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War, Neoliberal Fundamentalism and the Plundering of National Economies

Say No to the Transatlantic Trade and Investment Partnership (TTIP)

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In Britain, the mainstream media is in overdrive, trying to sell the latest war to the population. Prime Minister David Cameron and his sidekicks Theresa May and Philip Hammond are attempting to convince everyone that bombing Iraq and Syria is all about making Britain safe. To frighten the living daylights out of everyone, they talk of murderous jihadists and terrorists and how 'British values' are under threat.

Apart from protecting oil fields, the current wave of militarism is ultimately about attacking the Assad government in Syria and the longer term goal of removing any barriers to Western-Israeli hegemony in the region. That includes eradicating Russian and Iranian influence and power.

If Cameron really does want to tackle fundamentalism and the assault on the values of 'fairness' and 'decency', those much touted 'British values' he alludes to, he should forget about waging imperialist wars and look closer to home. He should question the interests he serves to protect. Those interests are plundering economies, destroying ordinary people's livelihoods and undermining their quality of life.

These interests do not need military hardware to institute their plunder. They do it by various means, not least via the courts and trade and investment agreements.

At the start of 2014, through international trade and investment agreements speculative investors were claiming more than 1.7 billion Euros in compensation from Greece, Spain and Cyprus in private international tribunals for the impact of measures implemented to deal with economic crises [1].

Corporations and lawyers were scavenging profits from Europe's crisis countries. There was a growing wave of corporate lawsuits against Europe's struggling economies whereby, if successful, taxpayers would have to pay out millions of euros. Speculative investors were using investment agreements to raid the cash-strapped public treasuries in Europe's crisis countries.

In most cases, investors were not long-term investors but rather invested as the economic crisis emerged and were therefore fully aware of the risks. They were using the investment agreements to extract further wealth from crisis countries when their risky investment didn't pay off.

In Greece, Poštová Bank from Slovakia bought Greek debt after the bond value had already been downgraded and was then offered a generous debt restructuring package; yet it sought to extract an even better deal by suing Greece, using the bilateral investment treaty between Slovakia and Greece.

In Cyprus, a Greek-listed private equity-style investor, Marfin Investment Group, was seeking €823 million in compensation for its lost investments after Cyprus had to nationalise the Laiki Bank as part of an EU debt restructuring agreement.

In Spain, 22 companies (mainly private equity funds) had by March 2014 sued at international tribunals for cuts in subsidies for renewable energy.

Speculative investors use international law firms that actively encourage investor-state lawsuits and reap substantial financial rewards in the process. For example, it was estimated that UK-based Herbert Smith Freehills, hired to represent Spain in at least two cases, could earn up to 1.6 million euros for the cases.

'Investor rights' constitutes little more than a tool for the further plundering of austerity-driven economies by powerful corporations. Big business is able to bypass democracy and bully sovereign states into instituting policies that trample over ordinary citizens' rights in the name of even higher profits.

The global investment regime thrives on economic crises. Speculators making risky investments are protected, but ordinary people have no such protection and through harsh austerity policies are being stripped of basic social rights.

By March 2014, corporate investors had claimed in arbitration disputes more than 700 million euros from Spain, more than one billion euros from Cyprus and undisclosed amounts from Greece. This bill, plus the exorbitant lawyers' fees for processing the cases, was to be paid for out of the public purse at a time when austerity measures have led to severe cuts in social spending and increasing deprivation for vulnerable communities.

In 2013, while Spain spent millions on defending itself in lawsuits, it cut health expenditure by 22 per cent and education spending by 18 per cent.

Some of the lawsuits have arisen due to debt and banking restructuring measures that were required as part of EU rescue packages. Moreover, the EU continues to actively promote the use of investor-state arbitration mechanisms worldwide, most prominently in the current negotiations for the controversial EU-US trade agreement (TTIP).

Across the world it is a similar story. Earlier this year, it was reported that through bilateral investment treaties US tobacco giant Philip Morris was suing Uruguay and Australia over anti-smoking laws. The company was arguing that warning labels on cigarette packs and plain packaging prevent it from effectively displaying its trademark, causing a substantial loss of market share [2].

Swedish energy giant Vattenfall, which launched an investor-state lawsuit against Germany, was seeking €3.7 billion in compensation for lost profits related to two of its nuclear power plants. The case followed the German government's decision to phase out nuclear energy after the Fukushima nuclear disaster.

When Argentina froze utility rates (energy, water, etc.) and devalued its currency in response to its 2001-2002 financial crisis, it was hit by over 40 lawsuits from companies like CMS Energy (US) and Suez and Vivendi (France). By the end of 2008, awards against the country had totalled US$1.15 billion.

On the basis of the North American Free Trade Agreement (NAFTA) between the US, Canada and Mexico, US company Lone Pine Resources Inc. was demanding US$250 million in compensation from Canada. The 'crime' was that Quebec had put a moratorium on 'fracking', addressing concerns about the environmental risks of this new technology to extract oil and gas from rocks.

At the end of 2012, Dutch insurer Achmea (formerly Eureko) was awarded €22 million in compensation from Slovakia.

In 2006, the Slovak government had reversed the health privatisation policies of the previous administration and required health insurers to operate on a not-for-profit basis.

It is also interesting to note that Chevron initiated arbitration to avoid paying US$18 billion to clean up oil-drilling-related contamination in the Amazonian rainforest, as ordered by Ecuadorian courts.

Big companies have used these lawsuits to destroy any competition or threats to their profits by challenging green energy and medicine policies, anti-smoking legislation, bans on harmful chemicals, environmental restrictions on mining, health insurance policies, measures to improve the economic situation of minorities and many more. Even the threat of litigation could force governments to shelve progressive legislation.

As the 7th round of negotiations over the Transatlantic Trade and Investment Partnership (TTIP) get underway in Washington, corporate lobby heavyweights all advocate the inclusion of investor-state arbitration in the proposed agreement. They desire a global 'gold standard', a model for investment protection for other agreements around the world that could see for instance end up with Europe being flooded with genetically modified food. Regulations would be decided on in secret between officials and representatives of big corporations and dismantled in the name of removing barriers to 'free' trade.

The ability of powerful corporations to acquire carte blanche to rein in democracy and curb policies devised for the public ultimately stems from a type of fundamentalism: the ideology of neoliberalism and 'free' trade. This ideology is not based on the 'science' of economics and 'free' markets, as its proponents would like to have us believe. It uses dogma wrapped in the jargon of economics in an attempt to legitimize the plundering of economies and the 'austerity' that ultimately results.

The real threats to 'freedom', 'democracy', 'decency' and 'fairness' do not lie in Syria or Iraq. The destruction of national sovereignty, democracy, freedom, decency, quality of life and livelihoods is being carried out by corporate vultures under the guise of the secular theology of neoliberalism, not least in practice via free trade and investor rights agreements.

Notes

1] http://corporateeurope.org/sites/default/files/profiting_from_crisis.pdf

2] http://corporateeurope.org/international-trade/2014/04/still-not-loving-isds-10-reasons-oppose-investors-super-rights-eu-trade

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