

GLOBAL EXCHANGE

Dear Fair Trade Friend,

Thank you for your interest in making your community a fair trade zone! This project involves working with your local and state governments to adopt policies and resolutions that support fair trade, human rights, environmental sustainability and economic justice. Just as fair trade activists have been fighting the expansion of corporate free trade policies in Congress, we also need to pressure our local elected officials to adopt policies and practices that will help create a more equitable and sustainable world.

In 1998 many people got involved in the successful effort to shed light on the Multilateral Agreement on Investment by creating "MAI Free Zones." The San Francisco Board of Supervisors unanimously passed a resolution after local activists spelled out how the MAI would tie the hands of local officials to regulate corporations and promote human rights. A number of cities across the country have already passed resolutions against free trade institutions such as the World Trade Organization (WTO) and are well on their way to making their cities Fair Trade Zones.

Our movement against corporate globalization won a huge victory in Seattle when massive protests catapulted the WTO into the center stage of public debate. The WTO's attempt to expand its reach in such areas as government procurement, services, agriculture, forestry, healthcare, education and e-commerce was met with intense opposition as approximately 40,000 people from all walks of life demonstrated in the streets. On the final day of negotiations the "talks" finally dissolved as delegates from developing countries refused to go forward with a Millenium Round of negotiations, stating that they too were left out of the decision making process dominated by industrialized countries. With the tides turning against corporate free trade, now is our time to effect real change!

Thank you for joining this effort to educate our communities and public officials about the threat free trade policies pose to democracy, economic development, workers rights, and our environment while building support for fair trade alternatives. In this packet you'll find:

- Tips on how to pass a resolution and make your community a Fair Trade Zone
- A model letter for local and state governments to send to President Clinton opposing the WTO
- Information and sample resolutions on the World Bank Bond Boycott campaign, Fair Trade Coffee campaign, Old Growth Wood Boycott campaign, Living Wage campaign and the Tobin Tax Initiative as well as a model resolution supporting socially responsible investment
- A sample press release and news articles
- Top Ten Reasons to Oppose the WTO and Top Ten Ways to Democratize the Global Economy

Thanks for your commitment to fair trade. Please keep us informed on your efforts.

Sincerely,

Juliette Beck
Economic Rights Coordinator

Rosalyn Fay
Fair Trade Organizer

DEMOCRATIZE THE GLOBAL ECONOMY MAKE YOUR COMMUNITY A FAIR TRADE ZONE

Background: Elected officials of local government, like most people, are not well informed about corporate globalization and are largely unaware of how the World Trade Organization and NAFTA have usurped their power. It is critical for local elected officials to become educated about the processes of "globalization" that are affecting us on a daily basis so that they can become advocates of fair trade.

Activists that would like to help get their governments and communities to begin "thinking globally and acting locally" may want to start by passing resolutions against the World Trade Organization (WTO) and the free trade agreements that are actively transferring power away from local governments and into the hands of unelected trade bureaucrats. The Seattle WTO protests set the stage for public debate on who is writing the rules of the global economy. Activists all over the world are demanding an end to the corporate driven policies of deregulation, privatization and free trade at any cost to the environment, human rights, jobs and working conditions.

Historical Context: In the past 50 years, the power to regulate business activities both locally and throughout the world has been stripped away by international treaties such as GATT/WTO and NAFTA. These free trade agreements have worked in tandem with the policies advanced by the World Bank, the International Monetary Fund, and the US Department of Commerce to create a global economy that pits workers against each other worldwide in the race to the bottom in working standards and environmental protection. Communities sacrifice sound policies such as corporate regulation and taxation, minimum wage increases and strong environmental protections in order to attract foreign investment. Governments have also been advised that they are inefficient and should privatize and outsource any service that can be handed over to the private sector. Free trade policies such as the General Agreement on Tariffs and Trade (GATT), eliminated tariffs, resulting in the greatest corporate tax reform ever! Corporate profits are soaring because of their ability to pass off the costs of doing business to the surrounding communities due to systematic policies of deregulation and privatization, tax breaks and generous corporate welfare packages.

Reclaim Democracy! Rebuild Community! This packet includes proposals and sample resolutions that will hopefully help to spark a discussion in your community on ways to reclaim the power that is being lost to the global economy. You may want to organize a series of town hall meetings in which people could bring proposals to set the ground rules for living in a global economy in harmony with "fair trade values." Many communities are already fighting for living wage ordinances that would address the growing income disparity. The initiatives that we suggest starting off with include: a resolution calling for assessment, not expansion of the WTO, a fair trade coffee ordinance, a socially responsible investment ordinance that would include a Boycott of World Bank bonds. Sample resolutions on supporting efforts such as the Tobin Tax to curtail the instability in the global economy that put whole countries at risk of financial collapse by currency speculators (as in the Asian financial crisis).

In order to reverse the negative impacts of corporate globalization, communities need to adopt policies that encourage socially and environmentally responsible, long-term investment. With every major ecosystem in decline, wages stagnating, more people working harder for less and overall quality of life declining, we have no choice. We as citizens of a global economy have a responsibility to chart a more equitable and sustainable course than the course currently being driven by U.S. multinational corporations. The power to change and create a better world lies within all of us!

Tips on How to Pass a Resolution

What is a resolution? A resolution expresses a formal position and lays out an agreement to operate in accordance with this position. Most resolutions are introduced at a city council meeting one week and then voted on the next, or if there are questions, it will be deferred to a committee for more consideration and possible rewriting. Committees will often hold hearings on subjects of importance to the general public - you may want to consider doing this as part of an effort to educate more and more people.

Research potential impacts: The clearer that you can make the issues of corporate globalization “hit home” for elected officials, members of the media, and the public, the greater success you will have in getting your resolution passed. Researching what’s at stake for your city takes some creativity. Try to speak with people who know city policy and find out if there are laws created to boost local economic development that may favor local businesses and therefore violate WTO and NAFTA rules requiring “National Treatment” (you have to treat all corporations the same, domestic and foreign). Any laws that make room for “non-commercial” values such as paying living wages and ensuring environmental responsibility in government purchasing policy are likely to be illegal under the WTO government procurement agreement. Talk to city attorneys, academics, local businesses or anyone that might know local policy and pick their brain. Also, look for local impacts of globalization such as plant closures and environmental contamination and point out that solutions to these problems are being undermined by the WTO.

Research the resolution process. Find out about the timeline, procedure for introducing a resolution and who has the power to move the resolution forward. You can often find a sympathetic staffer or City Council member who can help with this process by arranging a meeting with the members of your City Council and/or their senior staff (see our sample game plan below). You can also try to talk to someone who follows local government, perhaps even a local reporter, to gain a sense of who’s who and which elected officials might be receptive. Devise a game plan and a political strategy for getting your resolution passed, which may include something like this:

Sample Game Plan: Set up a meeting with one or more of your elected officials and provide them each with a packet of information. Include a cover letter stressing your concern with how the ability of local government to regulate foreign investors, pass laws or govern in the interest of the public is being undermined by so-called free trade policies which are really the dismantling of democracy under the guise of a trade pact. You may want to include examples of local programs or laws that will be impacted. Consider also submitting the letter from a diverse coalition signed by environmental, labor, human rights, small business and economic justice groups. The cover letter might also suggest that the local official file an official request with the city attorney’s office to investigate the legal and fiscal impact (i.e. asses cost of future lawsuits!) on the city or county.

Follow up with a phone call in a few days, asking if they have received and reviewed the material. Suggest that a resolution be introduced at the next meeting. Offer to type up a draft resolution (you can use previously passed resolutions as models). Develop rapport with the legislative aide or staffer who takes an immediate interest. Try to seek bi-partisan support in drafting and introducing the resolution. Get as many co-sponsors as possible early on, and you may be able to sail it right through.

Organize a group of informed and well-spoken individuals to attend the meeting and address the city council during the public comment period. Usually comments are limited to a few

minutes each, so try to make sure that people address various points. Encourage students and people from various constituent groups to participate. Offer to rehearse or practice talking points with people beforehand who are nervous about public speaking (almost all of us!). Try to keep everyone involved “on message;” anything can become public at anytime and can be easily taken out of context by an unenlightened reporter.

Develop a Media Strategy! Get the Word Out! One of the BEST ways to get media coverage is by making this a local news story. Send out a press release with the headline, “Concerned Citizens Request City Government to Adopt Resolution....” Pitch to various reporters, especially reporters who cover local politics and business. Point out examples of potential local impacts.

The media will want to single out elected officials who are either supporting or potentially opposed to the resolution. Try to point them in the direction of enlightened local officials who share your view. Help promote these officials on local radio shows.

Have fun! When the resolutions passes with flying colors, have a party to celebrate your hard work! This is grassroots democracy at its finest! Take back economic decision-making from the corporations!

Sample Resolution Against Purchasing World Bank Bonds

Whereas, the World Bank controls more investment capital and, together with its sister institution, the International Monetary Fund, has more policy influence in the world economy than any other institution, and for the past fifty years the World Bank has accumulated more and more influence over the economic policies of less developed countries; and

Whereas, the World Bank uses its leverage over less developed countries to actively promote policies that favor the narrow profit interests of transnational corporations, such as low wages, proliferation of sweatshops, repressive labor policies, and weak environmental regulation, at the expense of interests of the majority to improve living standards; and

Whereas, the World Bank has promoted a narrowly defined export-led growth model that has widened the gap between the rich and poor globally and within countries; and

Whereas, the World Bank promotes policies that destroy the environment by pushing countries to expand their exports so they will earn more hard currency to make payments on foreign debts, and this has led countries to overexploit their natural resources, cutting down forests, heavily using chemicals to produce export crops, and overfishing coastal and international waters; and

Whereas, the World Bank's project lending is often environmentally destructive, and violates the rights of indigenous peoples; and

Whereas, the World Bank's policies have worsened the position of women, because structural adjustment programs require cuts in government social services, with the increased burden and hardship of caring for the family falling mainly on women, and because the overwhelming majority of World Bank money goes into the hands of men; and

Whereas, by keeping the governments of low-income countries dependent on new infusions of capital from high-income countries, the World Bank has reinforced an external allegiance of these governments, making them more accountable to World Bank managers than to their own people; and with policymaking in the hands of unelected bureaucrats, there is no real chance of either meaningful development or democracy taking place in many of these countries; and

Whereas, the World Bank operates in a secretive fashion and is accountable neither to the taxpayers who fund it nor to the citizens of debtor countries who are subjected to World Bank policies;

Therefore, (*this institution*) resolves, from this date hence, not to purchase bonds issued by the International Bank for Reconstruction and Development (the World Bank) nor to invest money in any investment fund which holds World Bank bonds.

Sample Fair Trade Coffee Resolution

Whereas, in the context of the global economy, our consumer choices unknowingly affect communities and the environment in all corners of the earth; and as a purchaser of goods and services, *<this institution>* has a responsibility to ensure that its monies are spent in a manner consistent with ethical principles including assuring that workers are paid a living wage, and purchasing goods made in the most fair and sustainable manner when possible; *<this institution>* can and should use its market power to bring about policies that are representative of *<this institution's>* goals.

Whereas, many people are looking for more socially conscious and environmentally responsible ways to conduct their lives, which do not degrade people, animals or the environment; and

Whereas, *<this institution>* is aware of the dire situation of poverty in Central America and other areas of the world. Most small coffee farmers receive market payments for their harvest which are less than the costs of production, forcing them into a cycle of poverty and debt. Fair Trade Certified coffee works to correct these imbalances by guaranteeing stringent international criteria; paying a minimum price per pound, providing much needed credit at fair terms to farmers, and providing technical assistance such as help transitioning to organic farming; With the profits generated from receiving a fair wage, farmers can invest in community development, health care, education, and environmental stewardship.

Whereas, intensive coffee farming also leads to environmental problems, such as the contamination of air and water supplies through pesticide poisoning, deforestation and the extinction of some bird species through habitat destruction. Fair Trade Certified coffee encourages the cultivation of coffee under a shade canopy which preserves trees and birds, as well as coffee grown under organic conditions; and

Resolved, *<this institution>* will restrict the purchasing of coffee to brands that are organic and Fair Trade Certified by TransFair USA, its successor organization or another independently monitored labeling Non Governmental Organization

Resolved, *<this institution>* shall strive to purchase fair trade certified products whenever possible given budgetary restraints. This includes rice and most fruits and vegetables of non-US origin. No new policy will be necessary to implement such changes unless the additional cost of purchasing such products is substantial. *<This institution>* shall make available each term a list of products that are certified as "Fair Trade."

DRAFT LETTER FROM STATE/LOCAL ELECTED OFFICIALS TO PRESIDENT CLINTON ON THE WORLD TRADE ORGANIZATION. IT IS RECOMMENDED TO CITE SPECIFIC LOCAL EXAMPLES UNDER EACH 'BULLET'

Dear President Clinton,

I am writing to urge you to work with members of civil society and Congress to reform the World Trade Organization (WTO) into an accountable, democratic and inclusive organization.

In its four years of existence the WTO has ruled exclusively in favor of multinational corporations, dismantling laws that the citizens of ____ have elected me and other officials to create. I am outraged that you continue to support an undemocratic organization that operates largely in secret and where local and state governments' input has been excluded. As a person elected to create laws that promote local economic development, protect the public's health and uphold environmental safeguards, I am unwilling to support an organization that would threaten my ability to carry out these tasks.

I am also very concerned that several provisions in the Multilateral Agreement on Investment (MAI) have been included in the WTO despite the fact that numerous local and state governments have passed resolutions against the MAI as a threat to their sovereignty. Below are several MAI provisions that, as part of the WTO, stand to endanger attempts to promote local economic development, engage in divestment and procurement preferences and protect natural resources from unsustainable practices.

- The National Treatment provision could prohibit the use of domestic procurement preferences and subsidies and other benefits to local businesses for the purpose of encouraging local economic development.
- The "Most Favored Nation" provision could prohibit state and local governments from choosing not to do business with entities that repeatedly violate international human rights, labor, and environmental laws.
- In NAFTA, the "Expropriation" provision could prevent state and local governments from regulating within their jurisdiction to protect health, safety, and the environment. "Expropriation" language is so broad that any state or local law that even has the indirect impact on a foreign investor's profits could give that investor standing to sue for a "taking" of its property. The \$970 million Methanex NAFTA challenge of California's move to ban MTBE is an outrageous example of the abuse of power by corporations under so-called "free trade agreements." Investors profit is now being protected above and beyond citizens' rights.

I call on you to oppose a new round of negotiations until a public assessment is made to determine the effects of WTO's policies and rulings to date. I also ask you to oppose any future trade agreement or trade bodies that can overrule the sovereign policies of nations, states and local governments and that do not include a mechanism to involve local and state governments.

Sincerely,

OAKLAND CITY COUNCIL
RESOLUTION NO. 75345 C.M.S.

Introduced by Councilmember Ignacio De La Fuente

Passed on November 16, 1999

A RESOLUTION TO OPPOSE EXPANSION OF THE POWERS OF THE WORLD TRADE ORGANIZATION DURING THE SEATTLE MINISTERIAL MEETING

WHEREAS, the World Trade Organization (WTO), established in 1995 and with a current membership of 134 nations, will be meeting in Seattle from November 30 through December 3, 1999 for their third annual ministerial to decide whether or not to launch a "Millenium Round" of international trade negotiations; and

WHEREAS, the negotiations of the WTO are conducted by Trade Ministers and Trade Representatives and other officials charged with promoting trade, to the exclusion of officials charged with the representation of other interests such as public health, labor rights or environmental protection; and

WHEREAS, trade and investment disputes are resolved at the WTO by non-elected panels in secret process that have the authority to override local, state and federal law, is outside and above U.S. courts; and

WHEREAS, in all cases decided by the WTO in the last four years, the dispute panels have favored corporate interests over public interests and have overruled domestic laws protecting the environment, human health, endangered species and local economies; and

WHEREAS, the Multilateral Agreement on Investment (MAI), which will likely be reintroduced at the Ministerial meetings in Seattle, could supercede existing constitutional interpretations of a government's regulatory rights under the Fifth Amendment and restrict new regulation by state and local governments; and

WHEREAS, the "National Treatment" concept of the WTO could prohibit the use of domestic procurement preferences and subsidies and other benefits to local businesses for the purpose of encouraging local economic development; and

WHEREAS, the "Most Favored Nation" concept of the WTO could prohibit Congress, state legislatures, and city councils from using trade sanctions to punish nations such as Burma for human rights abuses, violations of labor standards, and political persecution; and

WHEREAS, South African President Nelson Mandela might still be in prison today if the WTO had existed when governments, including Oakland's, were passing divestment ordinances against South Africa's former apartheid regime; and

WHEREAS, even the mere threat of WTO sanctions has already interfered with local law-making and led Governor Davis to veto a bill that would have provided a five percent preference to California businesses in the state's government procurement process; and

WHEREAS, by attacking domestic laws, the WTO is actually dismantling the democratic process under the guise of a trade pact, and

WHEREAS, a broad and growing global movement has formed to challenge the WTO's ability to establish free trade rules that threaten human health, fragile ecosystems, labor and human rights, democratic institutions and local economies; and

WHEREAS, the City of Oakland is the home to a major seaport and is actively interested in the promotion of international trade as a means to improve the quality of life for all people and not as a means for creating a race to the bottom on public health standards, environmental protection and labor rights; now, therefore, be it

RESOLVED, by the City Council of the City of Oakland to oppose the further expansion of the powers of the WTO to overrule the sovereign policies of nations, states and local governments; and be it

FURTHER RESOLVED, that November 30, 1999 be proclaimed a day of protest against the sweeping powers of the World Trade Organization.

SAN FRANCISCO
BOARD OF SUPERVISORS

File No. 98-0242

EXPRESSING SAN FRANCISCO'S OPPOSITION TO INTERNATIONAL FEDERAL, AND STATE AGREEMENTS THAT RESTRICT LOCAL GOVERNMENTS' ABILITY TO IMPOSE SANCTIONS ON ORGANIZATIONS AND ENTITIES THAT DO NOT COMPLY WITH SAN FRANCISCO'S HUMAN RIGHTS REQUIREMENTS.

WHEREAS, San Francisco has established basic guidelines to ensure that equal rights and benefits be extended to everyone in San Francisco; and

WHEREAS, San Francisco has established human rights guidelines that require all entities, private and public to adhere to these guidelines in order to operate in and do business within the City and County of San Francisco; and

WHEREAS, the federal Multilateral Agreement on Investment (MAI) would restrict San Francisco's regulation of foreign investment within the City and County of San Francisco; and

WHEREAS, the MAI undermines state and local sovereignty by restricting government's ability to regulate foreign investment and corporate accountability; and

WHEREAS, the MAI could bar Congress, state legislatures, and city councils from using trade sanctions to punish nations such as Burma for human rights abuses, violations of labor standards, and persecution; now therefore, be it

RESOLVED, that the Board of Supervisors of the City and County of San Francisco hereby urge its state and federally elected officials and lobbyists to protect San Francisco's ability to regulate all entities to ensure compliance with Human Rights Commission requirements within the City and County of San Francisco; and be it

FURTHER RESOLVED, that the Board of Supervisors of the City and County of San Francisco hereby urge the City's federal representatives and lobbyists to not support the MAI because it would eliminate San Francisco's right of regulation and local sovereignty.

SUPERVISOR AMMIANO

Resolution Supporting Socially Responsible Investment

Expressing *<this institution's>* opposition to unregulated globalization in its current state and support for investment of *<this institution's>* capital resources reflecting social and economic responsibility,

WHEREAS, the United States as a whole consumes the greatest amount of goods and services in the world, invests the most capital, and thus wields tremendous influence in the global economy; and

WHEREAS, it is in our local interest to have a stable global economy which allows for productive local and regional economies; and

WHEREAS, the current financial architecture has been inadequate in dealing with the global economic crisis, as evidence by crises of unprecedented proportions in Asia, Russia, and Brazil; and

WHEREAS, investment, trade, and consumption should promote an economy that allows for a decent standard of living and sustainable use of natural resources; and

WHEREAS, The Commerce Clause of the United States Constitution allows public entities to place restrictions on the use of public funds when the public entity is acting as a market participant; and

WHEREAS, as an investor of capital, *<this institution>* has a responsibility to ensure that its capital investment promotes sound development policies, supports responsible corporate activity, and does not engage in speculation. Now therefore, be it

RESOLVED, *<this institution>* restricts its investment to stocks and funds which do not engage in currency speculation and which adhere to *<this institution's>* standard of social and environmental responsibility.

Model Resolution Supporting the Tobin Tax

WHEREAS, over \$1.5 trillion moves daily through currency exchange markets around the world, and over 85% of those transactions are of a speculative nature, where traders bet on whether currency values and interest rates will move up or down; and

WHEREAS, such volume and volatility disrupts the ability of nations to establish equitable and just economic policies; to intervene to protect their own currencies; and to provide support for needed social and environmental programs; and

WHEREAS, recent financial crisis and currency devaluations tend to exacerbate existing problems such as price increases, higher unemployment, plant closures, social unrest and human rights violations; and to burden indigenous, poor and middle-income populations most heavily; and

WHEREAS, excessive speculation could be curbed by a very small tax of between 0.1% and 0.25 % on each cross-border currency transaction (as proposed by Nobel prize-winning economist James Tobin—"Tobin Tax"); and such a tax would reduce incentives for overnight speculation while remaining small enough to leave longer-term investments intact; and

WHEREAS, the revenues from a Tobin Tax, projected at between \$150 and \$300 billion a year, would provide the resources urgently needed to wipe out extreme poverty, provide basic social services and mitigate environmental destruction globally; and collection, enforcement and allocation aspects are considered to be economically feasible.

NOW, THEREFORE BE IT PROCLAIMED that the City Council of the City of Arcata urges governments around the world to immediately cooperate to establish Tobin-style taxes on foreign currency exchange market transactions, collected and distributed in a fully transparent and accountable manner, with the revenue dedicated to basic and urgent human and environmental needs and to ecologically sustainable jobs within less-developed countries.

Passed by the City of Arcata on October 6, 1999

Websites for Further Information

Campaigns

Fair Trade Coffee Campaign

<http://www.globalexchange.org/economy/coffee>

World Bank Bonds Divestment Campaign

<http://www.cepr.net/cej/SampleResolution.html>

Sample Ordinance

Living Wage Ordinance

www.sflivingwage.org/ordinance.htm

Articles

U.S. Laws Diluted by Trade Pacts by: Robert Collier

www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1999/07/24/MN30628.DTL

Oakland Assemblywoman Shut Out of WTO: By Robert Collier

www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1999/06/18/MN12059.DTL

Canadian Firm Sues California over MTBE - \$970 Million Suit Seeks to End Gas-Additive Ban: By Robert Collier

www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1999/06/18/MN12059.DTL

Fact Sheets

Top Ten Ways To Democratize the Global Economy

www.globalexchange.org/economy/rulemakers/TenWaysToDemocratize.html

Top Ten Reasons to Oppose the World Trade Organization

www.globalexchange.org/economy/rulemakers/topTenReasons.html