in it belongs to God, it is important to highlight and denounce harmful practices that endanger human rights, food sovereignty, cultural diversity and the environment.

Now more than ever, the support of international human rights, such as access to water, education, health, affordable housing, and environmental safety, is vital to the future of

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<sup>70</sup> *An Interfaith Statement on International Trade & Investment*, Principle 5.

<sup>71</sup> See “A Call to Participate in Transforming Economic globalization” Lutheran World Federation, Sept. 2002.

regional trade negotiations. Certain aspects of life were never meant to be traded, but to be enjoyed by all of God's people. Challenging the FTAA is a concrete expression of the ethical belief that people's lives are more valuable than the market.

Following the prophetic example of other churches in North America and globally, U.S. churches must continue to take clear stands in support of just trade practices even when it comes as a direct challenge to the current practices of the government. Appendix C provides links to some recent examples of such resolutions. The churches that are currently focused on trade policies are advocating that the U.S. government offices as well as members of Congress adopt just trade policies instead of the current model.

The churches need to continue to refine their method of social ethics and advocacy, so they have a coherent vision, common goal and a coordinated strategy to work for just trade. In this work, churches are encouraged to take the Interfaith Principles that have been discussed in this paper in order to develop a methodology to use them to specifically critique unjust policies and identify alternative ones. Through developing social, gender and environmental indicators the church can bring these guiding moral principles into concrete contexts of our communities. Through broad support of the Interfaith Principles and a practical methodology to use them in different ways, U.S. churches could have broad reaching impact in positively impacting trade and investment policies and practices.

Responsible investing is another concrete way that U.S. churches can change the practices of U.S. corporations. The Interfaith Center on Corporate Responsibility (ICCR)<sup>72</sup> is a U.S. based organization whose membership includes 275 faith-based institutional investors, including national denominations, religious communities, pension funds, endowments, hospital corporations, economic development funds and publishing companies who pressure companies to be socially and environmentally responsible. Supporting groups like the ICCR is essential in terms of holding U.S. corporations accountable to just practice in this country and abroad.

There are other activities in which U.S. churches can undertake as they commit to a learning process within local communities. A list is included below:

### **1. Christian Education**

Churches need to revitalize Christian education, including Sunday school curricula and Bible studies that include thematic treatment of just trade and basic education on politics and economics in order for the church to bear prophetic social witness more effectively. The Presbyterian Church (USA) Hunger Program has launched a program entitled "Food and Faith" which offers popular education and advocacy on the state of food in the U.S. and abroad, including how churches can promote food security in their daily lives. For additional resources, see "Fair Trade Links: Ecumenical and Interfaith Partners" on the Church World Service website at [http://www.churchworldservice.org/Educ\\_Advo/fair-trade-links.html](http://www.churchworldservice.org/Educ_Advo/fair-trade-links.html).

### **2. Worship and Liturgical Resources**

New worship and liturgical resources also need to be developed and incorporated into the sacramental life of the church. In 2002, the First United Methodist Church of Eugene, Oregon led a service entitled "A prayer for daily bread" which laments the exploitation of the global food economy and celebrates an emerging economy that protects God's creation. The

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<sup>72</sup> <http://www.iccr.org/>

liturgy of the church centered on the Eucharist can be conceived itself as an act of resistance against global consumerism.

### **3. Economic Relationships and Practices**

#### **a. Community Supported Agriculture**

Participating in community supported agriculture partnerships with local farmers is one way that the church can deepen its understanding of the intricacies of local economic production and support just trade. Across the U.S., organic farmers, such as the Sisters Hill Farm, Sisters of Charity, NY, Mount St. Vincent-on-Hudson, Bronx, NY harvest varieties of organic vegetables that are sold to local communities. Among the project's goals is to share 25% of the harvest with people living in poverty and to help restore the lost connection between people and agriculture.

#### **b. Fair Trade Products**

Churches must continue to educate their parishioners in responsible consumerism. Through learning where and how our food is made, we will be in a better position to make responsible decisions in the food products that we purchase and consume. In Central America, one co-op has been able to sell coffee to the fair trade organization Equal Exchange (EE), some of which is bought by U.S. parishes. Terri Speirs from Lutheran World Relief writes, "It [the relationship among coffee growers, EE, the churches and their agencies] was a word of hope in a country where low prices are forcing thousands of farmers to stop farming. Our group of Lutherans, Methodists, Episcopalians and Catholics was visiting El Salvador to learn more about fair trade and its importance to small farmers."<sup>73</sup>

The Washington Association for Fair Trade Agriculture (WAFTA) brings small growers and farm workers together to produce a fair trade apple. This is a model for other agricultural sectors. Currently small growers and farm workers together only get 11 cents out of every dollar for apples sold, while retailers get 68 cents. Washington State produces 60% of the apples in US and about 30% of Washington apples are exported, mainly to Mexico. The Washington Area Council of Churches is working with the United Farm Workers union and with growers to involve churches in advocating for fair trade apples with retailers.

Organizations such as SERRV International<sup>74</sup> are working with the churches to promote social and economic progress for low-income artisans through fair trade. This organization works to ensure fair wages and reasonable working conditions; transparency and long-term trading relationships; farmer involvement in decision making; no exploitation of children; equal opportunity for women; concern for the environment; and respect for cultural identity.

### **4. Exchange**

People to people delegations were very effective tools that churches and other community based organizations used to build resistance to NAFTA. Agricultural Missions hosts annual Rural Justice Tours by farm workers from the U.S. and from Latin America to address the destructive implications of FTAA. The Coalition for Justice in the Maquiladoras,<sup>75</sup> the Campaign to Abolish Sweatshops,<sup>76</sup> and others regularly invite maquiladora workers to share stories about sweatshop conditions that are multiplying under trade agreements. U.S. Churches are a prime base for audiences to meet with such delegations and use such contacts

<sup>73</sup> <http://www.lwr.org/coffee/elsal.html>

<sup>74</sup> <http://www.serrv.org/>

<sup>75</sup> <http://www.coalitionforjustice.net/pageing.swf>

<sup>76</sup> <http://www.abolishsweatshops.org/>

to strengthen advocacy for fair trade. Thus whenever and wherever trade officials gather to negotiate, farmers, workers, indigenous peoples, church advocates and environmentalists also gather to demand rights for all outside the gates of privilege.

## **5. Partnerships**

### **a. Coalitions**

Through partnerships, churches are working with people oppressed by unjust economic, political and social systems in programs that seek to build just, free and peaceful societies. The resolution approved in May 2003 by the Presbyterian Church (U.S.A.) calls on churches to “join in coalitions with community groups, including other Christian denominations, who are organizing opposition to the FTAA and trade agreements with similar provisions, and to make meeting space available to such groups.”<sup>77</sup> Similarly, the resolution passed in July 2003 by the United Church of Christ encourages developing “partnerships with grassroots organizations, interfaith groups, and partner churches working for economic justice in developing countries.”<sup>78</sup>

### **b. Sister Church Relationships**

The resolution passed in July 2003 by the United Church of Christ calls on local churches “to consider, in cooperation with Wider Church Ministries, partnership with a church in a developing country to understand its context and the ways in which it has been impacted by economic globalization and to participate in the partnership in concrete, helpful ways.”<sup>79</sup>

## **Conclusion**

“Therefore encourage one another and build one another up, just as you have been doing.”

1 Thessalonians 5: 11

The negative consequences of economic globalization are an urgent challenge for the churches of the United States. We are grateful for the churches both within and outside of North America who have cried out to the U.S. churches to commit themselves to decisive action on issues of economic globalization, including challenging the FTAA. We are grateful for our partner churches in Mexico and Canada who are actively working for social and economic justice in our region and are challenging the free trade model that the U.S. administration is pursuing.

As U.S. churches we confess that we have often permitted economic policy that produces economic injustice and ecological destruction. We recognize that churches throughout the region have been considerably more critical of economic globalization than our communities here in this country. U.S. churches are being called upon to make a difference and we invite Mexican churches, Canadian churches, and churches throughout the world to help us embody the love and justice of the gospel of Jesus Christ in our region.

In solidarity with churches around the world, Mexican, Canadian, and U.S. churches must “encourage one another and build one another up” as we challenge the FTAA and continue the long-term process of working together for a more just global economy. The North American Churches’ Consultation on Globalization, January 11-14, 2004, will provide further opportunities to deepen and expand this regional and global process.

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<sup>77</sup> *On Opposing the Free Trade of the Americas Agreement in its Current Form*, adopted by 215<sup>th</sup> General Assembly (2003) at <http://www.pcusa.org/trade/ftaa.htm#ga>.

<sup>78</sup> *A Faithful Response: Calling for a More Just, Humane Direction for Economic Globalization*, Resolution, July 13, 2003 at <http://www.ucc.org/synod/resolutions/pro24-2.pdf>

<sup>79</sup> *Ibid.*

## **APPENDIX A**

### **Acronyms**

CAFTA	Central American Free Trade Area
EE	Equal Exchange
FTAA	Free Trade Area of the Americas
ICCR	The Interfaith Center on Corporate Responsibility
IPR	Intellectual Property Rights
IWG	Interfaith Working Group on Trade and Investment
LWF	Lutheran World Federation
NAFTA	North American Free Trade Agreement
TRIPS	The Trade in Intellectual Property Rights
UNDP	United Nations Development Program
WARC	World Alliance of Reformed Churches
WCC	World Council of Churches
WTO	World Trade Organization

## APPENDIX B

### AN INTERFAITH STATEMENT ON INTERNATIONAL TRADE AND INVESTMENT

*Approved by the Interfaith Working Group on Trade and Investment 05/16/01  
Public Inauguration 11/01/01*

#### INTRODUCTION:

In an age of increasing economic integration and interdependence between the nations and peoples of the world, mounting global inequities have come into sharp focus. While technological and other advances have made it possible for segments of humanity to achieve unprecedented material prosperity, large numbers of people have become mired in poverty, hunger, and disease. In the midst of growing disparities and injustices between and within countries, governments and international economic institutions have increasingly sought market-driven policies, particularly the expansion of international trade and investment. This limited approach has too often served to aggravate the problem. We see the need for a broader, more holistic understanding of human economic activity.

It is our belief, as members of diverse faith communities, that moral and spiritual principles can provide guidance in the search for practical measures to address the profound ethical issues raised by international trade and investment. In this spirit, we offer the following five principles, each accompanied by our observations and visions for the future. These principles apply to all actors, public and private, engaged in international trade and investment. We believe that adoption of these principles will assist people everywhere to shape international trade and investment so that they advance the goal of a more just, more sustainable, and more prosperous human society.

#### PRINCIPLES:

**1. International trade and investment systems should respect and support the dignity of the human person, the integrity of creation, and our common humanity.**

All human beings, regardless of any distinction, have been endowed by God with the intrinsic and inalienable quality of dignity. This principle of human dignity, so fundamental to our faith traditions, demands that international trade and investment respect the rights and needs of people above market principles. It is our common conviction that if we are to respect the integrity of God's creation, then the natural world, with all its richness and diversity, must not be sacrificed to shortsighted profit motivations. It is our firm belief that all human beings constitute a single people responsible for mutual care and respect. If one segment of human society is suffering, all of humanity suffers. Recognition and acceptance of our common humanity will enable us to shape international trade and investment to advance the goal of a more just, equitable, and prosperous human society.

*We observe:*

- A global economy that too often emphasizes the priority of markets and profits over human considerations such as the welfare of workers, communities and the natural environment;  
An unwarranted belief that markets in and of themselves can effectively address the needs of impoverished people and those who are vulnerable;
- International trade and investment activity undertaken on the false assumption that natural resources are inexhaustible and can be exploited without limit;
- Activities of international economic actors that violate international human rights, labor, and environmental conventions.

*We envision:*

Trade and investment relationships that protect and promote the dignity of the human person, ensure the development and well-being of people in all nations, and secure the earth's natural environment in all its bounty and diversity for present and future generations.

## **2. International trade and investment activities should advance the common good and be evaluated in the light of their impact on those who are most vulnerable.**

In order for trade and investment practices to enhance the well being of people, private enterprise should advance distributive justice, sustainable human development, environmental protection, and poverty alleviation. Trade and investment should assist societies to meet social needs, such as secure livelihoods, health and education, and to realize the benefits of scientific discovery, cultures and spiritual heritages. Among the world's impoverished populations, women and children are often those who are most vulnerable.

*We observe:*

- Increasing inequalities between wealthy and impoverished people;
- Increasing deterioration in the health and well being of the world's impoverished people;
- Growing concentrations of impoverished people in selected regions of the world;
- A tendency toward exploitation and commodification of nature, people, and their cultures;
- An arms trade that constitutes an integral part of the global economy;
- Trade and investment that have sometimes resulted in the forced displacement of populations;
- Certain instances where trade and investment have improved the well being of impoverished people, helping to provide meaningful employment and improved standards of living.

*We envision:*

Trade and investment relationships that uphold principles of social and economic justice, enhance the material and spiritual well-being of all (through means such as equitable distribution, fair working conditions, and meaningful employment), and promote the advancement of women in social and economic development.

### **3. International trade and investment policies and decisions should be transparent and should involve the meaningful participation of the most vulnerable stakeholders.**

In order for trade and investment practices to advance the common good, then transparency of process, meaningful participation in decision-making by those affected, and empowerment of vulnerable people are essential. Transparency requires that all participants have sufficient knowledge of the issues, rules and procedures and other vital elements of the decision making process. All stakeholders should be able to offer their opinions and perceptions in helping to determine, implement and evaluate policies. Those who are vulnerable include communities of ordinary people who often bear the burden of the negative consequences of trade and investment. Meaningful participation implies strengthening local actors and economies; it requires the transformation of power relations to create opportunities for those who are vulnerable to fully participate as stakeholders.

*We observe:*

- Industrial states and global institutions that often make decisions and debate policies without the full participation of those affected;
- Women being denied participation in trade and investment decisions, even though they make significant contributions to the local economy and often suffer the most from the adverse effects of such decisions;
- The evolving participation of civil society and peoples of faith in meaningful dialogue with governments and intergovernmental organizations about ethical trade and investment issues.

*We envision:*

International institutions and policy processes that incorporate equitable participation and empowerment of all stakeholders, especially the countries of the global South and their peoples and communities; effective regional institutions that enhance local and regional trade and investment options; transparent and accountable national and local structures in which citizens and organizations of civil society meaningfully participate in policy decisions that affect their lives and livelihoods; and economies that value sustainability, human dignity, equity and community.

### **4. International trade and investment systems should respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people.**

Government exists to serve the needs of society. It has an essential role in setting priorities and making decisions about trade and investment in order to advance the common good. Civil society, in its turn, has the right to freely express its views about society's needs, address them in public policy, and to otherwise participate in decisions affecting social, economic and environmental justice.

- International trade and investment regimes that undermine the decision-making prerogatives of national governments to the detriment of local economies and cultures;
- Multi-lateral institutions and national governments that often marginalize civil society's right to participate in trade and investment decisions;
- Multi-lateral institutions that frequently pressure governments to prioritize market needs over those of people and the environment;
- International trade and investment rules that prevent governments and civil society from holding transnational corporations accountable for their actions.

*We envision:*

International institutions that respect the right of governments to establish policies that ensure the social and economic well-being of their people; effective collaboration between civil society, governments, and international institutions in shaping international trade and investment to advance the goal of a just and prosperous human society; and mechanisms that ensure that transnational corporate activities serve the common good.

**5. International trade and investment systems should safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.**

The global commons include the shared natural systems and cycles that underpin the functioning of ecosystems everywhere. They are an essential component of the collective heritage of humankind. All nations and peoples, including economic actors, have a joint responsibility for protecting and conserving this heritage. Trade and investment should be carried out with vigilance and precaution, especially when scientific knowledge regarding the potential harm of such activity to the global commons is incomplete. Trade and investment should strictly respect the right and responsibility of peoples and communities to maintain the global commons through the sustainable use of their local and traditional resources.

*We observe:*

- Dominant patterns of production and consumption that often cause environmental devastation, depletion of resources and extinction of species;
- Human activities that often overburden ecological and social systems;
- Local communities that risk being unable to realize the full benefits of their natural resources, including health and sustenance, due to international patent regimes.

*We envision:*

Trade and investment systems that safeguard the global commons, natural resources and biodiversity, place a high premium on sustainability, account for environmental and social costs in the pricing of goods and services, and acknowledge that every form of life has intrinsic value and belongs to our global heritage.

## Signers:

Africa Faith and Justice Network  
 American Friends Service Committee Washington Office  
 Benedictine Sisters of Erie PA  
 Center of Concern  
 Church of the Brethren Washington Office  
 Church Women United  
 Church World Service  
 Columban Fathers Justice and Peace Office  
 Conference of Major Superiors of Men  
 Economic Justice Foundation  
 Edikanfo Progressive Foundation, Ghana  
 8<sup>th</sup> Day Center for Justice  
 Ecumenical Program for Central America and the Caribbean  
 Evangelical Lutheran Church in America  
     Lutheran Office for Work Community  
     Lutheran Office for Governmental Affairs  
 Intercommunity Center for Justice and Peace  
 Jubilee USA  
 Leadership Conference of Women Religious  
 Lutheran World Relief  
 Maryknoll Office for Global Concerns  
 Medical Mission Sisters, Alliance for Justice  
 Mennonite Central Committee U.S.  
 Mennonite Central Committee Canada  
 Missionary Oblates Justice and Peace/Integrity of Creation Office  
 National Council of Churches of Christ in the U.S.  
 NETWORK: A Catholic Social Justice Lobby  
 Our Lady Queen of Peace Roman Catholic Community  
 Presbyterian Church (USA) Washington Office  
 School Sisters of Notre Dame SHALOM Justice, Peace and Integrity of Creation  
 Network  
 Sisters of the Holy Cross International Justice Office  
 Sisters of Mercy of the Americas Institute Justice Team  
 Sisters of Notre Dame de Namur Peace and Justice Office  
 Sisters of St. Joseph of Boston Office of Justice and Peace  
 Sisters of St. Joseph of Carondelet Congregational Leadership Team  
 Union of Reform Judaism Commission of Social Action  
 United Church of Christ Justice and Witness Ministries  
 United Methodist Church General Board of Church and Society  
 Washington Office on Africa

## APPENDIX C

### EXAMPLES OF RECENT CHURCH STATEMENTS RELATED TO JUST TRADE

#### **Episcopal Church**

*HIV/AIDS: HIV Medications Availability*, Resolution, 2003

[http://submitresolution.dfms.org/view\\_leg\\_detail.aspx?id=A020&type=ORIGINAL](http://submitresolution.dfms.org/view_leg_detail.aspx?id=A020&type=ORIGINAL)

#### **Evangelical Lutheran Church in America**

*Caring for Health: Our Shared Endeavor, A Social Statement on health, healing and health care adopted August 11-17, 2003*

<http://www.elca.org/dcs/socialstatement/healthcare.html>

#### **Presbyterian Church (U.S.A.)**

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