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# Revitalizing Democracy in the Era of Corporate Globalization

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by Bill Blaikie, MP

*In the Autumn issue of the Canadian Parliamentary Review, Sarmite Bulte, MP and Chair of the House Sub-Committee on International Trade, Trade Disputes and Investment, wrote an article: "Canada and the World Trade Organization," in which she called for more participation by parliamentarians in the definition of international trade policy. This article suggests that there is a larger issue. Do the WTO and similar trading arrangements undermine the democratic process and the common good by subordinating all things to market values and disempowering parliaments and legislatures?*



Last fall, I travelled to Edmonton to participate in the "Empowering Canadians" conference organized by Progressive Conservative MP Peter MacKay and Reform MP Ian McClelland. Although it was billed as a non-partisan and non-ideological

conference on renewing Canadian democracy, most participants, unlike myself, came from the political right. Not surprisingly, the usual suspects in the right-wing populist discourse on democratic reform – referenda,

recall, free votes, etc. – were prominent on the agenda. There were some like myself who focused on revitalizing the Westminster parliamentary tradition, and on reforming our electoral system. As the only member of the McGrath Committee (1985) still sitting in the House of Commons, I was eager to reflect on the successes and failures of that committee's recommendations for parliamentary reform. I noted, among other things, that there have been some successes in the area of Private Members' Business, that more free votes were recommended long before the Reform Party came into being, and that the McGrath recommendations for committee reform were never properly tested, this being due to the fact that parliamentary secretaries were only removed from committees for a short period of time and that the power of the whips to replace committee members was never taken away. But there was one other point that I made briefly at that conference which deserves much more discussion. I asked my right wing colleagues to consider the effect that various trade agreements were having on the power of parliament. I begged them to consider that they were missing, for ideological reasons, a big piece of the puzzle *vis-à-vis* the powerlessness that Canadians feel. Subsequent events in Seattle confirmed my views and I now want to expand on this point.

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At the outset, let me say that there is nothing inherently wrong with parliamentary, electoral or constitutional reform. I myself would like to see Canada move towards a proportional representation electoral system, and would like to reverse the systematic weakening of opposition parties in Parliament. But these types of reforms, however attractive they might be within the narrow terms of the democratic reform debate, especially as it is even more narrowly framed by some political parties of the right, ultimately do not address a major source of Canadians' malaise about their democracy. This is the ongoing subordination of our democratic institutions to global trade, investment and financial agreements that constrain democratic debate within increasingly narrow parameters and lead Canadians to the not totally irrational conclusion that it does not matter who gets elected because all governments must abide by the same agreements. These parameters systematically exclude from democratic debate ideas and policies that challenge corporate power and the market ethic. Democratic reforms that do not address this larger context are therefore concerned with revitalizing institutions that, if we continue with the current model of globalization, will be increasingly irrelevant.

The populist political right's combination of support for trade deals like the NAFTA and for populist democratic reform is arguably a clever political strategy. Trade deals that strip democratically elected governments of their sovereignty and entrench a radical market ethic that tolerates no ideological or political diversity, no matter how democratically arrived at, make it more and more difficult for democratic governments to respond to the needs and aspirations of citizens. When this causes citizens to question the efficacy of their democratic institutions, the right then presents its democratic reforms as the antidote to the malaise created by the very trade agreements it supports so uncritically. In short, the populist right presents itself as having "solutions" to problems largely created by right wing policies.

Presently however, in the wake of the defeat of the Multilateral Agreement on Investment (MAI) and the "Battle in Seattle," it appears that Canadians, and indeed citizens across the globe, have begun to increasingly direct their frustration with their democracies towards the institutions of corporate globalization, such as the World Trade Organization (WTO), the International Monetary Fund and the World Bank. It is no accident that democracy was the theme that united the diverse group of protesters in Seattle. The protesters want a world in which the democratic decisions of various nation states, decisions taken in the interests of environment, or cultural diversity, or food safety, or whatever, are not trumped by a global organization that judges every policy by one

benchmark, namely whether a particular policy impedes trade or not. The protesters were calling for an entirely new set of multilateral trade rules in which the market ethic and corporate interests are subordinate to democracy, social justice, environmental integrity, and cultural diversity, with democracy being the overriding value. It is, after all, through the democratic process that we make those decisions in the interests of social justice, environmental integrity, and cultural diversity. It is through democracy that we pursue the common good. Yet, as I stood in the Canadian section of the arena in Seattle where a giant rally against the WTO was happening, I looked in vain for anybody else who had been into "empowering Canadians" in Edmonton just some weeks earlier.

The comments of Renato Ruggiero, former Director General of the WTO, are disturbing and revealing. He described the development of the WTO as, "writing the constitution of a single global economy." Constitution making is pre-eminently a political task, but the WTO has, until now, successfully persuaded far too many people that it was just dealing with purely economic matters, and not political matters. This depoliticization of issues creates a mentality at the WTO and through the WTO that welcomes the unrestricted influence of corporate values and eschews an approach that understands all issues in a broader social and ecological context. The market ethos is now like a virus that breaks down the social and collective immunity of all communities.

*We must find a way to practice fair and safe trade as opposed to free trade.*

In Canada, we have the experience of the NAFTA, which Ronald Reagan described as "an economic constitution for North America." The NAFTA has already been used by multinational corporations and governments acting on their behalf to override a democratic consensus among Canadians on a number of issues. Perhaps the most outrageous example was the case of Canada's restrictions on MMT, a potentially toxic gasoline additive. Using the NAFTA's investor-state procedure, US based Ethyl Corporation demanded compensation for profits lost as a result of the restrictions. Fearing it would lose at a NAFTA tribunal and thereby more clearly expose the true nature of the NAFTA, the federal government paid Ethyl a settlement of \$19 million and lifted Canada's MMT restrictions. Fear of similar cases has also scared the federal government away from banning bulk water exports even though last year it supported an NDP motion in the House of Commons calling

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for just such a ban. When Canadians' aspirations for a clean environment and sustainable resource management are systematically undermined in these ways, there should be little wonder why Canadians feel increasingly powerless and have begun to question both the effectiveness and the sovereignty of their democratic institutions.

During the "Battle in Seattle," I participated in the Peoples' Tribunal on the WTO, a panel of elected legislators that heard testimony from people around the world who have been disempowered by WTO decisions. As a Canadian legislator, I was embarrassed to hear citizens from other nations criticizing the Canadian government for trying to impose asbestos on the French through a WTO challenge of France's national ban on asbestos. Yet while the federal government is appealing to the WTO to undermine other nations' public health protections, it is also scrambling to defend Canada's own laws from WTO challenges and to amend Canada's laws to avert potential challenges. Most recently, Canada has been struggling to defend its generic drug laws, its magazine laws, and the Autopact (a managed, as opposed to free, trade agreement). Country A may be fighting a WTO ruling against a national policy of its own, while trying to use the WTO to strike down a national policy of some other government which is harmful to the interests of its exporters. In these various challenges, each nation may win occasional victories for its exporters, but at home it loses many more cases on behalf of its broader citizenry. The outcome is a radically diminished scope for democratic decision making. This is sometimes called the "democratic deficit."

This deficit has produced some interesting responses. Many politicians, particularly on the populist right, have found it advantageous to seek votes by criticizing "politicians," and by promising reform of our democratic institutions. What is ironic is that Reformers, so quick to defend parliament from any usurping of its power by the judicial activism of the courts, have been so docile about the abdication of parliament's policy making powers to international trade lawyers and tribunals. As for the present Liberal Government, perhaps because the contradictions between its trade policies and its campaign promises have been particularly acute, its response in this regard has focused on proposals that specifically address trade policy, generally by talking about involving parliamentarians more meaningfully in the development of trade policy. The government does not pretend to be interested in comprehensive democratic or parliamentary reform.

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## A Rejoinder

The current government's approach was outlined in the article by Ms Bulte. She wrote about how parliamentarians can contribute to the development of international trade policy and an economic environment that is conducive to international business interests.<sup>1</sup> The new role she prescribes for parliamentarians in Canadian trade policy would have them continuing to organize, through the parliamentary committee system, the same government and business dominated consultations, studies and reports on Canadian trade policy that they already do. They would also work "to appreciate the importance of international trade and investment and to help educate [their] constituents about this." This pedagogical role would include "[ensuring] that constituents are made aware of government policy." Parliamentarians would also "help to encourage local firms to appreciate that they can compete internationally," and "advise local firms of the myriad of government and private programmes and initiatives that exist" to help them compete. While Ms. Bulte's approach might, as she describes it, enhance parliamentarians' "role in supporting the interests of Canadian industry internationally," it seems unlikely that it would do anything to actually democratize trade policy making, or to engage Canadians about the dark and undemocratic side of trade agreements. Furthermore, in the absence of parliamentary reform, parliamentary committee work on trade policy would continue to be subverted by the willingness of government Members to act as uncritical agents for the Minister of International Trade. This contrasts sharply with the work of legislators in France and British Columbia who produced independent, balanced reports on the MAI that actually influenced the position of their governments and not the reverse.

Ms. Bulte also suggests that parliamentarians should consider establishing parliamentary associations at global trading institutions like the WTO to help ensure, "that the Canadian position is heard loud and clear by foreign legislators and officials." What if the Canadian position (i.e. the Canadian government's position, adopted at the behest of various Canadian exporters), is not the view of a majority of Canadians or of all parliamentarians? Many Canadians might share the view of European governments on genetically modified organisms, on hormones in beef, or on asbestos. There is no recognition of this dialectic in Ms. Bulte's analysis. Finally, having participated in numerous international parliamentary associations, I can attest that they have little political influence, and even if they did, national delegations are invariably dominated by their governments. There is little potential for these organisations to provide

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for more authentic and pluralistic trade policy debates, unless we are talking about global or regional equivalents of the European Parliament.

The Liberal vision accepts the ongoing subordination of our democratic institutions to unbalanced global trade deals, and attempts to redefine the MP's role as a trade facilitator. To the extent that this role involves engaging the public, it requires MPs to paternalistically teach their constituents why the WTO is actually good for them.

*While I too believe that MPs should have a greater role in trade policy making, a serious effort to renew our democracy must first address the broader context of corporate globalization.*

Until recently, one paid a steep political price for questioning the inevitability of the current model of globalization. Proponents of global trading arrangements like the MAI and the WTO had successfully and disingenuously portrayed their critics as quaint throwbacks unable to come to terms with the inevitable forces of globalization. However, the debate surrounding the WTO meetings in Seattle showed that, in the post-MAI world, the debate about globalization involves two competing models of globalization: the prevailing model which is often aptly described as corporate globalization, and another emerging model that strives for a more appropriate balance between social and economic values.

Finding that more appropriate balance does not necessarily mean refusing to cede any sovereignty whatsoever to global institutions. In a world which technology has made possible unprecedented levels of international social and commercial exchange, there is a clear need for global rules and frameworks to promote the greater good of the global community. And global rules inevitably involve ceding some national sovereignty. However, if these rules are to genuinely serve the greater good, they must no longer be designed to limit the power of democratic institutions to regulate the economy. Instead of restricting the power of democratically elected governments to stand in the way of the profit strategies of global corporations, a truly progressive globalization must instead be concerned with regulating economic power to promote social, economic, and ecological justice across the globe.

The most obvious priority in constructing this more progressive approach to globalization is the development of binding and enforceable rules to protect core labour standards, fundamental human rights, cultural

diversity and the integrity of our natural environment. Ultimately, it does not matter whether these rules are negotiated at the WTO or at other global institutions that have focused on these issues in the past. What matters is that the rules be binding and enforceable. After all, the current focus on the WTO stems in large part from the fact that, despite the existence of international agreements and institutions that address so-called non-trade issues, it is only trade rules have the distinction of being enforceable and enforced. This perverse moral hierarchy, in which the rights of the powerful are enforced but the rights of the powerless are not, was well described by Canadian Elaine Bernard, Executive Director of the Harvard University Trade Union Program, in a recent article:

For example, the WTO says its purview does not include social issues, only trade. So it claims to be powerless to do anything about a repressive regime selling the products of several shops that use child labour. Yet let this same regime, use the same children in sweatshops to produce "pirated" CD's or fake designer T-shirts, and the WTO can spring into action with a series of powerful levers to protect corporate "intellectual property rights". So it's really not a question of free trade versus protectionism, but of who and what is free, and who and what is protected.<sup>2</sup>

## Conclusion

There might be some appetite among Canadians for giving up a degree of sovereignty to organizations like the WTO if these organizations promoted a more progressive approach to globalization, one that led to a socially just global community instead of an unjust global marketplace. But global trade rules must also recognize that, despite globalization, nation states and their elected parliaments remain the focal points of our democratic culture in the absence of global democratic institutions. Global rules must leave significant room for democratically elected governments to act in the public interest. Trade negotiators and those who would save or reform our democracies must break out of their ideological straightjackets and find the political will to create rules that allow for a healthy level of ideological and political diversity. To this point, they have not even tried. After Seattle, they may have no choice but to try.

## Notes

1. See *Canadian Parliamentary Review* Vol. 22, No3, 1999.
2. *Washington Post*, "The Battle in Seattle: What Was That All About?"; December 5, 1999.