

Multilateral Agreement on Investment: a MAI-Day Alert

by Pat Aller

Next May, a business treaty being negotiated by the richer nations that make up the Organization for Economic Cooperation and Development (OECD), will be presented to the rest of the world's nations to sign, with little chance for amendments or additions. The MAI will be a blow against the environment and against the world's poor. It will give near-total freedom to foreign investors, effectively reducing the rights of host nations.

Under MAI, participating nations must: 1) Open all economic sectors, including real estate, broadcasting, and natural resources, to foreign ownership; 2) Remove requirements on investor behavior to merit market access; 3) Compensate investors in full for assets expropriated by "unreasonable" regulation or by seizure (a provision that could be turned against any initiative for public collection of land rent); 4) Treat foreign investors as favorably as domestic ones; 5) Allow investors to sue governments in any dispute resolution; 6) Ensure that all levels of government comply with the MAI.

Advocates argue that the MAI is needed to protect international investors against discrimination and expropriation and will open new markets to investment. Many others, however, contend that it will encourage nations — to an even greater degree than at present — to compete for investors by lowering wages and environmental safeguards. It will allow investors to challenge regulations that might inconvenience the unrestricted flow of capital. It will ensure that even more money will flow out of poorer countries, by disallowing limits on the amount investors can withdraw. For this and other reasons, the national debts of our world's poorest countries are sure to rise under the agreement.

Wherever and whenever they can, corporations will buy low (paying third-world wages) and sell high (to first-world buyers). Their profits on sales of cheap goods or resources result in huge rewards of wealth, first to top management and then to stockholders. The nations supplying the labor, resources or goods gain little financially and consistently suffer social, economic and environmental damage. It is the legislative or regulatory attempts to stem this tide that are being severely hindered — first by the WTO's enforcement of GATT rules, and soon by the MAI.

In *The Crime of Poverty*, Henry George wrote, "The crime...the meanness born of poverty...poison(s)...the very air which rich and poor alike must breathe...There is one sufficient cause that is common to all nations; and that is the appropriation, as the property of some, of that natural element on which and from which all must live."

That "natural element" is land. All nations, 185 countries, rich and poor, must realize that the appropriation of land and its resources by "some" results in poverty, endangers the environment and peace, and so threatens to poison "the very air which rich and poor alike must breathe."