

# Commercial Standards and the Decline of US Hegemony

The EU Citizen State vs. the US Corporate State

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The categorization of capitalist regimes into laissez faire, social democratic, crony, and other variants is a long-established and important scholarly exercise. Anyone seeking to anticipate or shape social evolution needs to know, after all, what fundamental features distinguish one state from another, what the consequences of the distinctions may be, and what might conceivably alter the character of a regime.

Less well-established is the study of the manner in which different categories of capitalist regimes influence each other. At times, of course, such influences are overt, and get plenty of attention, as when the IMF or World Bank under US direction demands pro-laissez faire policies as a condition of large-scale loans to a struggling state, for example. Where the influence is subtle and unintentional, however, it can go largely unnoticed.

Such has been the case regarding the European Union's influence on the US and quite a few other countries since the close of the Cold War. The EU has waged an increasingly potent effort to control commercial standards that have long underlain the global hegemony of US corporations. The story deserves close attention,[1] for it sheds light both on a power shift away from the US, and on the potential for enlightened society to resist domination by enormously wealthy and well-organized special interests.

Toxins: Two Attitudes to Risk

The range of commercial standards over which the EU and the US might diverge is quite wide, of course. Banking regulation, corporate accounting standards, anti-monopoly provisions, and trade tariffs come immediately to mind as fields of possible conflict between the economic superpowers. Despite occasional high-profile clashes, however, no far-reaching struggle between the EU and US has taken shape in these sectors. The real action has surfaced elsewhere, in the regulation of toxic substances arising from two huge sectors of the global economy, electronics and chemicals—ranging from cosmetics to coatings, pesticides to packaging, and more.

Large grass-roots movements to control pollution from toxic substances first arose not in Europe, but in the US, in the 1960s. Pressure from these movements secured some real regulatory progress through the 1970s, particularly as regards air pollution, but a great deal remained to be done when the Reagan revolution in the 1980s reversed the process and gradually cemented the primacy of big corporations' interests over citizens in the US. Business interests managed to neuter controls over toxins just as the consumer age was blossoming, and the volume of potential toxins exploded. Thus, global chemical production

expanded by a factor of 400 million tons in the last 70 years; about 19 million kg of chemicals enter US commerce daily.

The huge expansion of the chemical and electronics sectors has brought society into contact with a huge wave of potentially hazardous substances, from synthetic chemical compounds to rare metals, all of which can leach into the environment. By now the health consequences are nearly impossible to deny. For example, bioaccumulation of chemicals from cosmetics and food accounts for up to of breast cancer cases, and the WHO estimates exposure to toxic chemicals are partly or wholly to blame for more than 5 million deaths per year, worldwide. Rampant allergies, kidneys, neurological disorders, and infertility among young women heighten the toll.

The increasingly evident dangers of toxins in consumer goods should generate regulations to control them everywhere, but leadership in recent years has come almost entirely from Europe. In sharp contrast to the US and so many other countries, the EU has chosen to recognize and control potential hazards, without waiting the many years or decades it may take to distill definitive evidence of the danger to human health. This is a huge step forward from the US regulatory environment, which shelters manufacturers of hazardous substances from any meaningful restrictions until such time as the dangers are indisputable.

One need not look far to understand what underlies the EU's conscientiousness in regulating toxins. EU states pay the bills for medical care, which the US and many less-developed countries largely avoid. In the EU the interests of state and society as regards the prevention of disease are therefore aligned. And over the last 10-15 years this alignment has begun to bear a great deal of fruit.

#### The EU Asserts Global Control

After assessing the developing threats from various toxins over a number of years, the EU from 2003-2006 issued landmark regulations like RoHS (Removal of Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment directive), ELV (End of Life Vehicles) and REACH (Registration Evaluation, and Authorization of CHemicals). Passed over a long-running drumbeat of vociferous (and often crude) objections from US trade officials and industry lobbyists, these and other directives are compelling manufacturers to cease use of a wide range of presumed or proven toxins, recycle large portions of offensive substances from obsolete products, submit authoritative studies demonstrating the safety of all substances in use, and label products employing questionable ingredients, such as any genetically modified organisms (GMOs) present in foodstuffs.

Thanks to the status the EU earned in 2005 as the world's largest economy, and the fact that the EU has surpassed the US as the largest trading partner for every continent other than Australia, EU regulatory standards are carrying enormous weight worldwide. Countries across the globe, from China to Mexico, from South Korea to Canada, have been adjusting their own standards into line with Europe's. Makers of consumer goods are now sourcing components and retooling production so as to conform. US manufacturers are forced to take expensive steps to comply, and where they are unable to adjust, they are truly suffering. The EU-led backlash against GMOs provides the starkest example. US agriculture cannot easily rollback the use of GMOs, especially for corn and soybeans, and the world has turned its back on exports of those crops. US corn exports to the EU shrank by 99% from 1996 to 2005.

## The US Model in Decay

Imposition of effective controls over toxic substances via the EU commercial standards or local variants will take time everywhere, of course. But the EU's example of state-society cooperation on these issues is encouraging to observers, and is spawning imitators. In the US, for example, quite a few state and local governments have attempted to restrict toxins in the absence of any action from Washington.

On the whole, however, one suspects that the US will be very slow to learn the EU's lessons of state-society cooperation. The dominance of corporate interests is so strong as almost to preclude pressure from any other quarter reaching the government. And the long duration of this reign has bred a corporate culture of complacency, encompassing far more than the chemical sector. Surveying the EU-US conflict over toxins, Leslie Thatcher perceives:

an American system that coddles the status quo and discourages innovation, that rewards investment in lobbying rather than investment in progress, and that, ostrich-like, ignores chemical hazards rather than entrepreneurially confronting them, discovering green replacements and improvements. As we are seeing in the financial system, our "free-marketeers" are mere freebooters who run to the nanny state for protection when their own greed, complacency and laziness come home to roost.[2]

Salvation from this system has not come from without. Is there really much chance that it will come from within?

### Notes

[1] The breakthrough account, which the present article extends only modestly, is Mark Schapiro, *Exposed. The Toxic Chemistry of Everyday Products and What's at Stake for American Power*, Chelsea Green, VT, USA, 2007.

[2] Leslie Thatcher, Mark Shapiro's *Exposed : Deregulating Chemicals* , <http://www.truthout.org/101508S>

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