

sumption might indeed be largely responsible for the strong results.

At the same time, it was also observed that in building construction in some US cities is being done by Latin American workers who have had the energy, skills and luck to make their way there. If Mode 4 were opened up, these same workers would be recruited in their home country and shipped back at will with the rents going mainly to the entrepreneur.

More generally, Mode 4 discussions link to the hot button issue of labour migration. As one observer put it, removing limits on immigration raises the question of what constitutes a nation? In the view of some, it is hard to think of a more explosive issue for the EU than Mode 4—it was noted that even the EU inter-community services market was not completed. At the same time, it was observed that there is a market for international labour mobility. Canada, for example, is seeking skilled immigrants and importing migrant workers for agriculture on a seasonal basis. It was suggested that demographics would, in due course, make the EU a demander on Mode 4 as well.

The services negotiations are also serving as a lightning rod for anti-globalists, with the GATS becoming the target of a worldwide movement (which, it was noted is creating difficulties for some countries in terms of how to respond—the pithy description of their reaction being “a deer caught in the headlights”). Specific sectors where sensitive nerves are being touched include retail services, where liberalization will affect the “mom and pop” retail outlets and involve hard adjustment costs, and municipal water supply where a campaign is building based principally on moral issues such as access by the poor to clean water.

A problem in the area of private sector municipal water provision is that there are very few companies commercially engaged in delivering such services. The result is that any attempt to privatize involves a multinational and, worse still from a local public relations perspective, a foreign multinational. In these circumstances, any attempt by investors to raise rates to pay for improved facilities draws a severe reaction as higher rates shut people out of water supply. For example, it has been