World trade talks seek dismantling of public health, education and services

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Buried in the mountain of agenda papers of the World Trade Organisation (WTO) talks, due to start at the end of November in Seattle, are proposals that will accelerate the creeping privatisation of healthcare, education and other vital public services. Hospitals, outpatient facilities, clinics, nursing homes, assisted living arrangements and care services provided in the home, are all targeted.

The measures outlined will underwrite the profitability and political power of the medico-pharmaceutical and business service corporations, while denying access to decent healthcare, education, housing and care of the elderly to millions of workers the world over.

Trade ministers of the 136-member states will meet to launch the new wave of global trade liberalisation known as the "Millennium Round". This includes the revision of the Uruguay Round of GATT agreements on services, agriculture and intellectual property rights. Each of these agreements contains provisions allowing further deregulation of any national legislation that the WTO deems incompatible with "free trade". New agreements on investment, government procurement, competition policy and trade facilitation are also planned.

The General Agreement on Services (GATS) opens up the vast sector of service provision to liberalisation, deregulation, free trade and competition. According to the WTO, services that fall within the scope of GATS cover no less than 160 sectors—telecoms, transport, distribution, postal services, real estate, insurance, the construction sector, environment, tourism and the entertainment industries.

What few people realised at the time was that the WTO also includes healthcare, education, housing and other social services run by government agencies.

This is because of the secrecy with which the WTO operates. Most of the negotiations are carried out by the most powerful member states behind closed doors, from which the so-called developing nations are excluded. The list of the sectors affected by the agreement was never even made available, but covers services in all sectors with the exception of those provided free of charge by the state. Education and health, for example, are covered by GATS whenever such services are subject to outsourcing or user charges paid by either the patient or the patient's insurance company. In this case, the sector must be opened up to competition and the same "subsidies" offered to competing commercial suppliers.

The creeping privatisation of public service provision begun by many governments will become a veritable gallop. With it will come hospital closures, longer waiting lists, equipment shortages, and longer working hours for less pay.

Under the new proposals, known as the "horizontal" approach, an arrangement agreed for one sector—such as telecoms—is automatically applied to *all* services, including health and education. Negotiations will focus on deregulation and demand that governments relinquish control of certain aspects of service provision and open them up to the transnational corporations. As the US trade delegation puts it: "While keeping in mind the need for governments to oversee and regulate the [health] sector, *it would be useful to take a closer look at such issues as government intervention and regulation for their impact on the ability of WTO members to provide those services on a commercial basis"* (emphasis added).

Public services are also included in the Government Procurement Agreement (GPA). Under GPA, public procurement contracts, whether for roads, sewers or prisons, must be open to all, including foreign companies. By redefining public services as government procurement, a whole new business area is opened up to international corporations. In France, the AXA group has already bid to manage health insurance in at least one region. If AXA is successful in this, then pension management will follow. Once that happens, the major corporations can then tap the social security funds.

Services have become big business with the phenomenal growth in international trade during the 1990s. According to the European Commission, "The [service] sector accounts for two thirds of the [European] Unions' economy and jobs, almost a quarter of the EU's total exports and a half of all foreign investment flowing from the Union to other parts of the world."

In the US, more than one third of economic growth over the last five years has been due to service exports. The World Bank has calculated that in the developing world alone, privately backed infrastructure developments (water, wastewater, transport, telecoms and energy) rose from US$15.6 billion per annum in 1990 to a peak of $120.4 billion in 1997, totalling $496.2 billion between 1990 and 1998. Around 15 percent of this was direct foreign investment by corporations.

With liberalisation virtually complete in telecommunications and financial services, and well under way in postal services and air transport, the US and European transnationals have targeted health, education and social services as “free market” growth areas.

An indication of what this will mean can be found by examining the telecoms industry. Fully liberalised early in 1998 under the WTO's “Fourth Protocol”, within six months more than one tenth of telecom shares had changed hands in an unparalleled rush of take-overs and mergers. The net result was a centralisation of telecom ownership by US firms that had the largest single share (38 percent) of the world trade in basic telecom services.

The American Coalition of Service Industries (CSI) has played the crucial role in revising the General Agreement on Trade in Services. The CSI sees GATS as providing “an opportunity for a quantum leap”. CSI has long resented the fact that public ownership of healthcare and education, each typically 6 to 8 percent of GDP in EU countries, has made it difficult for US corporations to operate overseas. As profitability in manufacturing has declined in the face of international competition, corporations have turned to the public services as an alternative source of profit.

But European corporations are keen to steal a march over their American rivals on their “home” territory. Leon Brittan, the former EU Commissioner for Trade, argues for high-speed liberalisation, saying, "No sector will be excluded, and the aim must be, in no more than three years, to conclude an ambitious package of additional liberalisation."