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[www.afgazad.com](http://www.afgazad.com)

[afgazad@gmail.com](mailto:afgazad@gmail.com)

European Languages

زبانهای اروپایی

by ROB URIE  
29.07.2019

## How NAFTA Killed the Green New Deal



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In a fundamental way, the 2020 election will be about unfinished business. The neoliberal order that emerged from the 1970s remained viable until 2008. Since then it has retained legitimacy in the centers of power, due no doubt to the highly stratified economic outcomes it produces. However, its social logic was never evident in the hinterlands. This distance reframed the adversarial posture of the political parties as an insider's game that is largely unrelated to the public interest.

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[afgazad@gmail.com](mailto:afgazad@gmail.com)

Oddly, or perhaps not, the Democrats deemed most likely to unseat Donald Trump have the policies most like his. Joe Biden is a racially challenged neoliberal operator with a long history of toadying to corporate interests. The irony, to the extent the term fits, is that the less distinct the candidates' policies are from Mr. Trump's, the less motivation there is to unseat him. By implication, the centrist Democrats assert that Mr. Trump is a legitimate president.

The emergent left has the ideas and the programs, but no real entre into the political process. Outside of large-scale political unrest that seems unlikely at present, there isn't a snowball's chance in hell that the left's programs will be enacted through official channels. What appears to be widely misunderstood is why this is the case. On the one hand, the programs are in the public interest. And when they are presented fairly, they are wildly popular.

On the other hand, the public interest is antithetical to that of American power. To back into this argument, there are reasons why the U.S. has been the chief adversary of democratic movements around the globe over the last century. From its inception to the present, the state has been the political projection of the business interests of the oligarchs— a/k/a capitalist class. However, even this formulation supports a dubious distinction.

In the limited conception, politics is about lawmaking and the defense of the realm, while the economy is about making and distributing things. But what of the politics of making and distributing things? Trade agreements are one example. The broad governmental mechanics used to create 'private' enterprises is another. This flawed distinction has led to a potent and persistent myopia.

This isn't simply a matter of creating and enforcing the legal framework in which capitalism operates. Nor is it the 'mixed economy' where government funds and manages the public realm while leaving the private realm to its own devices. It is the state apparatus from whence the private realm emerges. For instance, where do the land, transportation systems and military muscle that facilitate private enterprise come from?

Since WWII, the Pentagon has been conceived and managed as an engine of economic growth (and destruction). All the major American industries are related to it by degree—and they all benefit from the relationship. What then is capitalism when key components

of so-called private enterprise emerge from the public realm? And what of private interests like Wall Street that are treated as extensions of state power?

When prominent politicians like House Speaker Nancy Pelosi proclaim that ‘America is capitalist,’ on whose behalf and in what capacity is she acting? With environmental crises, the threat of nuclear annihilation, runaway militarism and dysfunctional and exclusionary political economy now defining Western modernity, where, precisely, is the locus of resolution?

Another way to get at this is to pose the question: why would American politicians be opposed to socialist forms like worker collectives? Cubans were working with towns and villages in Venezuela to integrate worker collectives into local forms of democratic governance. And yet the U.S. is working with corrupt Venezuelan oligarchs to impose externally controlled (by the U.S.) governance in order to control Venezuela’s oil.

The point: the public interest isn’t simply left unconsidered by American politicians, it is antithetical to their program. And this isn’t just in the realm of the national interest. Much is being made of the debt ceiling agreement negotiated by congressional Democrats that precludes large-scale public spending on programs like a Green New Deal, Medicare for All and a Job Guarantee in 2021.

House Democrats poisoned the well vis-à-vis what programs progressive candidates will be able to deliver if elected. They had already indicated that they wouldn’t pass Medicare for All regardless of the electoral outcome. This leaves progressive / left candidates to either promise programs knowing they can’t deliver them in 2021 or to forego promising them.

The Democrat’s gamesmanship is premised in apparent certainty that these policies are inconsequential and / or undesirable. However, assuming that voters elected a progressive / left candidate on the basis of these programs and the public interest, it is both the (semblance of) democracy and the public interest that are being undermined.

Globalization, now well into the third great expansion, is post-national by design. Capitalist enterprises that are fostered, funded and supported by national governments, have by-and-large been granted transnational legal status to avoid their being regulated and made to pay taxes to their sponsoring governments. When this extralegal status is cited as the reason why national governments have no power over them, the answer back is simple: then stop supporting them.

The immediate reason for this long introduction is an [article](#) at [commondreams.org](http://commondreams.org) making the point that American trade agreements include provisions that preclude key aspects of a Green New Deal. NAFTA, passed by Democrats Joe Biden and Bill Clinton, and the TPP (Trans-Pacific Partnership) heavily promoted by Barack Obama, both include provisions (ISDS— Investor-State Dispute Settlement) that impede environmental regulation.

What this means is that leading Democrats have acted to undermine their stated environmental policies using ‘economic’ devices like trade agreements.

These stealth policies are more insidious than blatant anti-environmental legislation because 1) they are hidden, 2) they accomplish their goals by shifting decision making authority away from governments to corporate representatives and 3) they are difficult or impossible to renegotiate. This makes them profoundly anti-democratic.

Moreover, these trade agreements are suicide pacts in that they require super-majorities to make even minor changes. As the article (link above) makes clear, the Obama administration sued India over its state-subsidized green production, forcing it to shut the program down. A Job Guarantee included in an American Green New Deal would also violate key provisions of existing trade agreements to the extent it is used to subsidize green production.

Most other state-subsidized green production would violate these provisions as well. Political pragmatists would be well-advised to understand exactly what it is that has been traded away. If the choice is between a revolution or twenty-five years of litigation against well-funded and well lawyered opposition as the planet cooks, the pragmatic choice might be revolution.

The notion of power that motivates trade agreements considers only economic power. The concern is that states will interfere with markets by subsidizing select industries. But these subsidies are an afterthought with respect to most economic production. What of the history that preceded market exchange— the resource wars, the contested labor relations and the international power relations that constitute the backdrop of markets?

When it comes to solving environmental problems, both the facts and idea of history have bearing. Assuming for the moment that putting a price on carbon emissions is a good idea, what should the price be? A typical modeling exercise might be to project low and high carbon futures to get a price in the middle.

But what if even the low carbon future will produce catastrophic climate change because greenhouse processes that aren't currently understood have already been set in motion? Lest this seem far-fetched, this is the exact position that carbon pricers would have found themselves in at any time over the last three hundred years.

Or working backwards, why haven't carbon emissions always been priced to account for climate change? The answer gets to the heart of the matter: climate change is an historical process that market exchange has no way of accounting for. Aggregated carbon emissions are external to individual emission decisions. This is true at both the firm and the national levels.

Assessing the environmental impact of particular greenhouse gas emissions requires knowing all future greenhouse gas emissions. And to Gresham's law: underpricing carbon emissions and / or cheating will give firms that do so a competitive advantage that will put firms that adequately and transparently price emissions out of business.

In practical terms, were a Green New Deal and / or a Job Guaranty to be passed legislatively, the trade issues would be quickly brought to the fore. Getting the supermajority consent needed to make large-scale environmental programs allowable seems unlikely, particularly given the unilateral trade decisions that have been made by the U.S. over the last two years.

This leaves as options 1) unilaterally abrogating the agreements, which reduces chances for international cooperation on environmental issues going forward, or 2) foregoing environmental programs.

To reiterate, the position that these trade agreements put the U.S. in vis-à-vis future environmental programs was well understood by Barack Obama, Bill Clinton and Joe Biden when they were promoting them. It isn't difficult to understand why Messrs. Obama and Biden put themselves forward as environmental stewards— doing so provided political benefits at no cost to them. The question is why Democrats let them get away with it?

The leverage still exists through government spending and other forms of support to force large-scale changes in environmental practices. This is in part why Reaganite / Thatcherite privatization has continued, and even accelerated, under Democratic Party control. Private ownership shifts the legal balance of power to private interests.

This is most certainly the rationale for the ISDS provisions in the Democrat's trade agreements. While corporate lawyers negotiate the terms, the chief trade negotiators are political appointees and the ISDS tribunals are given supranational authority to demand recompense for corporate litigants. Shifting sovereign power to capitalists was / is the point.

The establishment Democrat's near panic at the rise of a vocal and insistent left goes well beyond politics. If they had any leftward tendency, Democrats would welcome being pulled in that direction. But there is none.

Given the popularity of programs like a Green New Deal, Medicare for All and a Job Guaranty, Democrats could expand the electorate to win elections at little cost in terms of campaign contributions per vote gained. Not only are they not interested in this approach, but they are busy burying bombs like the debt ceiling renegotiation to undermine both the popular will and the public interest.

An ongoing limitation of the left has been misunderstanding the nature of the state. The state's role in capitalism goes beyond facilitation to that of fundamental component. Viewed reverse-wise, it is hardly incidental that privatization has embedded capitalism deep in the basic functioning of the state.

This written, the levers remain to force environmental and social justice issues. What is needed is the will. And that will require large-scale political action.

26.07.2019