

**Maine's Local Economic/Political Sovereignty, Responsible Development and Fair Trade:  
The Threat Posed by CAFTA and other International Trade Agreements**

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I would like to make a brief statement regarding the very real threat posed to Maine's local economic and political sovereignty by CAFTA and other international trade agreements. At the heart of these trade agreements there is one basic core principle: that the goals and needs of large multinational corporations engaged in global trade must take precedence over the needs, plans, laws and regulations of local, state and even national economies and communities.

For the past five-plus years, I have been involved in grassroots work and organizing around issues of responsible development in the Bangor area. Although I am speaking only for myself in this testimony, my thinking and analysis in this area has been greatly influenced by the work that I and others have done to maintain local control over what kind of development can take place in cities such as Bangor. Currently cities, towns and states are able to exert substantial influence and control over issues of local economic development, with regard to environmental factors and other criteria that must be met to be consistent with the goals and wishes of local communities, as expressed in city Comprehensive Plans, city ordinances, and so on. Increasingly many cities in the U.S. are taking steps to protect their local economies and local businesses from being completely dominated or destroyed by large corporate retailers (especially the largest and probably worst).

The destructive impacts of big box retailers on local communities were thoroughly documented by a ground-breaking study by Edward Shils, from the Wharton School of Management, several years ago. The crux of the problem, he concluded in his report, is that small businesses are at the very heart of the social fabric of local communities. When small businesses are shut down or cannot compete because of voracious and unlimited competition from global big box retailers, who are able to dictate not only the terms of global trade agreements but also what local communities can or can't do, local economies suffer. Local communities suffer as locally-owned business, which circulate most of their profits locally, shut down and may be lost forever. International trade agreements such as CAFTA, NAFTA and GATT would make it possible for global corporations to override local controls on development, zoning and planning. For example, in its comments on the General Agreement on Trade in Services to the United States Trade Representative, Wal-Mart observed: "Countries...should be encouraged to remove any size limitations on individual stores, numeric limits on the number of stores...and geographic limitations on store locations in the country" (May 1, 2002). Such agreements may also be used to override local and state environmental regulations, as well as national labor and safety standards.

There is a wealth of resources on this topic; and I highly recommend two of them in particular for consideration by members of this commission:

1) the Edward Shils Report described above (called simply, The Shils Report), which can be seen at: <http://www.lawmall.com/rpa/rpashils.htm>

2) an extensive report by Stacy Mitchell, from the Institute for Local Self-Reliance, on preserving Maine's local economies, published by Maine Businesses for Social Responsibility. This can be seen in its entirety at: <http://www.newrules.org/retail/mainelocaleconomy.pdf>

Thank you for the opportunity to speak to you on these issues.