

## **Schools and the GATS Enigma<sup>1</sup>**

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### **The World Trade Organisation (WTO)<sup>2</sup>**

Whilst the Second World War was still raging, in 1943 the US and British governments embarked on a series of bilateral discussions aimed at designing a post-War international trading system free of the protectionism of the inter-War years (Cohn, 2000, p.205). In the autumn of 1945, the US State Department floated a document on trade and employment that was to be the basis of multilateral negotiations. It constituted an outline for a proposed International Trade Organisation (ITO). This document was developed as the basis for the Havana Charter that was discussed by 23 leading capitalist countries in March 1948. Meanwhile, in 1946, the same 23 nations met to discuss the much narrower issue of tariff reduction. At this meeting it was decided to meet up the following year in Geneva to negotiate to reduce tariffs on about a fifth of the world's trade. Thus, in October 1947 the first round of the General Agreement on Tariffs and Trade (GATT) resulted in these 23 countries signing up to the agreement, which became effective on 1st January 1948 (MSN Encarta, 2000a). Furthermore, the signatories agreed to accept some of the trade rules enshrined within the draft ITO charter (ahead of the forthcoming meeting in Havana) in order to protect the tariff reductions negotiated in Geneva.

Thus, the GATT emerged after the Second World War as a charter for the ITO, which was envisioned as an agency of the United Nations (MSN Encarta, 2000a). The ITO was to complement the World Bank and the International Monetary Fund establishing international trade rules and co-operation (DTI, 1999, p.1). However, it was at the meeting in Havana in March 1948 that this broader scenario started to unravel. The main aim of the meeting was to attain agreement to the formation of a permanent ITO. The 1947 GATT agreement was to be incorporated within the ITO. The ITO charter was to have had 'an ambitious agenda' (DTI, 1999, p.1). It was to cover not just trading relations but also employment, international investment, economic development, services, competition, restrictive practices and commercial

policy and commodity agreements. It also included the administrative arrangements for a permanent ITO (Penrose, 1953; Reisman, 1996; DTI, 1999; Cohn, 2000). As Tabb noted “The ITO was to impose order on the world trading system, in order to avoid the kind of protectionist downward spiral in trade which occurred in the 1930s.” (2000, p.4)

The ITO was not ratified at Havana (or thereafter). Cohn (2000, pp. 205-206) presents the ITO as a dog’s breakfast, with complex rules and ‘numerous escape clauses and exceptions in the charter [that] would interfere with trade liberalization’ (p.205). He also noted the disruptive effects for the ITO charter of the strong US protectionist lobby (*ibid.*). Yet Tabb (2000) argues that it was the possibility of the ITO providing substantive protection on labour standards and meeting the needs of developing countries that effectively sank it. From a United States’ perspective, the ITO framework for regulating international trade yielded too much to workers’ rights and Third World countries’ yearnings for preferential treatment in trade, and set too tight a leash on big corporations’ market power (promising anti-trust laws) (Tabb, 2000, pp. 4-5). On this score, the United States dragged its heels over ratifying the ITO. In 1950, the ITO failed to win ratification in the US Congress and was consigned to history. The GATT, meanwhile, remained in use to regulate international trade.

From its ‘provisional’ status a precursor to the ITO in 1948, the GATT provided a legal and institutional framework for international trade and tariffs to 1995 (DTI, 1999). Its participants were ‘contracting parties’ rather than members; the GATT was never formally constituted. It aimed at non-discrimination in the sense that all participants were to be treated equally, such that when a country reduced trade tariffs for one GATT participant it had to do so for all. Secondly, there was clause that enabled a GATT participant to withdraw its tariff reduction if it seriously harmed’ its domestic producers (MSN Encarta, 2000a). This was a loophole that GATT participants were keen to exploit, pointing towards a need for more formal trade dispute mechanism. The GATT participants sponsored eight trade rounds’ in all. The “Kennedy Round” (1962-67) established a set of trade negotiation rules when parties disagreed. The Tokyo Round (1973-79) established series of non-tariff barrier codes of practice in the areas of government procurement, customs valuation, subsidies and

countervailing measures, anti-dumping standards and import licensing (Antweiler, 1995).

The final “Uruguay Round” (1986-94) broadened the GATT agreement further by limiting agricultural subsidies and including trade in services and intellectual property within its scope. This round established the World Trade Organisation (WTO). The GATT and the WTO co-existed throughout 1995, and the former was wound up in December 1995. Trade agreements established by the GATT became incorporated within the WTO agreement (MSN Encarta, 2000b). In 1995, GATT’s functions were taken over by the WTO.

The WTO is based permanently in Geneva and is controlled by a General Council comprising member states’ ambassadors (who also serve on WTO committees) (*ibid.*). The Ministerial Conference meets every two years, and appoints the WTO’s Director-General. It had a budget of £48m and 500 staff in 1999 (Legrain, 2000, p.30), by 2001 a budget of \$78 million and a staff of 530 (Economist, 2001).<sup>3</sup> The Seattle meeting in 1999 was the 3rd Ministerial Conference. There were 135 member countries represented at Seattle, and further nations had observer status there. By 2001, the WTO had 142 member nations (Tibbett, 2001, p.10).

As Bakan (2000, pp.22-23) has noted, the WTO extends far the remit of the old GATT. It includes a series of other agreements, for example:

- Trade Related Investment Measures (TRIMS);
- Trade Related Intellectual Property Measures (TRIPS);
- General Agreement on Trade in Services (GATS);
- Sanitary and Phyto-sanitary Standards Agreement (SPS) (setting restrictive standards on government policies regarding food and safety and animal and plant health);
- Financial Services Agreement (FSA) - designed to remove all obstacles to financial services.
- Agreements on agriculture, information technology and telecommunications.

Furthermore, the WTO incorporates a complex Dispute Settlement Process. Tribunals operate in secret to settle disputes between member states. Only national governments

are allowed to participate, and there is no outside appeals procedure (Working Group on the WTO/MAI, 1999, p.5). Rulings generate three possibilities. First, losing countries have a set time to comply and they must change their laws to conform to WTO stipulations. Secondly, if they refuse to do this then they pay *permanent* compensation to the winning country. The third possibility is that they face non-negotiated trade sanctions (*ibid.*). As Smith and Moran (2000, p.66) have noted:

What distinguishes the WTO among international agreements is its Dispute Resolution Panel. The panel possesses far-reaching sanctioning powers over member countries, which it uses to ensure compliance with WTO commitments. No other international body has such strong enforcement capabilities.

The WTO is ‘the only global institution that even the US and the EU are supposed to obey’, whereas the World Bank and the International Monetary Fund have influence only over ‘weak developing countries’, notes Martin Wolf (1999), a journalist for the *Financial Times*.

On disputes other than trade, the WTO operates on a system of ‘consensus’, but in practice this process is driven by the “Quad”- the US, the EU, Japan and Canada - whose representatives meet daily in Geneva to address these non-trade issues (Bakan, 2000, p.23). Representatives from the “Quad” are lobbied heavily by transnational corporations. Furthermore, representatives from transnational corporations ‘sit on all the important advisory committees’ deciding detailed policy and set the agenda (Price, Pollock and Shaoul, 1999, p.1889). Thus, the WTO provides an ‘enforceable global commercial code’ based on close relations with transnational capital, making it ‘one of the main mechanisms of corporate globalization’ (Working Group on the WTO/MAI, 1999: 1). It is a ‘forum for trade rights of capital, on terms negotiated by the agencies of governments that represent the interests of capital. No other rights count’ (Tabb, 2000, p.6). Trade barriers are essentially ‘*anything* that can limit profits made via trade or investment’ (Puckett, 2000). Major corporations have lobbyists settled permanently at the WTO’s lair in Geneva, and representatives of corporations sit on some of the many WTO committees and working groups.

The outlook underpinning the WTO is deregulation, with incremental ‘freedom for transnational capital to do what it wants, where and when it wants’ (Tabb, 2000, p.5). As William Tabb has noted, the ‘WTO’s fundamental postulate is that trade and

investment liberalization lead to more competition, greater market efficiency and so, necessarily, to a higher standard of living' (*ibid.*). In practice, standards of living for many countries in the poorer South have declined absolutely or relatively (compared to the richer Northern nations) in recent years. These principle sand propositions are the essence of the concept of "neo-liberalism" in international economy. However:

While its proponents say it is based on "free trade", in fact, the WTO's 700-plus pages of rules set out a comprehensive system of *corporate-managed trade*. Under the WTO's system of corporate-managed trade, economic efficiency, reflected in short-term corporate profits, dominates other values. The neo liberal ideological underpinning of corporate-managed trade is presented as TINA - "There Is No Alternative" - an inevitable outcome rather than the culmination of a long-term effort to write and put in place rules designed to benefit corporations and investors, rather than communities, workers and the environment. (Working Group on the WTO/MAI, p.1 - original emphasis)

The anger directed at the WTO's 3rd Ministerial meeting in Seattle late November - early December 1999 was underwritten by over fifty years of capital-friendly developments in organisational changes in the international trading infrastructure. Yet Seattle was an instant within a series of acts of resistance to global capital. These included landless peasants (NST) movements in Brazil, Mexico's Zapatistas, the farmers of India's Karnataka state, a 50,000 strong demonstration in the Niger Delta, Jubilee 2000, the J18 Carnival Against Capitalism in London 1999, and more besides (Bakan, 2000; Madden,2000). Peter McLaren (2000, p.26) reminds us that 10,000 protestors picketed the WTO's Second Ministerial Meeting in Geneva in May 1998. Ward and Wadsworth argue that: 'Seattle was not the beginning, but the result of many small to medium movements that have been gathering strength for over two years' (2000, p.4).

The Seattle Ministerial was set up to produce an agenda for the next "Millennial Round" of negotiations. When the "Millennial Round" opened in Seattle on 30th November 1999, the ministers and delegates were confronted by 40,000 anti-WTO protestors, which was more than the '20-30 thousand that shut down Interstate 5 to protest about the Vietnam War' (Tabb, 2000, p.1). The protestors represented around 800 trade union and activist organisations from more than seventy-five countries (Tabb, 2000, p.2). The vibrancy, creativity and courage that they incorporated into their strategies for shutting down the Seattle Ministerial were stunning. Despite being

shot at with rubber bullets, tear-gassed and pepper sprayed the mass of protestors prevented ministers and the WTO *entourage* from addressing their agenda; they ‘left Seattle in disarray’ (Bakan, 2000, p.19). As some have noted (e.g. Mandel and Magnussen, 1999), the limited discussions that did take place in Seattle merely showed up serious rifts within the WTO as some Third World countries set out to block proposals for the next trade round. Furthermore, some countries made pledges to ‘free trade’ whilst lobbying seriously for rules favourable to their own economies (Mandel and Magnussen, 1999, p.39). Finally, Marshall (1999) points towards familiar EU/US splits in Seattle. Even without the protestors it would have been no picnic. The Doha Ministerial of November 2001 attempted to pick up the pieces and drive trade liberalisation forward once more.

### **The General Agreement on Trade in Services (GATS)**

The GATS seeks to open up 160 services sectors to international capital. Specifically, it aims to create a ‘level playing field’ thereby avoiding discrimination against foreign corporations entering services markets. The process of trade liberalisation in services (including currently public ones) is *progressive*; it will be deepened and strengthened over time, and Part IV of the GATS Agreement makes this clear. In this scenario, ‘public’ services will progressively be turned into internationally tradable commodities. UK Government claims that public services are exempt from the GATS have no firm foundation. Once a service has been committed to the GATS there is no possibility of reversing the position (Kelk and Worth, 2002, p.2).

As Steve Kelk (2002) notes, the GATS cuts deepest into services trade regulation through its National Treatment (NT), Most-Favoured Nation (MFN) and Market Access (MA) disciplines. The NT trade rule requires that foreign services providers be ‘treated at least as well as domestic service providers’ (Kelk, 2002, p.26). The MFN rule means that ‘the *best* treatment accorded to *any* foreign service provider must be accorded “immediately and unconditionally “to *all* foreign service providers’ (Grieshaber-Otto and Sanger, 2002,p.iv). The MA GATS rule means that governments are prevented from ‘introducing quantitative restrictions on the amount of trade activity in a sector’ (*ibid.*). Hence, member states’ economic policy options are curtailed by the MA rule. Finally, the transparency rule stipulates that member governments must publish details of all measures - local, regional and national - that

may affect the operation of the GATS treaty (Grieshaber-Otto and Sanger, 2002, p.iv). These ‘top down’ rules are supplemented by ‘bottom-up’ bilateral commitments, where individual members agree to open up service sectors to GATS disciplines, and can request that other members do so too. The current GATS2000 negotiations are well under way in this horse-trading process.

International trade law lecturer Markus Krajewski has analysed the GATS Agreement in detail. He concluded that the Agreement makes it impossible to tell whether public services are included under GATS. This makes the GATS fiendishly difficult to combat on the basis of what is actually written down in the Agreement. On the one hand, if it was clear that public services were *included* under the GATS then governments, corporations and pro-GATS lobbyists could give no assurances that the ‘GATS has nothing to do with privatisation’, as they do currently. Their reassurances to concerned organisations and their patronising arguments that anti-GATS folk are merely scare mongering would not be taken seriously, as they sometimes are today. On the other hand, if it were clear that public services were *excluded* from GATS provisions then two things would be obvious. First, anti-GATS activists and trade unions could defend public services from the GATS monster on the basis of international trade law, and corporations attempting to argue that public services were incorporated within the GATS would clearly be on a loser. Anti-GATS forces could confront corporations that attempted to use the GATS to further their interests in public services by using the actual Agreement against them. Secondly, it would be clear that New Labour is really keen on the business takeover of public services, and is not being forced or cajoled into it by trade rules framed by some distant, business-friendly institution such as the WTO.

Meanwhile, the opacity of the GATS is cunning indeed. It has the potential to intellectually disarm GATS critics. Anti-GATS activists have no firm footing for critiquing the Agreement.

The current round of GATS negotiations at the WTO headquarters in Geneva started up in February 2000; almost directly after the WTO Ministerial Meeting in Seattle late-1999 broke up in disarray following the anti-WTO protests there. An overall deal has to be brokered for December 2004, to come into force in 2005. So for anti-GATS activists, trade unions and defenders of public services there is some urgency. The

following section focuses specifically on the relationship between the GATS and the business takeover of schools

### **Schools and the GATS**

A good starting point for exploring the relation between schools and the GATS is the GATS Agreement itself, together with the Schedule of Commitments for education in relation to the European Union (EU). The UK's GATS commitments are incorporated within those for the EU, though there are a few national differences (see WTO, 1994). On information gleaned from the EU GATS Infopoint, it appears education has already been lost to the GATS. For primary education, 20 countries committed themselves to GATS disciplines in 1994, and for secondary education 22 countries took the plunge. The EU is GATS-committed for both primary and secondary education.

The GATS incorporates four modes of service supply. Mode 1 is “cross-border” supply, the ‘supply of a service from the territory of one Member to a consumer in the territory of another’ (EU GATS-Infopoint, p.1). Mode 2 supply is concerned with “consumption abroad”, where ‘the consumer of the service travels to the service supplier’ (*ibid.*). Mode 3, “commercial presence” is ‘where the service suppliers establishes in the foreign market as a legal entity in the form of a subsidiary or a branch’ (*ibid.*). For all of these modes of supply, the EU's commitments for primary and secondary education are “none” - which is the *opposite* of what it sounds. “None” means that a country is committing itself to ensuring that there are ‘no restrictions which are inconsistent with GATS rules covering participation in the market by foreign service suppliers’ (EUGATS-Infopoint, p.2). In relation to UK/EU GATS commitments on primary and secondary education, there are two aspects to this. Firstly, for the UK, there are no barriers regarding ‘Limitations on Market Access’ (though a few EU countries have some limitations on market access incorporated into the EU Schedule for either primary or secondary education). Thus, UK primary and secondary education ‘markets’ appear to be open to foreign suppliers. WTO members committing themselves to opening up primary and secondary education through GATS (as we have), must show any limitations on access for foreign suppliers - and then these can be challenged through the WTO Disputes Panel by the corporations’ national governments, if they are WTO members. Only national governments that are



WTO Members can participate in the complex WTO Dispute Settlement Process (Rikowski, 2001, p.11). Corporations would have to lobby and persuade national governments to go through with this if there was any reluctance amongst trade ministers and officials to pursue the case.

Furthermore, as the UK has signed up to the GATS regarding primary and secondary education, then those services are also subject to the “Limitations on National Treatment” provision. Under this GATS rule, member states must acknowledge any limitations in the treatment of foreign suppliers that puts them in a less favourable position than their domestic counterparts. For example, Edison Schools (from the States) must be alerted to any differences in the ways they are being treated as compared with UK education services suppliers if they enter the UK schools market. Failure to provide the necessary information might result in the foreign supplier seeking recompense through the GATS via their national governments taking the case through the WTO Dispute Settlement Process. Transparency is the issue here. The UK has no limitations on the National Treatment provision in the EU Schedule either. Finally, only in Mode 4 supply, the “presence of natural persons” from another country does some limitation regarding foreign primary and secondary education suppliers possibly apply. Mode 4 supply is “unbound” for EU primary and secondary education. “Unbound” means a country is making no commitment either to open up its market or to keep it as open as it was at the time of accession into the WTO. Practically, what this means for Mode 4 supply is that if Edison Schools wanted to set up operations in the UK then the company would probably have to use UK employees, as general immigration rules would still apply. It is likely that teachers from the US couldn’t be just flown in to work in Edison UK schools regardless. However, the nature of the “unbound” status on Mode 4 supply muddies the picture, with no clear barrier to US teachers being jetted into Edison UK schools established on the basis of the EU GATS Schedule.

From the above account, it might appear that the UK (via the EU) has a pretty much ‘open door’ policy regarding the foreign supply of primary and secondary education services. It seems that education activists and trade unionists are eight years too late on GATS rules for education services that are technically irreversible. Yet this is a misleading impression, which is exposed as such on deeper examination of the EU’s

Schedule of Commitments for education services under GATS (WTO, 1994). Section 5 of the EU Schedule of Commitments indicates that in relation to education, the GATS refers to “privately funded education services”. From this, it might seem that the only education services in relation to schools under threat from the GATS are independent and private schools. Why should we get too agitated if only Eton, Harrow and Roedean and their ilk are under threat from GATS rules? They are clearly in the ‘education market’, so must take the consequences and face competing foreign providers.

However, once again, the GATS language is cleverly crafted. The Schedule does not pinpoint private education ‘institutions’, but privately funded education ‘services’. It is not the case that a whole education institution has to be a for-profit outfit for the GATS to apply. Any of its constituent services - from frontline ones such as teaching, to cleaning, school meals services and the school library- could fall under the GATS if private capital is involved. Furthermore, private sector operators in school improvement, equal opportunities and recruitment and other schools’ services previously supplied by the local education authority (LEA), also fall under the GATS.

It could be argued this misses the point: are not these services still ‘publicly funded’ even though education businesses like Nord Anglia and school meals providers like Initial Services are delivering the service? It could be argued they are not basically ‘privately funded’ education services. A number of points are relevant here.

First, this argument assumes that ‘public’ money remains ‘public’ even when transferred to a private sector service deliverer ruled by profit-generation. However, it could be argued that once the contract is signed to deliver frontline teaching, school management or school improvement services the ‘public money’ undergoes transformation into private capital. This is the magic of money, the illusion on which New Labour and GATS protagonists’ arguments rest. At a meeting in a church hall in Newham following the Trade Justice Movement lobby of Parliament on 19th June 2002, Stephen Timms (former Schools Minister, now at the DTI) argued the private sector was being brought in to improve standards. He argued that it was not ‘privatisation’ as the pertinent services were still being publicly funded. This argument is naïve at least, and positively misleading.

Secondly, for some New Labour schools policies, private finance forms an element of start-up capital. In the City Academies, or just Academies now under Education Act 2002 (see Her Majesty's Government, 2002, Part 5, pp.45-47), for specialist schools and also for some education action zones, private capital forms part of the start-up fund. The foundational significance of private capital is even clearer in the case of schools built under the Private Finance Initiative (PFI), where money to build the school is raised at commercial rates in the money markets by private companies. In all these cases, it would seem that the involvement of the private sector *opens up schools to the GATS*. These are private education services that have virused public money.

Thirdly, under the Education Act 2002 school governing bodies can set themselves up as companies (see Her Majesty's Government, 2002, Chapter 3). They then have the power to invest in other companies. Furthermore, school companies can merge to form "federations" - chains like McDonalds - to gain economies of scale, thereby increasing profit-making capacity. Last September, David Miliband (Schools Minister) indicated that business leaders running school federations did not need teaching qualifications (Kelly, 2002). Schools can enter into deals with private sector outfits. They can also sell educational services to other schools. The Act gives the Secretary of State new powers to form companies for involvement in any area of school or LEA life. Finally, under the Act around 1,000 schools are to be given the freedom to vary the curriculum and change teachers' pay and conditions. These powers result from the new "earned autonomy" status that top performing schools can gain. This gives private sector operators some control over staff costs through manipulating teachers' contracts of employment. Overall, the 2002 Act provides a de-regulatory framework for the business takeover of schools, and hence also for the virusing of GATS throughout our school system. Of course, New Labour can still argue that all this is 'publicly funded', but the previously public finance is transfigured into private capital in the process. Through these mechanisms, schools are exposed to the GATS.

## **The business takeover of schools**

### ***Private school group to run City Academy in Moss Side***

A Christian Independent schools company, denounced by teachers as having a “white, middle-class ethos”, looks set to be given the management of a £5m government-backed City Academy in one of Britain’s most deprived urban areas.

Financial Times, 1st April 2002.

### ***Corporations, Corporations, Education***

Walsall recently contracted out most of its education services to Serco, whose other contracts include asylum seeker detention centres and the electronic tagging of criminals.

Corporate Watch Newsletter, Issue 7, Jan-Feb 2002.

### ***Private sector to run worst schools***

Private sector operators will help manage some of the country’s worst schools, under plans to be published on Wednesday. Initially, about 30 secondary schools with chronic problems will form the potential market for companies - but with more than 300 schools said to be failing, the market could grow considerably if the measure proves a success.

Financial Times, 3rd September 2001.

Fourthly, directly after the General Election victory in 2001, Stephen Timms and Sports Minister Richard Caborn promoted a series of ‘partnerships’ between private and state schools. Thirty-four Independent/State School Partnerships were established on 3rd July 2001. Dissolution of the barriers and distinction between public finance and private capital muddied the issue of whether schools services are either state financed or ‘privately funded’. The insurgence of private schools into the state sector could well be dragging the GATS in its wake.

Finally, as Belgian teacher and education activist Nico Hirtt (2000, p.14) has indicated, only education systems financed solely by the state and with total exclusion of any commercial operations are excluded from the GATS. This point underscores the previous four: the greater the business involvement in state schools, the more they are opened up to GATS and a future as internationally tradable commodities. On this account, policies and mechanisms that nurture the business takeover of schools can be viewed as the *national faces of the GATS* (for more on this see Rikowski, 2002a-c).

These are the national, local and school-level GATS enablers that facilitate the business takeover of schools. In Britain, they include PFI, outsourcing and information and computer technology deals. The Office for Standards in Education (Ofsted) is transfigured into a GATS-facilitator every time it locates a ‘weak’ school ripe for business takeover.

## **Conclusion**

Rather than a Geneva-based GATS monster forcing the UK government to embrace GATS, every time the private sector enters, deepens and expands its involvement in our schools it opens up those “educational services” to the GATS. The fight against the business takeover of schools is simultaneously the struggle against GATS and our education services being catapulted into international education markets. New Labour’s education policy is virus-ing the GATS into our schools and LEAs. One day, a company in Detroit or Vancouver that focuses primarily on the bottom-line could control your local secondary school. Now, that would certainly stretch the notion of a ‘community school’ and the concept of democratic accountability.

On the question of why the business takeover of school is happening, I have located four inter-linked explanations (see Rikowski, 2003). First, there is no doubt that education business leaders and companies selling educational services have put considerable pressure on successive UK Education Ministers in the last ten years or so to open up schools to business interests. Secondly, New Labour is actively seeking to build up UK education service companies as export earners. Part of this strategy includes nurturing UK businesses in the schools sector. Thirdly, the business takeover of schools sits well with New Labour’s economic vision of the Knowledge Economy. Education services businesses are a significant element in a model of the economy where knowledge is viewed as the key factor of production, supplanting labour, land and capital as the core elements. Education businesses produce a range of ‘knowledge products’ that can be sold and traded internationally. Of course, this model of an emerging knowledge economy can be critiqued easily. But its significance as a guide to New Labour economic policy was established in the 1998 White Paper, *Our Competitive Future - Building the Knowledge Driven Economy* that originated from the Department of Trade and Industry whilst Peter Mandelson was Minister there. Finally, the General Agreement on Trade in Services intensifies the previous three

factors, especially given that a strengthened GATS Agreement is likely to be established on 1st January 2005. The GATS timetable generates urgency regarding the establishment of a vibrant and sustainable UK education services sector. This partly explains New Labour's rush to push through 'modernisation' in schools and to open school doors to UK education services businesses as quickly as possible.

There is, however, a more general explanation. This is based on the fact that we live in capital's social universe (Rikowski, 2002d). One aspect of our existence in this social universe is that all aspects of our lives are potentially open to invasion by capital - for this is one way in which the social universe of capital expands (Rikowski, 2002e). The business takeover of schools is an aspect of this, and future work will make the necessary connections.

## Notes

<sup>[1]</sup>This article began life as a paper presented at the Education Policy Research Unit (EPRU) Seminar, *Education for Profit: Private Sector Participation in Public Education*, which was convened by Professor Stephen Ball at the Institute of Education, University of London on 27th November 2002.

<sup>[2]</sup>This section was adapted from Section 1 of *The Battle in Seattle: Its significance for education* (Rikowski, 2001), and also draws from Rikowski (2002b).

<sup>[3]</sup>As *The Economist* notes, the WTO

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