

Transfiguration: Globalisation, the World Trade Organisation and the National Faces of the GATS

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Globalisation: Its four dimensions

Over the last twenty years the academic literature on globalisation has burgeoned. It will not be summarised here. The initial aim is to indicate that globalisation is a process that has a number of dimensions. It can be approached from various degrees of abstraction. I have identified at least four dimensions to globalisation as a set of social processes. There may well be more than four – but that misses the point. The key point is to uncover what is at globalisation's *core*, for only in this way can the full extent of the threat to the public services in contemporary social life be appreciated. This core is the *value-form of labour*.

First Dimension

As Peter McLaren (2001) and others have indicated, for postmodernists and those interested primarily in *cultural* phenomena, globalisation has been associated simultaneously with the cross-fertilisation and increasing hybridity of cultural forms and identities on the one hand and the homogenisation of culture on the other. The latter trend is manifested in the standardisation of culture, summed up by the concept of McDonaldisation – the product is the same wherever you are. On this basis, globalisation as the embrace of consumer products such as Nike, the GAP, Nokia, Sony and McDonalds incorporates cultural conformism. Globalisation in this sense points towards global markets, consumer identities and choice.

Of course, billions throughout the world cannot afford many of the products associated with upbeat lifestyles and cool dude poses. Drawing on the work of Teresa Ebert, Peter McLaren argues that globalisation as a set of cultural process emphasises 'global symbolic exchanges relating to values, preferences, and tastes rather than material inequality and class relations' (2001, p.4). Therefore, notes McLaren, in this sense it refers to a 'cultural logic' that stops short of analysing the production relations that power it. To explore this first dimension of globalisation alone is not erroneous, but it is certainly superficial. Furthermore, the focus on market identities, relations and choices becomes ideological if the underlying social relations of production are masked or avoided in the analysis. What is required is an analysis of globalisation from political economy.

Second Dimension

The second dimension of globalisation is the familiar ground of much political economy, sociological analysis and studies in international relations. The focus is primarily on the way that the powers and significance of the nation-state are eroding in the face of forces of global capital that have been let loose in the last twenty years or so. Again, drawing on recent work by Peter McLaren, the essence of this perspective on globalisation is that it incorporates a focus on the state and 'explores the relationship between the local and the global and whether globalization means the reorganization or disappearance of the nation-state' (2001, p.4). These political theorists of globalisation, argues McLaren, 'generally argue about the sovereign status of the nation-state. They argue that local legal codes, local currencies, and local habits and customs that enable the rise of capitalism now serve as constraints on capital, so that now the new transnational institutions more suitable to the new phase of capitalism are developing' (*ibid.*). The new transnational organisations are primarily the World Trade Organisation (WTO), the International Monetary Fund (IMF) and the World Bank, which, the story goes, are increasingly taking on world governmental roles for the interests of capital in general and transnational corporations in particular.

BOX 1: Globalisation

- The increasing importance and significance of the financial structure and the global creation of credit, leading to the dominance of finance over production.
- The growing importance of the 'knowledge structure': knowledge is said to have become a significant factor of production.
- The increase in the rapidity of redundancy of technologies and the increase in the transnationalisation of technology: an emphasis on knowledge-based industries with increasing reliance on technological innovation.
- The rise of global oligopolies in the form of multinational corporations: corporations appear to have no choice but to 'go global', and multinational corporations and transnational banks have become the significant power centres beyond national states and economies.
- The globalisation of production, knowledge and finance is viewed to have led to a decline in the regulative power of national states. This is accompanied by the rise of global authority structures - such as the United Nations, the G7 (now G8) group of industrial powers and the WTO, International Monetary Fund (IMF) and World Bank.
- The 'new freedom' of capital from national regulative control and democratic accountability is held to have lead to increased ecological destruction, social fragmentation and poverty - as well as having effects for personal identity as global media corporations homogenise, customise and niche market their products.

(Adapted from Bonefeld, 1999, pp.76 -77)

To complete this form of analysis, economic factors such as the deregulation of labour and financial markets, the 'communications revolution' through the Internet, the growth of e-commerce, knowledge as a leading factor of production, and many other economic developments are brought in. The speed, intensity and volume of economic transactions increase, and the markets never sleep. The point is that in this form of analysis these technological and economic trends, together with the rise of transnational institutions regulating world trade, finance,

competition and investment, are seen to be undermining the political integrity of the nation-state. Since the integration of the old Eastern Bloc countries and China into the world economy, *global capitalism* has become a reality. Werner Bonefeld (1999) has summarised many of these interrelating political and economic trends that together summarise what many take as 'globalisation' (see Box 1).

This second dimension completes the *descriptive* account of globalisation. We can pinpoint its trends, developments and characteristics. Yet no real explanation of why capital becomes *global* can be derived from such descriptions – however detailed. Without a deeper analysis, global capitalism remains an enigma and appears as an overwhelming force, as inevitability, such that attempts by governments to run against it in the interests of labour or the environment seem Quixotic.

Third Dimension

The third dimension of globalisation appears to yield a more abstract account. It rests on an appreciation of our living within a particular *social universe* (Postone, 1996): the *social universe of capital* (Rikowski, 2001b, 2002). Furthermore, globalisation is not just an a-historical process; it takes a particular social form. It is *capitalist* globalisation, the globalisation of capital.

The substance of capital's social universe is *value*, specifically surplus value that is created in the labour process and is incorporated in commodities (which are either material or immaterial). Surplus value is value over-and-above that incorporated in commodities equal to that represented by the wage. Thus, it represents unpaid labour. Surplus value is also the first form of the existence of capital, and it has a *social existence* that is transformed into other forms of capital – money being its universal form. Value and surplus value are created as we transform our labour-powers into concrete labour through commodity production. Out of surplus value come corporate taxes, rent, and revenue for the next production cycle and other deductions, but also, and most importantly *profit* – distributed to owners and shareholders. Increasingly (historically) the whole of social life is drawn into the orbit of capital, and all of civilisation becomes increasingly capitalised. Through our labour we create a social force and set of social relations – capital – that come to dominate us (Postone, 1996).

Capital's social universe is an expanding one; and globalisation on this third dimension summarises this. This expansion takes three main forms. First, spatially as capital fills all known socio-physical space (and this is not just confined to this planet). This is capital's *extension*. Secondly, capital expands as the differentiated form of the commodity, through the invention of new types of commodity. It expands through variegated and differentiated examples of itself. This is its *differentiation*. Thirdly, capital expands through *intensification*; it deepens and develops within its own domain. Of course, explaining why capital expands and how the mechanisms of its expansion function requires much complex analysis that we cannot pursue here. The key point is that the

processes of capital's expansion outlined about *take over* and suck in, like a social vortex, all forms of social life such that they become *commodified*, become incorporated within capital's social universe.

An appropriate example of capital's rapid expansion is what is happening today in education in England; it is being *capitalised* at an increasing speed (Rikowski, 2001a; Monbiot, 2002). The WTO's education agenda is to speed up the capitalisation of education through its privatisation, liberalisation and marketisation (Rikowski, 2001a). In England, this involves capital's *extension* in particular (into new fields through the Private Finance Initiative, competitive tendering and so on in the UK), *differentiation* (especially through the development of new information and technology products designed specifically for educational institutions, something universities are themselves engaged in) and *intensification*. Similar developments can be discerned in relation to libraries. Increasingly they are operating within the orbit of capital, spinning out an increasing range of commodities that can be sold for profit and where whole libraries and library services are being viewed as potential sources of profit and bases for capital accumulation. The tragedy is that it is library workers' labour that enables all this. But this observation points towards the *weakness* of capital as a form of social life; it depends on our labour being expended in a particular form, the *value-form* – entailing the creation of value and surplus value. Our labour provides the social energy for the social relations and force that dominates us: *capital*. This tragedy need not be our Fate.

Fourth Dimension

Globalisation's fourth dimension builds on the conclusion to the third: that our labour takes a particular social form – the value-form. This is also an historical process; it deepens as the capitalisation of social life – the turning of all and any activity into a commodity that incorporates value – takes hold. The value-form of labour entails the creation of value so that profit can be drawn off from the surplus value created. This is at the core of 'globalisation'.

Translated into the world of library work, it is value (not *values*) that becomes crucial. Old traditional modes of working, professional values, notions of public service and putting community needs before the drive for profit – all become liabilities for capital accumulation as libraries shift from becoming public goods to private commodities. Community needs, user needs – indeed all needs in relation to library users – are placed within the context of the *market*. Through research they become marketing data for generating revenue and profits once the capitalisation of libraries reaches a certain point. Apologists for these developments will talk of the 'happy coincidence' between library users needs and revenue generation. With the capitalisation of public libraries the labour of library workers changes its nature; it takes the truly tragic form that labour in capital assumes. Ruth Rikowski's article (this issue) explores these processes in more depth. The key point is that the globalisation of capital ultimately results in a particular form of labour and a specific form of social life. These entail the sacrifice of human capacities for the generation of a set of oppressive and

limiting social relations and social forces: *capitalist* social life – governed by the laws of value and money. Library work is subjected to these laws as capital incorporates it within its orbit.

The World Trade Organisation (WTO) facilitates and enables the capitalisation of all areas of social life. In particular, one of the WTO's key agreements, the General Agreement on Trade in Services (GATS) functions to open up public services to capital and its value-form of labour. It nurtures the operations of corporations that search the globe for profit-making opportunities. The next section provides a summary of the history and development of the WTO.

The World Trade Organisation¹

Whilst the Second World War was still raging, in 1943 the US and British governments embarked on a series of bilateral discussions aimed at designing a post-War international trading system free of the protectionism of the inter-War years (Cohn, 2000, p.205). In the autumn of 1945, the US State Department floated a document on trade and employment that was to be the basis of multilateral negotiations. It constituted an outline for a proposed International Trade Organisation (ITO). This document was developed as the basis for the Havana Charter that was discussed by 23 leading capitalist countries in March 1948. Meanwhile, in 1946, the same 23 nations met to discuss the much narrower issue of tariff reduction. At this meeting it was decided to meet up the following year in Geneva to negotiate to reduce tariffs on about a fifth of the world's trade. Thus, in October 1947 the first round of the General Agreement on Tariffs and Trade (GATT) resulted in these 23 countries signing up to the agreement, which became effective on 1st January 1948 (MSN Encarta, 2000a). Furthermore, the signatories agreed to accept some of the trade rules enshrined within the draft ITO charter (ahead of the forthcoming meeting in Havana) in order to protect the tariff reductions negotiated in Geneva.

Thus, the GATT emerged after the Second World War as a charter for the ITO, which was envisioned as an agency of the United Nations (MSN Encarta, 2000a). The ITO was to complement the World Bank and the International Monetary Fund in establishing international trade rules and co-operation (DTI, 1999b: 1). However, it was at the meeting in Havana in March 1948 that this broader scenario started to unravel. The main aim of the meeting was to attain agreement to the formation of a permanent ITO. The 1947 GATT agreement was to be incorporated within the ITO. The ITO charter was to have had 'an ambitious agenda' (DTI, 1999b: 1). It was to cover not just trading relations but also employment, international investment, economic development, services, competition, restrictive practices and commercial policy and commodity agreements. It also included the administrative arrangements for a permanent ITO (Penrose, 1953; Reisman, 1996; DTI, 1999; Cohn, 2000). As Tabb noted:

The ITO was to impose order on the world trading system, in order to avoid the kind of protectionist downward spiral in trade which occurred in the 1930s. (2000, p.4)

The ITO was not ratified at Havana (or thereafter). Cohn (2000, pp.205-206) presents the ITO as a dog's breakfast, with complex rules and 'numerous escape clauses and exceptions in the charter [that] would interfere with trade liberalization' (p.205). He also noted the disruptive effects for the ITO charter of the strong US protectionist lobby (*ibid.*). Yet Tabb (2000) argues that it was the possibility of the ITO providing substantive protection on labour standards and meeting the needs of developing countries that effectively sank it. From a United States' perspective, the ITO framework for regulating international trade yielded too much to workers' rights and Third World countries' yearnings for preferential treatment in trade, and set too tight a leash on big corporations' market power (promising anti-trust laws) (Tabb, 2000, pp.4-5). On this score, the United States dragged its heels over ratifying the ITO. In 1950, the ITO failed to win ratification in the US Congress and was consigned to history. The GATT, meanwhile, remained in use to regulate international trade.

From its 'provisional' status as precursor to the ITO in 1948, the GATT provided a legal and institutional framework for international trade and tariffs to 1995 (DTI, 1999). Its participants were 'contracting parties' rather than members; the GATT was never formally constituted. It aimed at non-discrimination in the sense that all participants were to be treated equally, such that when a country reduced trade tariffs for one GATT participant it had to do so for all. Secondly, there was a clause that enabled a GATT participant to withdraw its tariff reduction if it 'seriously harmed' its domestic producers (MSN Encarta, 2000a). This was a loophole that GATT participants were keen to exploit, pointing towards a need for a more formal trade dispute mechanism. The GATT participants sponsored eight 'trade rounds' in all. The "Kennedy Round" (1962-67) established a set of trade negotiation rules when parties disagreed. The Tokyo Round (1973-79) established a series of non-tariff barrier codes of practice in the areas of government procurement, customs valuation, subsidies and countervailing measures, anti-dumping, standards and import licensing (Antweiler, 1995).

The final "Uruguay Round" (1986-94) broadened the GATT agreement further by limiting agricultural subsidies and including trade in services and intellectual property within its scope. This round also established the World Trade Organisation (WTO). The GATT and the WTO co-existed throughout 1995, and the former was wound up in December 1995. Trade agreements established by the GATT became incorporated within the WTO agreement (MSN Encarta, 2000b). In 1995, GATT's functions were taken over by the WTO.

The WTO is based permanently in Geneva and is controlled by a General Council comprising member states' ambassadors (who also serve on WTO committees) (*ibid.*). The Ministerial Conference meets every two years, and appoints the WTO's Director-General (currently Mike Moore). It had a budget of £48m and 500 staff in 1999 (Legrain, 2000, p.30), and by 2001 a budget of \$78million and a staff of 530 (Economist, 2001a).² The Seattle meeting in 1999 was the 3rd Ministerial Conference. There were 135 member countries represented at Seattle, and a further 35 nations had observer status there. By 2001, the WTO had 142 member nations (Tibbett, 2001, p.10).

As Bakan (2000, pp.22-23) has noted, the WTO extends far the remit of the old GATT. It includes a series of other agreements, for example:

- Trade Related Investment Measures (TRIMS);
- Trade Related Intellectual Property Measures (TRIPS);
- General Agreement on Trade in Services (GATS);
- Sanitary and Phyto-sanitary Standards Agreement (SPS) (setting restrictive standards on government policies regarding food and safety and animal and plant health);
- Financial Services Agreement (FSA) – designed to remove all obstacles to financial services.
- Agreements on agriculture, information technology and telecommunications.

Furthermore, the WTO incorporates a complex Dispute Settlement Process. Tribunals operate in secret to settle disputes between member states. Only national governments are allowed to participate, and there is no outside appeals procedure (Working Group on the WTO/MAI, 1999, p.5). Rulings generate three possibilities. First, losing countries have a set time to comply and they must change their laws to conform to WTO stipulations. Secondly, if they refuse to do this then they pay *permanent* compensation to the winning country. The third possibility is that they face non-negotiated trade sanctions (*ibid.*). As Smith and Moran (2000, p.66) have noted:

What distinguishes the WTO among international agreements is its Dispute Resolution Panel. The panel possesses far-reaching sanctioning powers over member countries, which it uses to ensure compliance with WTO commitments. No other international body has such strong enforcement capabilities.

The WTO is ‘ the only global institution that even the US and the EU are supposed to obey’, whereas the World Bank and the International Monetary Fund have influence only over ‘weak developing countries’, notes Martin Wolf (1999), a journalist for the *Financial Times*.

On disputes other than trade, the WTO operates on a system of ‘consensus’, but in practice this process is driven by the “Quad” – the US, the EU, Japan and Canada – whose representatives meet daily in Geneva to address these non-trade issues (Bakan, 2000, p.23). Representatives from the “Quad” are lobbied heavily by transnational corporations. Furthermore, representatives from transnational corporations ‘sit on all the important advisory committees’ deciding detailed policy and set the agenda (Price, Pollock and Shaoul, 1999, p.1889). Thus, the WTO provides an ‘enforceable global commercial code’ based on close relations with transnational capital, making it ‘one of the main mechanisms of corporate globalization’ (Working Group on the WTO/MAI, 1999: 1). It is a ‘forum for trade rights of capital, on terms negotiated by the agencies of governments that represent the interests of capital. No other rights count’ (Tabb, 2000, p.6). Trade barriers are essentially ‘*anything* that can limit profits made via trade or investment’ (Puckett, 2000). Major corporations have lobbyists settled permanently at the WTO’s lair in Geneva, and representatives of corporations sit on some of the many WTO committees and working groups.

The outlook underpinning the WTO is deregulation, with incremental ‘freedom for transnational capital to do what it wants, where and when it wants’ (Tabb, 2000,

p.5). As William Tabb has noted, the 'WTO's fundamental postulate is that trade and investment liberalization lead to more competition, greater market efficiency and so, necessarily, to a higher standard of living' (*ibid.*). In practice, standards of living for many countries in the poorer South have declined absolutely or relatively (compared to the richer Northern nations) in recent years. These principles and propositions are the essence of the concept of "neo-liberalism" in international economy. However:

While its proponents say it is based on "free trade", in fact, the WTO's 700-plus pages of rules set out a comprehensive system of *corporate-managed trade*. Under the WTO's system of corporate-managed trade, economic efficiency, reflected in short-term corporate profits, dominates other values. The neoliberal ideological underpinning of corporate-managed trade is presented as TINA – "There Is No Alternative" – an inevitable outcome rather than the culmination of a long-term effort to write and put in place rules designed to benefit corporations and investors, rather than communities, workers and the environment. (Working Group on the WTO/MAI, p.1 – original emphasis)

The anger directed at the WTO's 3rd Ministerial meeting in Seattle late November – early December 1999 was underwritten by over fifty years of capital-friendly developments in organisational changes in the international trading infrastructure. Yet Seattle was an instant within a series of acts of resistance to global capital. These included landless peasants (NST) movements in Brazil, Mexico's Zapatistas, the farmers of India's Karnataka state, a 50,000 strong demonstration in the Niger Delta, Jubilee 2000, the J18 Carnival Against Capitalism in London 1999, and more besides (Bakan, 2000; Madden, 2000). Peter McLaren (2000, p.26) reminds us that 10,000 protestors picketed the WTO's Second Ministerial Meeting in Geneva in May 1998. Ward and Wadsworth argue that: 'Seattle was not the beginning, but the result of many small to medium movements that have been gathering strength for over two years' (2000, p.4).

The Seattle Ministerial was set up to produce an agenda for the next "Millennial Round" of negotiations. When the "Millennial Round" opened in Seattle on 30th November 1999, the ministers and delegates were confronted by 40,000 anti-WTO protestors, which was more than the '20-30,00 thousand that shut down Interstate 5 to protest about the Vietnam War' (Tabb, 2000, p.1). The protestors represented around 800 trade union and activist organisations from more than seventy-five countries (Tabb, 2000, p.2). The vibrancy, creativity and courage that they incorporated into their strategies for shutting down the Seattle Ministerial were stunning. Despite being shot at with rubber bullets, tear-gassed and pepper sprayed the mass of protestors prevented ministers and the WTO *entourage* from addressing their agenda; they 'left Seattle in disarray' (Bakan, 2000, p.19). As some have noted (e.g. Mandel and Magnussen, 1999), the limited discussions that did take place in Seattle merely showed up serious rifts within the WTO as some Third World countries set out to block proposals for the next trade round. Furthermore, some countries made pledges to 'free trade' whilst lobbying seriously for rules favourable to their own economies (Mandel and Magnussen, 1999, p.39). Finally, Marshall (1999) points towards familiar EU/US splits in Seattle. Even without the protestors it would have been no picnic.

The spirit of Seattle was kept alive by a series of protests against the International Monetary Fund (IMF), the World Bank, the World Economic Forum, the G8 and EU summits and the May Day resistances of 2000 and 2001 in many other cities across the world. These protests culminated in the massive Genoa demonstrations against the G8 summit in July 2001, where 300,000 people took part and the Italian police resorted to sealing off 50 blocks of the city and killing one of the protestors. Post-Genoa, those in the anti-capitalist movement were urged to build for the IMF/World Bank meetings of 29-30th September (El-Amine and Shooter, 2001). However, the events on the 9th September at the World Trade Center and the resulting “war against terrorism” and US/UK attacks on Afghanistan weakened seriously the anti-capitalist movement. The protests in Washington against the IMF/World Bank were low-key. The general climate meant that the Left faced charges of anti-Americanism and ‘supporting terrorism’, as well as a clampdown on civil liberties and the intimidation of dissenting intellectuals on campuses and in the media, which all made anti-capitalist protests difficult – especially in the US (McLaren, 2001). Secondly, in some countries sections of the Left transformed anti-capitalist movements into anti-war ones, almost overnight – a phenomenon witnessed in the UK. There were attempts to link the anti-war and anti-capitalist strategies, but the messages were often muddled. All this suited business leaders and heads of the leading capitalist nations. An anti-war movement was much less of a threat than an anti-*capitalist* movement; the former had been experienced many times before by the ruling powers and had been seen off. An anti-capitalist movement hits at the *roots* of capitalist society; an anti-war movement addresses some of its horrific symptoms. The former points towards a strategy, the latter indicates only *reaction* (fuelled by understandable anger and moral outrage) unless incorporated within action for social transformation.

Despite debates about security risks the WTO summit in Doha in the Gulf State of Qatar went ahead last November. *The Economist* argued that the meeting and the agreement reached there were both absolutely essential to keep trade liberalisation on track, and to provide a ‘useful confidence-boosting success’ after the terrorist attacks on America and with the prospect of serious economic downturn. (Economist, 2001b). Promised world-wide protests against the Doha meeting were largely muted. As George Monbiot (2001) and Caroline Lucas (2001) indicate, the Doha meeting was bathed in much conciliatory talk regarding the interests of the world’s poorer nations. However, note Monbiot and Lucas, the practical results are likely to be greater inequalities between rich and poor nations as the new trade round initiated in Doha was set up to open the markets of the latter to transnational corporations further. Meanwhile, Doha did not address the subsidies (e.g. in agriculture) that would make exports to the richer Northern countries easier (Lucas, 2001). For public services such as libraries, Doha was a stepping stone to the consolidation of the General Agreement on Trade in Services (GATS) that underpins the opening up of public services to corporate capital (Griffiths, 2001). It is to the GATS that the following section turns.

Transfiguration: and the National Faces of the GATS

Others in this issue (such as Clare Joy and Anneliese Dodds) have examined the General Agreement on Trade in Services (GATS). Hence, the task here is to provide a general analysis that seeks to link the GATS with the specifics of the business takeover of public services that is gathering speed in contemporary Britain. First of all though, the story post-Seattle shall be brought up to date regarding the GATS.

The GATS seek to open up public services to international capital. Specifically, they aim to create a 'level playing field' so that there is no discrimination against foreign corporations entering the services market. The process of trade liberalisation in services (including currently public ones) is *progressive*; it will be deepened and strengthened over time, and Part IV of the GATS Agreement makes this clear (WTO, 1995). As Tibbett (2001) argues, given the dot.com failures of the last eighteen months and the risks involved in leading to developing (and even fairly developed countries, e.g. Argentina), investors and corporations are looking intensely for new profit-making options. The billions (trillions world-wide) involved in financing public services constitutes a huge temptation for business interests, which is one reason why the GATS 'is currently top of the agenda of the WTO' (Tibbett, 2001, p.10).

The significance of the failed Seattle Ministerial Meeting in November 1999 was that WTO GATS negotiators and pro-business lobbyists had hoped to strengthen the development of the GATS – to give the Agreement more powers. As *The Economist* indicated, Seattle has 'cast a long shadow over the WTO' (Economist, 2001a). However, post-Seattle the WTO's Council for Trade in Services (CTS) got to work in Geneva very quickly to try to repair the damage. Since February 2000, a whole series of GATS negotiations have taken place. These discussions were consolidated in March 2001 through an intensive series of meetings, and there will be a final deadline of December 2002 for an agreement on a strengthened GATS process. This explains the urgency regarding privatisation of public services in the UK today. As Matheson (2000) noted:

Backed by the US and UK Governments, the WTO aims to liberalise the service sector further. The immediate impact would be the privatisation of some services that have so far been provided by governments. Governments would be obliged to sell off such services as housing, education and water. (p.9).

The drive to privatise public services is powered by a number of forces, but in terms of the GATS the urgency derives from two main considerations. First, home-grown operators need to be nurtured – and quickly – so that when a more powerful GATS process operates UK operators in education, health, social services and libraries can fend off foreign enterprises. This is not just because the government believes that more of the profits from these privatised public services are likely to remain in the UK but primarily because of the need to 'sell' the idea of private companies running schools, hospitals, libraries and social services to the British public. Whilst French companies might be tolerated in providing electricity or water, New Labour perceives there may be more of a problem with American or other nation's companies running schools or libraries

and other services as profit-making ventures. Secondly, as George Monbiot (2001) indicates, drawing on the work of Richard Hatcher (2001), New Labour is also mightily concerned that the fledgling UK businesses currently taking over our public services can develop rapidly into export earners. This is already happening. For example, the education business Nord Anglia is already exporting its services to Russia and the Ukraine as well as running schools and local education authority services in the UK. Many UK universities have franchised operations and a whole raft of deals with other colleges and universities in other countries. UK Schools of Education generate income through consultancies that advise countries like Chile, Poland and Romania how to set up school systems. New Labour is keen to maximise this export potential across all the public services. The WTO has identified 160 service sectors, and Britain and the US would benefit particularly if the GATS could liberalise trade in services still further by incorporating currently 'public' services into their export drives. In 2000, Britain exported £67 billion worth of services, and new education, health, library, and social services business would provide 'new opportunities for this export trade to expand massively' (Tibbett, 2001, p.11). Thus, 'International businesses have now seized on service provision as a money-making opportunity' (Matheson, 2000, p.9). Furthermore notes Matheson:

GATS actually goes further than other WTO agreements - once a sector has been committed to liberalisation, governments will have limited ability to regulate companies. Proponents of the Agreement are particularly excited about an area known as 'market access', which aims to eliminate completely any government policy options that may be seen to interfere with the 'market'. (2000, p.10)

As the WTO Services Division Director David Hartridge said in a speech in 2000: '[GATS] can and will speed up the process of liberalisation and reform, and make it irreversible' (*ibid.*). Furthermore, noted Hartridge:

"Without the enormous pressure generated by the American financial services sector, particularly companies like American Express and CitiCorp, there would have been no services agreement and therefore perhaps no Uruguay Round and no WTO" (in Matheson, 2000, p.10)

The pressure from corporations on the US, British and other EU governments to deliver on the GATS is colossal. As Alysson Pollock argues: '[business] sponsors and the Treasury are clear that the future of British business rests on trading in public services on an international scale regardless of the social costs. (Pollock, 2001). Pollock notes that:

UK market analysts estimate that expanding trade in public services could yield the private sector £30 billion extra revenue a year, of which £10bn is central government contracts, £5bn education and £5bn local authority contracts. De facto, the giant corporations will come to control public expenditure and public money. In the main growth area of the £5bn 'market' is equal to 20 per cent of the current wages bill in the entire education sector. (*ibid.*)

Finally, the leading capitalist powers (the "Quad"), driven on by major corporations and business interests, are:

...trying to revise GATS so it could be used to overturn almost any legislation governing services from national to local level. ... Particularly under threat from GATS are public services - health care, education, energy, water and sanitation... A revised GATS could give the commercial sector further access and could make existing privatisations effectively irreversible. (Sexton, 2001, p.1)

This is what the end game is for the GATS timetable in late 2002. This explains New Labour's manic urgency to push through privatisations, to provide de-regulatory frameworks (e.g. the recent Education Bill) and to nurture the growth of indigenous business that can virus public sector operations.

Transfiguration – and the National Faces of the GATS

...Jesus took with him Peter, James, and John, and led them up a high mountain, where they were alone. As they looked on, a change came over Jesus, and his clothes became shining white – whiter than anyone in the world could wash them. (St. Mark, 9:2-3, The Transfiguration, 1994, p.57)

Of course, New Labour has to tread carefully. As Richard Hatcher (2001) explains, each step in the business takeover of public services has to be prepared ideologically. The public needs to be taken along with the GATS process, and any anti-GATS revolts stifled. In these circumstances, it would be foolhardy for New Labour, or any national government or the EU to introduce any *national* or specific legislation that was directly linked to the GATS in the process of meeting its requirements. This would blow the cover on the GATS. As things stand, the GATS remains non-existent or shadowy for most people in the UK – and New Labour wishes to keep it that way. Reassurances from Ministers that the GATS has nothing to do with privatising public services will provide a smokescreen.

New Labour is meeting GATS requirements and maximising UK export potential through the GATS by stealth. In each public service there are specific mechanisms, or enablers and developers of the GATS process. In relation to schools, it is Ofsted (e.g. identifying 'failing' schools and local education authorities for transfer to the private sector), the Private Finance Initiative (PFI), competitive tendering and outsourcing, and new types of schools (e.g. City Academies). Furthermore, the recent Education Bill smoothes the way for the business takeover of schools. Ruth Rikowski (this issue) indicates what these enablers and facilitators of the GATS are for libraries in England.

The point is the GATS *transfigure* the whole landscape for the public services. New initiatives, new forms of inspections and new de-regulatory frameworks might appear to have nothing to do with the GATS – and for government this is most handy – but in fact play out its logic. As with Jesus in the Transfiguration, initiatives like Best Value, the People's Network, micropayments and Library Standards, especially when analysed as a package, *take on a new light* when looked at through the GATS. Thus, there is an urgent task for progressive and critical folk in each of the public services, and in each country, to locate the *national faces of the GATS*. We must uncover and critique the *precise mechanisms* that facilitate the GATS and smooth the way for the business

takeover of public services. Then we need to pool our knowledge for campaigns to halt the capitalisation and commodification of the services that constitute a decent life and a form of civilisation worth its name.

Notes

1. This section was adapted from section 1 from *The Battle in Seattle: Its significance for education* (Rikowski, 2001a).
2. As *The Economist* notes, the WTO's budget is 'about half what the World Bank spends on travel, the WTO is the poor relation among international organisations. But it is the centre of negotiations that could have a far bigger impact on global prosperity than any decision made in more imposing buildings' (Economist, 2001a).

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