

California Free Trade and Globalization- Lessons of Regional Planning for the economy and environment

The evolution of regional planning can be seen as a political and economic consequence of globalization. Planning for the world's future requires accountability. With the critical problems facing our planet today, its creatures and resources need real protection. Regional planning for the places of our world might carry us along. With techniques of sustainable, regional planning, planners can regulate how big business fits into their economy and environment, ultimately protecting the peace and prosperity of the planet.

Globalization is a term for a process involving multinational corporations competing for international markets in a global economy. This process involves allocating the world's resources and workforce to the ways the multinationals see fit. Consequences for the globalization of markets include denationalization and the replacement of national values with multinational values. (Sassen 2003)

Globalization has consequences for planners at the national, state and local levels. In California and the US, trends in planning increasingly call on regionalism. Regionalism has emerged concurrently with the developments of globalization. While the globalization of markets tends to limit liability, accountability and increase hardship, regionalism promotes accountability, leadership, and offers hope towards sustainable planning of our economies and environment.

America has seen globalization accelerated since the end of the Cold War. With new big emerging markets, American Corporations can look abroad for "Free Trade" opportunities: cheap labor, land, resources, and open markets to dump on. Though globalization has created many jobs for many workers around the world, many jobs have been lost in America. The US has suffered from policies of globalization, observed in its weakened economy and in its high unemployment rates. US Senator Fritz Hollings of South Carolina recently explained to a session of Congress that America has lost its self-sustaining, economic legacy. "Where it used to consume only a fraction of what it produced, now it faces trade deficits." America was the land of opportunity, with raw materials aplenty and with an enviable manufacturing base. Products made in the USA were common and trusted for their quality. American craftsmanship and technology is what made America great. By the end of WWII, with the US building its own steel mills and possessing its own manufacturing base, it had created the best economy in the world.

With the Marshall Plan, the US has seen its money steadily invested abroad. The industrial base left for Mexico with NAFTA, but those increased profits were not enough. Since then, America's industrial base has moved along even further, to China and elsewhere. American industrial jobs have gone with it. Chrysler was sold to Daimler-Benz of Germany, for instance. Ford now imports their auto parts from China. Ford wasn't satisfied with their \$100m/yr. profits, so by hiring workers in China for 60 cents to \$1.00/hr., they can now reap \$10b in annual profits. This is more lucrative than paying Mexico's workers at a rate of \$2 to \$2.50/hr. It is much cheaper than paying the United States' worker at the minimum wage of \$6.75. (Hollins)

Sen. Hollins describes this trade policy as a "race to the bottom," for the greatest profits, producing the cheapest quality products. The senator points out that the enemy is the US Corporation. He exposed how many politicians in Washington D.C. believe it *erudite* to speak of "Free Trade", calling it wise. He calls them Jackasses, pointing out that "Free Trade" is garbage. "If something is free, than it is a gift. Trade is something for something. Business is trade war,

and we need to protect ourselves". He points out that Protectionism was seen as so important to America's founding Congress, that they made Protectionism, with a 50% tariff, the 2nd act of Congress, after inaugurating the President. (Hollins)

Though globalization's policies are governed at the national level, consequences exist for planners and politicians at the local and state level. The State of California has felt the consequences of globalization and the liberalization of its markets. The deregulation of California's energy market has had devastating economic effects, including market manipulation and fraud. The Enron and Co. fraud of California's energy markets has left California with a huge debt and a bad credit rating, purporting a recall of the State Governor. Managing and leading economic development with respect to the globalizing multinationals necessitates regional planning, to sustain community values and maintain power and authority over criminals.

Consequences of globalization has also been felt by California's agricultural market. One of California's leading products is its agriculture. According to the International Forum on Globalization, the US has signed international "Free Trade" and investment agreements that have left California suffering. NAFTA, the WTO, and other instruments of globalization have broken down borders and eliminated a nation's right to protect its citizens and its natural resources, while allowing multinational corporations uncontrolled and unrestricted access to the country's markets and resources. The IFG says, "National food systems are in collapse as countries are forced to accept imported food from around the globe. The imports out compete local crop production prices, forcing farmers into severe economic hardship and even bankruptcies." This means that California growers must compete with commodities grown in countries where land, labor, energy, and water are much cheaper than in California. For instance, despite transportation costs and a 400% tariff, fresh garlic is being sold in California at prices considerably lower than the local cost of growing garlic.

Due to international trade agreements, globalization has left California under attack. According to the California Farm Bureau's 2001 report, "prices for many of the state's 250-plus commodities have collapsed due to foreign imports, including raisins and other dried fruit, olives, garlic, honey, apples, apricots, peaches, oranges, pears, and tomatoes." Additionally, two-thirds of the avocado export market has been lost since the mid 1990s, while avocado imports from south of the border have increased by 300%. (IFG)

California's agricultural bounty, while still leading the US and world in food production, is threatened by cheap imports, shrinking exports, and by dangerous, genetically modified seeds. Genetically modified seeds are protected by International agreements, such as the WTO's Trade Related Intellectual Property Rights (TRIPS). This is bad business. Case in point: Native Americans established corn cultivation over many thousands of years ago. But now, since a corporation can patent a corn seed, the corporation tried to sue the Native American tribe in court for using their patented corn seed without purchasing the rights. If it weren't for Native Americans, the company would have no corn. Using genetically modified seeds and crops destroys opportunities for safe, organic farming and could potentially disturb biological gene pools, from butterflies and other pollinators on up the food chain, including people.

Despite leading the world in food supply, over 6 million Californians are still hungry or live in fear of hunger. 2.5 million of those people are children. According to the IFG, "hunger in the world results from poverty and mal-distribution, not a lack of food."

Internationally, globalization has fallen short of its promises in many ways too. British Economist John Eatwell (1996) points out that financial liberalization of the 1970's was supposed to move

savings form developed to developing countries, lower the costs of borrowing, and increase economic growth. Instead, by 1992, savings moved from developing to developed countries, interest rates generally rose, and economic growth slowed down. Since then, we have seen Mexico's peso collapse, the East Asian financial crises, and now a worldwide recession. Real GDP growth for all countries from 1980-2000 is declining relative to past performance from the 1960s-1980s. (Faux 2002)

The problem with the globalization of markets is the unbalanced and unchecked competitive advantages of the multinational corporations competing for control of the world's resources. Developing countries cannot simply adopt a western template of economy and expect success, as evidenced by many failed infrastructure projects and loans. Accompanying templates of government, bureaucracy and regulations and systems are not complemented. According to some, global institutions like the IMF and WTO, while pushing for openness of markets, try to eliminate regulations and protections, while they themselves are not open to competition and are a cartel. (Faux 2002)

According to the former World Bank chief economist Joseph E. Stiglitz, The IMF's push for global-capital market liberalization for all nations was driven by financial market ideology. He says that even the IMF now warns that a high degree of openness to global capital can be dangerous for some development. "They have conceded defeat, but only after the damage was done". (Engardio. Belton 2000.)

How can planners manage globalization? If globalization is a political and economic trend for multinational corporations, regional planning is a trend for the planning profession and in local politics. Regional plans may be a better template to use when approaching globalization in developed or developing countries. Regional planning allows for cultural differences and for identities of places. The balancing of jobs, housing, transportation, and the environment are some of the primary goals of successful planning. Regional planning may mitigate negative consequences of global companies, while strengthening their competitive markets.

Planning at the global level is politically complex, as nations largely plan internally. In California, planning practices are largely done at the local level, coordinated with the state and nation. This reflects the democratic ideals of public participation. Citizens should be directly involved with the planning of their locality and region. The planning process in California is a public process. Stakeholders and shareholders alike share the cause of the city or state.

Planning globally however, is at best, a difficult democratic process. Witnessed at recent multinational's globalization meetings, such as the WTO in Geneva 5/1998, Seattle 9/99, or the IMF meeting in Washington D.C., 4/2000, or the G8 meeting in Genoa 07/01, tens of thousands of people, up to hundreds of thousands of people, gathered to participate in the democratic ideal of representation, or the lack thereof. People do not feel represented in the cause of globalization. The massive worldwide protests indicate that democratic ideals are being abandoned by the closed-door policies of these meetings. Planning works best when done publicly.

Implementing regional plans could put the multinational's interests in a win-win scenario with the people of the world. Companies in exchange for access to regional markets, can offer fair-trade, like technological advancements. Developing countries need employment and resources to maintain sustainable levels. Give them something back.

The global market is comprised of numerous regional markets. A region may be of different sizes or shapes, but can be defined geographically or economically. Geographically, a region is defined by its natural boundaries, such as mountains or seas, and typically contains a significant watershed. The Los Angeles Basin is a Region, as is the San Francisco Bay Area, both in California.

Economically, a region may exist where an industry clusters into supplier and customer networks, and relies on educational systems to deliver skilled workers. Such a region exists as Silicon Valley, where the personal computing and network technology industry blossomed. The economic region of Silicon Valley comprises two and one-half counties of the San Francisco Bay Area, itself a 9-county geographical region. Silicon Valley is an economic region for those companies and individuals involved in the hi-tech industry there. Farmer's once called the same Santa Clara Valley, "the Valley of Heart's Delight."

For Silicon Valley to survive economically, it needs recourse from the geography and history of its physical region. The land limitations of the SF Bay Area are such that infrastructure and housing could not keep up with the demands caused by the boom days of dot.coms and the irrational exuberance of the NASDAQ. The physical infrastructure of highways and housing could not accommodate all of the workers. Near build-out conditions of the Bay Area, continues to keep housing prices skyrocketed at \$500,000 for a single-family unit, on average. With the speculative fortunes of most hi-tech stocks siphoned from the financial markets, many of the jobs of the "new economy" in Silicon Valley are gone for good. Home prices however, remain expensive for families. Gentrification of San Francisco communities by evicting the working class, elderly, and poor during the late nineties has left that city with historic and economic disconnects.

Many huge holes in the ground remain from projects that caused large displacements, never realized once the money left town.

As expensive as it is for workers in the Bay Area, it is for the bottom lines of companies who pay their salaries. A pioneer of Silicon Valley, IBM is now moving part of its workforce in software design abroad, as America out-sources its technological advantages. Better regional planning could help the jobs-housing-transportation equation, and help to keep regional economies viable.

According to the California Center for Regional Leadership, "in regions across California, organizations have sprung up since the mid 1990s to provide a civic forum for the exercise of regional stewardship. In some cases, they were to promote economic development, and in others, to promote regional sustainability. Regionalism is emerging as a solution to the problems of hodge-podge planning and disconnects and imbalances between jobs, housing, transportation, and the environment." Recognizing public policy's complexity, Regional Collaboratives have developed, to create a holistic approach to regional and statewide planning and strategies. It is becoming clear that the economy, the quality of life, and even social relations are inextricably linked, and should be improved through regional strategies and enhanced civic engagement. (CCRL)

The regional planning of our physical landscapes could benefit from policies developed through Regional Collaborations of local business leaders, elected representatives, educators, interested parties, and interested citizens.

The S.F. Bay Area has a Regional Collaborative called the Bay Area Alliance for Sustainable Communities. They produce a Community Indicators Report, which measures the progress of the region across thirty-two different categories of community well being.

The main goals identified by Regional Collaborations are:

- (1) Economic Development-
 - ✍ Bringing jobs and commerce to the region
- (2) Supporting education and workforce investment-
 - ✍ Helping program education for the workforce
- (3) Planning and Infrastructure Investment-
 - ✍ Identifying priorities of investment
- (4) Economic Opportunity-
 - ✍ Providing opportunities for the poor or under-skilled
- (5) Natural Resource Protection-
 - ✍ Providing planning and financing of the protection of open-space and parks
- (6) Monitoring Progress-
 - ✍ Community Indicator reports disseminate data and help set community priorities.

Regional Planning of land use and economic development, through the community vision of Regional Collaborations, may help to level the playing field vis-à-vis globalization's "race to the bottom". Regional Plans should incorporate the values and goals of the community with principles of sustainability, meaning, meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Facing a globalized world, the Governor of California's Office of Planning and Research has recently drafted three priority policies which address the economy of regional planning:

- (1) Community Revitalization-
 - ✍ Infill Development and greater equity in existing communities
- (2) Natural Resources Planning-
 - ✍ Regional Planning for a sustainable supply of Natural Resources
- (3) Efficient Development Planning-
 - ✍ Sustainable planning of new developments

Cities and states should plan for the globalization of markets with recourse to their historical regional markets. Global companies competing in regional markets can disrupt historical economies and identity when unchecked. Global stores like Wal-Mart, once welcomed for their thrift, are now finding opposition to their stores in local areas. After they undersell smaller, local stores, forcing them out of business, they may close their own store later, causing high unemployment and a tax-base diminishment. The workers retire without benefits, putting an additional burden on the state. The savings don't add up in the long run for state and local governments to give free trade opportunities to big business, while eating the costs.

The impacts of the globalization of markets upon a developing country's regional economy, people and place face similar phenomenon as those in developed worlds: depleted environmental resources, sprawl and pollution, rising prices and disparate economic groups.

Planners can manage these issues with the tools offered by regional planning. Some of those tools include:

- Sustainable development guidelines
 - o How to build and manage resources
- Urban growth boundaries
 - o Defining the limits of the built environment
- Green boundary protection plans
 - o Defining the boundaries of the natural resources to protect
- Regional transportation plans
 - o Utilize existing infrastructure and develop mass transit.
- Regional Collaboratives
 - o Policy recommendations for economic development and land use

Managing a sustainable economy with sustainable development patterns means mitigating globalization's impacts, regulating them to conformity with the region's sustainable planning guidelines.

Regional planning and policy leadership may offer techniques to protect the region, minimizing unintended economic and physical displacements, takings, and dumping upon. Working with big businesses for the benefit of the regional economy demands sustainable planning principles, in order to promote real economic development and to resolve conflict. Big Business will not regulate itself. Permit regulation of the global company should be recommended by the regional council in conformance with the cultural and historical economy, its values of production, its land uses and its sustainability guidelines.

Regional Planning of the environment and the economy thereby could benefit the world. To plan sustainably for the endangered species' threatened habitat, for the people's threatened communities, and their threatened livelihoods is a difficult task. Therefore, is important to work with virtuous people in creating regional plans.

Regional planning may be a political and economic consequence of globalization. If we are to plan for our world's future, it requires accountability. Due to the critical problems facing the Earth today, its creatures and resources need protection. Why stop the robber barons of the global age? With regional planning, the places of the world might carry on, sustaining CEO, King, and Countryman alike. Regional planning may prove a worthy tool for regulating big business into your economy and environment. By protecting the peace and prosperity of the planet, we can give something back to the places where we live, in a fair trade.

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