

THIS MONTH'S THEME
WTO / INTRODUCTION

WORLD TRADE ORGANIZATION
ORGANISATION MONDIALE DU COMMERCE
ORGANIZACIÓN MUNDIAL DEL COMERCIO



Don't ask me!
WTO boss Mike
Moore considers
the options.

If the **WTO**
means to **stay**
afloat it will have
to lose some
excess baggage.

David Ransom explains

Day by day a very peculiar kind of exchange intrudes more deeply into all our lives. We notice it every time our employers, our teachers, our neighbours, our landlords, our nearest TV pundits or political celebrities assert a 'realism' that dictates this, that or the other course of action. Sooner or later – if

not sooner and sooner – it comes down to the imperative to 'compete on world markets'. And whenever you hear this phrase employed by way of explanation for anything, chances are the World Trade Organization (WTO) is mixed up in it somewhere. It now presides over a looming catastrophe of almost unimaginable

proportions. Never before in human history have quite such grotesque inequalities of power, material wealth and human dignity cut quite so deeply, or quite so fast, into the fabric of the earth. Never before have we faced such a clear and present danger of self-inflicted environmental calamity. Never before have 'world markets'

DONALD STAMPFELI / AP

been accorded quite such a defining role in human affairs. One has to keep asking: where in the name of creation can all this conceivably lead?

No-one seems to know. No-one is responsible. The WTO, as if possessed of some obscure religious belief, advocates the universal application of an ideology so narrow, so utterly orthodox, so partial, so devoid of rational justification, so totally deranged, that it imagines nothing else. It pursues the 'liberalization' of everything because it can think of no other reason for its own existence. It



Endangered species: desperate securities traders in Seoul, South Korea, during the crash of 1997.

makes rules that must, by definition, eventually apply to all peoples, regardless of their outlook. Those who disagree must be deluded, deviant, disobedient, diverse, or perhaps just democratic. It glorifies all forms of 'growth' in feigned ignorance of any cancerous mutations, including its own.

The origins of this cancer can be traced back to the chaos of the Great War of 1914, the Great Depression of the 1930s and World War Two. This provoked in the mid-1940s a brief outbreak of relative sanity and the birth of the United Nations. Among its functions was to be the oversight of an International Trade Organization (ITO). This was to regulate the *mafioso* practices of international finance and commerce, the ruinous collapse of commodity prices, the beggar-thy-neighbour protection rackets of big business and the inertia of governments. The unrestrained imperial ambition of 'free-market' capitalism had brought the world to its knees in a blood-bath during the better part of two generations.

Fifty founding members of the UN proposed a Charter for the ITO, to be ratified by a conference in Havana in 1947. A matter of months beforehand,

23 of the richest and most powerful countries decided they didn't like the look of it after all. As the Cold War intensified, they styled the UN – with its Communist members and impoverished majority – unreliable. So they conspired together to found their own club, the General Agreement on Tariffs and Trade (GATT). Its function would be to ensure that no-one else would ever get their hands on the treasure of international trade. GATT would confine itself to cutting border tariffs on the trade in physical goods, and have nothing whatever to do with the UN. The US Government announced that it would not seek Congressional approval for the Charter of the ITO, which was duly pronounced dead at birth.

So GATT trundled on for years, a hideaway where corporate executives, lawyers, their chums among official experts and tame politicians could engage in a series of infernal negotiating 'rounds' designed to reduce tariffs, promote unrestrained trade, increase the profitability of big business and bore everyone else to death. The UN was left to organize a Conference on Trade and Development (UNCTAD) and sweep up the pieces without a broom.

A handful of Asian 'Tigers' – first Japan, then Hong Kong, Singapore, South Korea and Taiwan – meanwhile managed to establish a toehold in world trade with massive government support and Cold War foreign aid. By the mid-1970s they were ready to export onto world markets – which they naturally now wanted as 'open' as possible. A model of 'export-oriented development', reliant on the notion that democratic governments should not 'restrain' or 'distort' international trade in any way, was rapidly glued together from ill-fitting parts and touted around the world as the only answer to everything.

Meanwhile, huge transnational corporations had come to control two-thirds of all international trade. They wanted more of it – to 'globalize' – because they could control it far more effectively than local trade. Their further enrichment began to rely on all sorts of things – political stability, investment, cheap labour, new technology, services – in addition to the cross-border trade in physical goods. At least two of the new negotiations designed to protect their interests – Trade-Related Investment Measures (TRIMs) and Trade-Related Intellectual Property Rights (TRIPs) – would require massive changes to national laws around the world, and subsequent enforcement. Trade rules

were not enforceable even on GATT's own members, while a motley bunch of freeloader states lurked on its fringes. The collapse of the Soviet Union in 1989 threatened to swell their ranks still further.

So the 'major players' did it again. At the conclusion of the Uruguay Round of negotiations in 1994 the rich and powerful nations, propelled by corporate interests, pulled the plug on GATT, just as they had on the ITO. They set up the World Trade Organization instead. It would be given a legal status similar to the UN, so that its rules could be made legally binding on member states and almost impossible to unbind. What's more, they would be enforced by a new Disputes Settlement Body – composed of just three appointed experts – with the power to impose escalating fines and crippling sanctions. Above all, the WTO would reflect the shift from cross-border trade in physical goods to trade-related issues. This meant intervening *within* member states, in their domestic law. In return, they would be granted 'full board membership' of the WTO, with one vote each. Take it or leave it.

On New Year's Day 1995 the existing members of GATT took it – and the WTO moved into GATT's grand palazzo on the shores of Lake Geneva. Non-members were left to plead, one by one, for accession.

Here, then, was the corporate manifesto made manifest – a public body that resembled in almost every respect the transnational corpora-

the WTO's tomorrow is rapidly becoming its today

tions whose interests it was designed to promote.

All too soon, it is true, came a blow to its Mission Statement. The ageing Tiger economic model went the way of its namesake during the Asian crisis of 1997 – a virulent financial virus that actually hit hardest at the most 'open', least-protected economies around the world.

But so what? The new dispensation had worked: it had kept the vast majority of the world's people politically weak, relatively even poorer, absolutely powerless. In truth, they had no choice. If they wanted just the promise of any hard cash from the rich-man's table, they would have to beg, to perform like dancing dogs. Most of them were, in any event, already subject to the liberalizing zeal of structural-adjustment policies imposed by the WTO's ugly sisters,

Big business (left) tries to net public services like water and healthcare at the WTO in March.



the International Monetary Fund and World Bank. In the ruthless, self-seeking deals that are the only known currency of international trade, these countries would, as the saying goes, sit naked at the negotiating table.

So no-one in the know can have been entirely surprised when, at a routine WTO Ministerial meeting in Seattle in November 1999, members of the self-styled Quad group (the US, the European Union, Japan and Canada), following established practice, took a selection of key members aside into a Green Room and tried to inflate the WTO's mandate still further.

What did take the old hands by surprise – what truly astonished them – was the presence on the streets outside of an unruly bunch of protesters challenging the politics, the very legitimacy, of the WTO itself; and, inside the conference, of a large number of member countries who had simply had enough.

Almost everyone involved with international trade now seems anxious to agree that they had a point. An overdue 'wake-up call' had been issued. Reforms would be necessary.

The question is, are they serious? More to the point, are they actually doing anything about it?

Are they hell! The WTO's objectives, you understand, are long-term and 'built-in'. It's the direction that counts, not the speed or the stormy waters that may from time to time make for choppy sailing for the unsinkable free-trade juggernaut. Negotiations on the 'built-in' agenda inherited from GATT – notably services and agriculture – are going on right now.

Quite when, or by whom, they might ever be stopped is not clear. There has been no further 'round' of trade negotiations since 1994. When, or if, a new one will begin, or what it should be about, remains to be agreed. The next big Ministerial meeting takes place this November in Qatar – after Seattle, the only place they could find to host it.

But no matter. Trade negotiations have *always* been like this – complex, abstruse, interminable, ruthless, unstoppable, incomprehensible to the general public and, frankly, none of our business.

This is the hard heart of the matter. The more 'transparent' the WTO becomes, the more the democratic vacuum at its core is exposed. The richest and most powerful countries control the WTO on behalf of 'their' corporate lobbies

– no-one even bothers to deny this. Unlike the World Bank and International Monetary Fund – where votes have to be bought with hard cash – every WTO member has just one vote. But on matters of 'substance' they never actually vote – and the WTO has created no demonstrable, positive advantage of any kind for the vast majority of its own members. What democratic legitimacy can possibly be claimed by such a set-up?

A preliminary reading of the WTO's own material offers few clues. One device is to deny any connection at all between increasingly liberalized trade and growing inequality. But this won't do. For what, then, is the WTO to tell the majority of its members who suffer such inequalities? That there is no point whatever in their

The UN was left to sweep up the pieces without a broom

belonging? Another is to promise for tomorrow the Nirvana that awaits all faithful free-traders in the end. But the WTO's tomorrow is rapidly becoming its today. Yet another is to ignore the evidence of impending catastrophe altogether. But that implies complicity in the crime.

There was, it seemed to me when I took my first look at it, one way to put the WTO's democratic credentials to the test – to try them out on the people I'm permitted to vote for myself. Do they know anything about it? Does it have any influence over them? Do they have any influence over it? Does my vote count?

What follows is the story of my voyage of discovery. It's not often that I reproduce verbatim or at any length the words of men in dark suits and large offices, as most of the people I met turned out to be. But they are, as you might say, the horse's mouth. What comes out is quite another matter. 'Even chief executives are human when they go home,' one of them told me. The question is, what are they when they go to work?

In the end these questions are not the sole preserve of the WTO but for all of us to resolve. Are we to rest content with democracy as an empty shell? Can its only promise be to deliver more food to the overweight? Are there no gains so ill-gotten that they are not worth having? If so, then the WTO – and the big business it truly resembles – has the might to be right. And that, I'm afraid, is our troubling point of departure. ♦



Sleeping through the wake-up call

David Ransom meets the people he can vote for and listens to what they can tell him about a club whose rules everyone apparently wants to obey.

Transparent: Verifiable.



'W'ELL, I DON'T THINK I CAN have much influence on the World Trade Organization,' says David Penwarden. 'It's too big for me, to be honest.'

I've recently moved house, and it's not been easy to discover who my representatives on the Oxford City Council are. When I eventually find him, David Penwarden turns out to be worldly-wise, benign and a Liberal Democrat. He's made his way via the army and commercial catering to run, at one point, the ubiquitous Little Chef chain of roadside eateries.

'You do respond, in local politics certainly,' he says, 'to what people say on the doorstep. World trade is not normally mentioned, although globalization is, occasionally.'

He is not at all happy, however, with the state of local democracy. 'I think local government has been emasculated in my lifetime,' he says. 'The money comes in extremely oddly. We get, say, \$5 million for a programme. There's no consultation with local councillors. A private-sector body is appointed. Wonderful people. But then they have somehow to insert themselves into a local community...'

What's this got to do with the WTO? Well, the General Agreement on Trade in Services (GATS), now being negotiated in Geneva, covers all services in which private, commercial providers have some kind of a stake. These services will have to be run on a 'least-trade-restrictive' basis which opens them up to international competition.

There is, of course, a fundamental difference between private and public service. The former is based on the ability to pay. The latter is based, however tenuously, on some measure of need and equity, and is usually funded from taxation. You can use public funds to turn public services into private ones, and private contractors are often very keen to get their hands on them. But it's not so easy to shift concepts of need or equity into services run for profit.

This is what the people of

Cochabamba in Bolivia discovered when their water supplies were sold off to a private consortium of foreign investors and prices skyrocketed. Massive popular protests, which continue today, have meant that the deal has had to be revised.

So the issue is really quite simple. The more services are privatized, the more unmet needs and inequality there is likely to be. The GATS 'liberalization' of services is just one of the ways the WTO is responsible for increasing inequality.

Although individual governments will, in theory, be allowed to choose which services to include in the Agreement, they will not be able to exclude those where the private sector already has a foothold. There are virtually no areas of public service in Britain – or anywhere else – in which the private sector is not now deeply involved.

And WTO rulings apply as much to local as to national governments. In the US the State of Massachusetts lost a WTO case brought by the European Union and Japan for discriminating against companies doing business with Burma.

Rose Hill, the area of Oxford where we live, is one of the poorer parts of a very rich city, with relatively more to lose. For example, there's a shortage of homes so house prices have soared. Much of Rose Hill is still occupied by public housing for low-income tenants. I suggest to David Penwarden that, encouraged by GATS, the Council might decide to sell off this 'service', and its valuable land, to the highest international bidder. Or am I being fanciful?

'Not at all,' he says. 'As a matter of fact, it's happening already.'

In view of this, is he willing or able to do anything about the WTO?

'Well, I suppose if people became desperately concerned about it then I think we'd have meetings and get a little whirlpool going. We certainly would.'

So, what does he, personally, think of the WTO?

'Well, I tend to think of it as American imperialism, actually. Which I am bitterly opposed to. Well, you can't really be bitter about it.'

Andrew Smith, my local Member of Parliament, is Chief Secretary to the Treasury, a Cabinet Minister in the New Labour Government and rather grand. You have to be very determined indeed to get to see him. There's a general election anticipated for the coming Spring – the Labour Party has reportedly instructed all its candidates to give no more than 30 seconds to any individual 'constituent' during the election campaign, and not to discuss Labour Party policy in detail. When I ring for an appointment I'm given 15 minutes several weeks later. When I ring to confirm I am told he's gone

The GATS 'liberalization' of services is just one of the ways the WTO is responsible for increasing inequality

to Glasgow. Eventually, I spend ten minutes freezing outside a community centre before I'm let in. Hardly a good advertisement for the democratic way of life.

The interview does not begin well. In fact, it very nearly doesn't begin at all. Andrew Smith says that trade is not one of his responsibilities as a Cabinet Minister. He normally has a choice about granting an interview to a journalist. Because I am a constituent of his he is legally obliged, though visibly displeased, to see me. I offer not to interview him. He agrees to answer the questions I've sent him in writing beforehand.

'The issue here, of course, is globalization,' he says. 'The challenge is how, in what circumstances, can globalization be steered, influenced, shaped to work in a way

which is fairer? Now, if you say "how can we make the WTO more democratic?" – this country has not been uncritical of international institutions and is saying that they need reform.

Does he think, for example, that the WTO should pull in its horns, shrink its ambitions a trifle?

'Isn't there a danger,' he asks, 'that that can play to a fundamentally protectionist agenda? I'm not saying it necessarily does. But I'm apprehensive. There can be some very plausible reasons put forward by – I don't use the term in an especially derogatory fashion – vested interests in rich countries to keep out the products and services of the rest. The ultimate effect is to deny the opportunity to poorer and weaker people, and to retrench the position of richer and more powerful people. And I am always concerned with that.'

So free trade, and the WTO, aim to protect the weak from the strong? 'Shall we get through the rest of your questions?' he replies.

Does he have any personal views on the matter?

'Of course!' he says. 'That we should try to fashion global institutions on a more democratic basis is unarguable. And because it takes multilateral agreement to reform a multilateral institution, there is almost an in-built institutional inertia there. I think that is a real challenge.'

The inertia doesn't seem to me to be limited to the 'institutions'. The idea that reforms to the WTO are at once highly desirable and dangerously 'protectionist' is, I'm afraid to say, common currency in the political establishment.

Time to speak to the Trade Minister, Richard Caborn. Before I do so I must receive an 'off-the-record' briefing from a senior official in the Department for Trade and Industry (DTI) in London. The very name of this Department says quite a lot about how trade has been viewed for years by successive British Governments – as an adjunct of business.

I ask the official whether it might not be a sensible precaution to do some kind of 'impact assessment' of the WTO's record so far. No, this cannot be done. Economists don't have the tools. Then how, I ask, can the Department advocate 'liberalization' in future while being quite unable to evaluate the past? Well, perhaps I have a point. As a matter of fact, I have a good deal more than a point. The impact assessment hasn't been done, it seems perfectly obvious to me, because everyone knows what

the results would show: growing inequality and environmental destruction.

Richard Caborn tells me that the WTO 'needs to be more transparent and it needs to be more accessible. That's what we're working towards. I was in Geneva last week. I had a couple of hours with Mike Moore [the Director General] expressing our concerns and trying to be helpful in making the WTO more transparent...'

Words like 'transparent' sound worthy enough, so long as you don't look too closely at what they actually mean: don't change a thing, just make it more visible – or invisible, as the case may be.

Does Mr Caborn think that all of us might be better off if the WTO scaled down its ambitions?

'Well, we don't accept that, you see, as a government,' he says. 'We think that is wrong... We don't believe that a narrow agenda will achieve, and can't achieve, the objectives of a more liberalized system...'

As an elected politician, does he

sometimes feel that he's strayed into the world of big business?

'Well, it is a political issue,' he insists. 'If anything showed us whether it was bloody political, it was Seattle! That was a wake-up call, was it not?'

Is it anything more than a public-relations problem that just needs smoothing over?

'The WTO is a club that everyone wants to bloody join,' responds Mr Caborn. 'What we've got to make sure is that it is fair, it's transparent and it's a rules-based organization where those rules are respected by everybody.'

That surely depends on what the rules are and who makes them. Time to take the next step along a path that seems to lead inexorably towards Brussels, the headquarters of the European Union. ♦

FACTFILE SERVICES – LATIN AMERICA

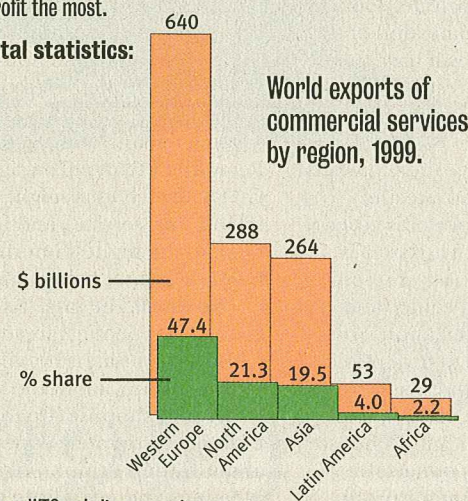
GATS – General Agreement

WTO definition: 'Under GATS, if a country allows foreign competition in a sector, equal opportunities in that sector should be given to service providers from all other WTO members. This applies even if the country has made no specific commitment to provide foreign companies access to its markets under the WTO.'

WTO explanation: 'Ranging from architecture to value-added telecommunications and beyond, services are the largest and most dynamic component of both developed and developing country economies.'

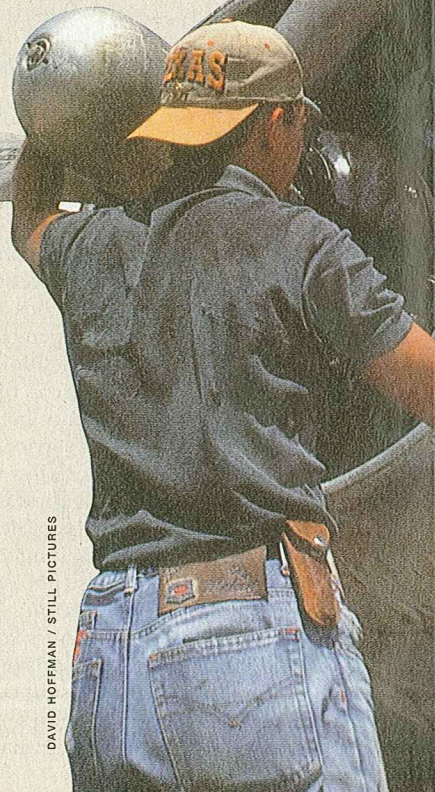
NI assessment: All public services are threatened by GATS. Large multinational companies want to get their hands on them. The rich world dominates international trade in services, and will profit the most.

Vital statistics:



* From WTO website: www.wto.org

Spanner in the works: with privatization airlines in Latin America have got worse.



DAVID HOFFMAN / STILL PICTURES

The glass menagerie

The pursuit of democracy takes the train to Euroland in Brussels.

BOARD A EUROSTAR TRAIN THAT trundles around London on privatized rails for quite as long as it takes to glide at breakneck speed all the way from the French side of the Channel Tunnel to Brussels. Oh well, that's the publicly owned European railway system for you: twice as fast, three times as cheap, maybe even on time. You'd have to be crazy to argue for that, now, wouldn't you?

For the first time, as I talk to Caroline Lucas, I feel the hint of a

breeze in the corridors of power. She's prominent in the Green Party in Britain and became a Member of the European Parliament (MEP) for Southeast England a couple of years ago.

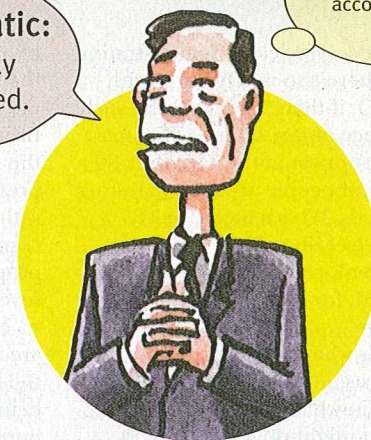
'A sadness, a scandal if you like,' she says, 'is the fact that it's multinational companies or the corporate sector who have the ear of trade negotiators, and they are the ones who are driving this process.'

Does the WTO have any direct influence over her decisions?

'Yes it does,' she says, 'but in an entirely negative way, I have to say. And one example is the Cosmetics Directive. We're trying to revise this Directive, to bring forward its aim to prohibit the sale in the EU of cosmetics tested on animals. The Commission had originally pledged itself to having a complete sales ban. They have now backed away from that, for fear of a WTO challenge.'

'To this we replied very strongly: "Well, if they do, let them! What better test case could we possibly

Democratic:
Probably
misguided.



Supposedly
accountable.

on Trade in Services

Forced Landing

The relaxing muzak and friendly, well-groomed airline crews are a pleasant facade that conceals the sordid war over routes unleashed by the privatization of much of Latin America's passenger-airline industry in the 1990s.

One extreme case is Aerolíneas Argentinas, which was privatized in 1991. It is now a mere shadow of what it was 15 years ago. Alicia Castro, secretary-general of the trade union representing the employees, believes there is 'a plan to downsize Aerolíneas until it disappears'.

Castro, who is also a Parliamentary Deputy for Argentina's governing centre-left Alliance, says Aerolíneas Argentinas had been one of that country's best-run public enterprises. Today it owes \$900 million and loses \$25 million a month, according to its board of directors – each of whom collects a salary of \$20,000 a month. The privatization was so strongly opposed by trade unions and the Alliance – which was then in opposition – that the authorities considered nationalizing the company once again.

The Spanish airline Iberia acquired 85 percent of the shares but did not pay with its own cash. It used a mortgage on the planes and sold off assets, including offices in Madrid, Paris, Rome, London and Amsterdam. Nearly 6,500 employees were laid off and the salaries of the remaining 4,000 employees were frozen. The company's travel agency, Optar – the largest of its kind in Latin America – was dismantled. Its pilot-training centre fell by the wayside and three flight simulators were shipped out to Madrid. Now pilots are sent to be trained in Israel.

The deterioration of infrastructure led to greater vulnerability of domestic flights to accidents. In 1998 flight attendant

Liliana Almada fell – in mid-flight – out of a door that was not properly closed. The plane was owned by Austral, a domestic carrier taken over by Aerolíneas Argentinas. Repair of the door had been repeatedly requested in writing.

Some analysts suggest that acquisition of routes is the main motive behind larger companies' involvement in privatization. Aero Perú seems to have come under attack for this reason. In 1992 Cintra, a subsidiary of the Aero México group, became the main shareholder in the company, which accounted for 63 per cent of the weekly flights from Peru to the US and Europe.

'There was apparently a conspiracy between the US firm Delta and Mexico's Cintra to do away with Aero Perú and get hold of its routes,' said Luz García, a member of the Peruvian airline's Committee of Judicial Administration. Aero Perú was declared bankrupt in 1999.

Venezuela's Viasa was put out to tender in 1991. It ceased operating in 1997 when it was abandoned by Iberia – the same Spanish public company that took control of Aerolíneas Argentinas. All 25 international routes that Viasa flew are now controlled by Iberia.

Nearly a decade after privatization began, the industry in Latin America is deeper in debt, customers have fewer available routes and ticket prices are no lower. Experts say the 'war' will end only when the giants finish taking over the Latin American market and can set prices in line with their newly dominant position.

Marcela Valente in Argentina, in collaboration with Abraham Lama in Peru, and Andrés Cañizales in Venezuela / **InterPress Service**

have?" It's a very clear demonstration of why there's so much anger with the WTO, if their rules prohibit such a key piece of legislation, which has massive support in the EU. Over 80 per cent of people are against testing on animals. What's more, we're seeing a freezing effect, legislation that doesn't come forward, isn't improved, for fear of a WTO challenge.'

That's where the real power of the WTO rests; not so much in what it does, as in what people can be led to believe it might do. Of its first 20 decisions on disputes, 17 went in favour of the country bringing the challenge, invariably seeking more 'liberalization'. There has, as yet, been no decision favouring the democratic regulation of international trade.

Does Caroline Lucas feel that, in exchange, she gets any influence over the WTO?

'Well, very little. As MEPs we have few powers over trade. We can either say "yes" or "no" to an agreement. It's a blunt instrument and it's pretty unlikely that most of my colleagues are going to say "no".'

Caroline Lucas went to Seattle as part of a parliamentary delegation. In the immediate aftermath there was a strong sense that reform was necessary. For the time being, however, it seems to be stalled.

'Post-Seattle there was some genuine feeling that something had gone badly wrong: "Oh my God!

of 'regulation' and much reviled in the name of national sovereignty by the right-wing nationalist press in Britain. This has tended to endear the place to me, since the British press is in truth more preoccupied with the deregulating ambitions of its cosmopolitan, absentee media proprietors than with national sovereignty.

No, the problems with 'Brussels' are more evident in the city itself – in the unruly communities that are being flattened by monumental bureaucratic palaces mushrooming everywhere with astonishing speed. Great walls of glass and chocolate-coloured marble advance on the bedraggled remnants of an older, friendlier city. Even the public parks are occupied by the likes of Gaston, a very small but extremely aggressive dog-like creature that is taking its owners for a walk and seems intent on savaging my suit when I retreat to a bench for a few moments of reflection. Rather like Washington DC, the imperial city doesn't feel as if it belongs to the people who still live there.

Entering the monument where Anthony Gough works is rather like crossing a frontier. At the reception desk an electronic sign announces the exchange rates for the euro, the Union's brand-new single currency. I have to surrender my passport. The lift opens onto a corridor that shrinks into the distance.

Anthony Gough is a very smart, quite young Englishman who is not lacking in self-confidence. He speaks for Pascal Lamy, the Commissioner for Trade. Commissioners are very powerful

people in the EU, heading up the bureaucracy in each area of its work. Lamy and his staff are the people who do most of the negotiating with the WTO on behalf of all its members, including Britain.

I tell Anthony Gough what Caroline Lucas had to say about the EU trade agreement with Mexico. This turns out not to be a good opening move. He seems a little stunned. 'I'd love to talk to her about it,' he says eventually. He spent four years of his life negotiating this very deal. I'd hazard a guess that he thinks of it as even better than NAFTA.

'Maybe the world's trading system isn't as equitable as it might be,' he says, 'but we have found from our own experience that the way to make it more equitable is by making common rules, which favour the weak over the strong...'

So here is someone else who favours the weak over the strong. Even if the experience of Europe actually proves his point – which is questionable, to say the least – extending it so casually to the rest of the world simply won't wash. Otherwise, why not allow the free movement of workers into well-guarded Fortress Europe, rather than just the free movement of goods and services, mostly outward-bound?

'India practised a policy of autarchy for a long time,' he continues. 'Effectively what that means is that India's still in the Dark



Obsolete ambassador: India can't set conditions on foreign investment.

Room at the top

The dark blue Opel Vectra looked curiously unremarkable to journalists lining up for the pre-launch test-drive in New Delhi. More than its specifications, what will count with the increasingly choosy Indian buyer is the 'Made in Germany' tag it will carry when it eventually goes on sale. For that will be the first time in half a century that a car built entirely outside the country will be available from local showrooms.

India, as signatory to the WTO, is due to lift restrictions that have prevented global car manufacturers from exporting their wares to what is considered the last of the world's big untapped markets. When India first opened up the automotive sector in 1996, big names like Fiat, Daimler-Benz, General Motors, Ford, Toyota, Honda and Hyundai rushed in to establish joint-venture manufacturing units with Indian partners. But, in spite of making profits, they complained of a tight investment regime which carried conditions on local content and maintenance of foreign-exchange balances through exports.

Last June, the US challenged India's policy as a violation of the WTO guidelines on TRIMs. And before long the European Union followed suit. What has irked Indian officials is the eagerness with which both of them sought the intervention of the WTO. According to S Narayanan, India's ambassador to the WTO, the measures that were being challenged did not in fact

Ages for many things...

I anticipate that what I'm about to hear is all too familiar. It could well have been lifted from the pages of *The Economist*, the pro-business free-trade lobby dressed up as sharp analysis.

'We went there a few months ago and they're very worried about China. Everybody wants to put their money into China. So you say: "OK guys! How about taking your reforms a little bit further, and more quickly?"

That way you'll be able to attract more people to come here." But then the problem they have is – well, it's that they have a... democratic system. And in a democratic system you have people who say: "No! We're not opening our markets. No! We're not opening this, we're protecting that." Are they penalized slightly by that? Well, that's a moot point.'

Moot indeed. It's one thing to assert that the democratic majority, or the venal politicians who claim to represent it, are not always right. It's quite another to develop the conviction that they are invariably wrong and democracy is simply an obstacle

to globalization – particularly if you need democratic legitimacy to justify your job.

'But China,' he continues. 'You know, China is a country which has undergone many changes in the last few years... The WTO is not about political reform in China, but experience and history show that the two tend to go hand-in-hand.'

China is applying for membership of the WTO. It's a contentious issue, not least because China scarcely has the best of democratic or human-rights credentials. But then, neither does the WTO. Denying China membership for those reasons might prove a trifle... awkward. Anthony Gough, I have no doubt, is thinking of the benign impact of trade, its legendary 'opening up' of repressive societies. I'm thinking of the malign opening up that followed General Pinochet's military coup in Chile in 1973 – and the savage military dictatorships that trampled all over Latin America thereafter.

'I'm a believer in trade and investment to increase development,' he says.

I suggest to him that it is just that, a matter of belief.

'The statistics and realities are the sort of thing that make me believe it,' he says. 'I know Mexico inside out. I know enough about it to argue on this one.'

I too have looked quite hard at Mexico. I must have seen another country altogether. I head off to retrieve my passport.

In the park outside, after evading the attentions of another Gaston, I reflect on where this odyssey has taken me so far. I have reached the end of the line of such directly elected representation as I possess. It's clear to me that the nearer I am to my local community the more likely it is that my voice will be heard. The further I travel away from it – the grander the offices, the larger the salaries – the less likely this becomes; yet the more political power has accumulated.

One might ponder for ever on how to bring the money-grabbing, empire-building, unaccountable instincts of 'free' international trade under some kind of democratic control. Or one might reverse the process and conclude that trade, like democratic control, is for the most part best conducted locally. In a more restricted role, international trade might then become an agent for equitable, sustainable development, rather than its enemy. ♦

FACTFILE

INVESTMENT – INDIA

TRIMs – Trade-Related Investment Measures

WTO definition:* 'Prohibits measures, such as local-content requirements, that are inconsistent with basic provisions of GATT 1994.'

WTO explanation:* 'An indication of how closely trade is linked with investment is the fact that about one-third of the \$6.1 trillion total for world trade in goods and services in 1995 was trade within companies – for example between subsidiaries in different countries or between a subsidiary and its headquarters.'

NI assessment: Designed to prevent governments, or democratic decisions, exercising control over economic policy.

Vital statistics:

Net foreign direct investment flows 1998.

Recipient countries	\$ millions	% total	% world population
Rich (high human development)	496,203	77.9	14.8
Middle (medium human development)	136,808	22.5	25.0
Poor (low human development)	4,037	0.6	60.2

Source: Human Development Report 2000, UNDP. *From WTO website: www.wto.org

fall under TRIMs. Furthermore, he argued, transition issues were being ignored in order to accommodate automobile giants anxious to get at the Indian market.

According to India's Industry Minister Murasoli Maran: 'Third World countries are worried that what they keep out of the front door may find its way into the WTO through the back door.' He said there were many instances of WTO's dispute-settlement mechanism overstepping its mandate: 'Seattle after Seattle can only endanger the existence of the multilateral trading system itself.'

The phenomenal growth of the automobile industry in India is easily the most visible sign of a policy of liberalization begun in 1991. Till then, car buyers could choose between India's version of a 1958 British Morris Cowley, which is still rolling off assembly lines in Calcutta, and the equivalent of a 1964 Italian Fiat, production of which

was stopped last year.

The real worry for imported models like the Vectra is that they may have to contend with a glut in the market. India now has capacity to build 1.2 million cars a year. But last year only half that number were actually sold.

The sudden rush of cars has choked roads in India's crowded, poorly regulated urban centres, several of which rate among the top-ten most-polluted cities in the world.

But there is always room at the top. When Mercedes Benz launched its S320-L model last year, at around \$150,000 apiece, the buzz was that it was too expensive for a poor country. But even before the launch Mercedes had bagged orders for 84 cars – a year's production. By the end of this year names like BMW, Jaguar and Alfa Romeo will also be opening up shop in India.

Ranjit Devraj in New Delhi /InterPress Service

"We've got to do something about this!" was the refrain.

But that feeling has evaporated'

We've got to do something about this!" was the refrain. But I think that feeling has evaporated. There is no real sense of urgency.

'What's more, behind the scenes and in individual agreements, the EU is going much further than even the WTO can manage. For example, I've just been following the EU-Mexico Agreement, which is about to come to Assent in the European Parliament. I did the report for the Trade Committee on that. And it's even worse than the North American Free Trade Agreement (NAFTA). There's absolutely nothing on trade and labour. Nothing on trade and the environment. It goes far further than the WTO has ever dreamt of in terms of services and intellectual property rights. I mean it is a *hideous* and *horrendous* document.'

This is the first time in 20 years I've been in Brussels – the metropolis

The WTO is driven by a mission to 'liberalize' world trade and 'open' every country to its balm. This is supposed to be good for everyone. In practice it has proved very much better for some than for others, and no good at all for most of the world's people. The more world trade grows the wider becomes the yawning gulf between rich and poor, both within and between countries.

Specifications:

Location: Geneva, Switzerland

Established: 1 January 1995

Created by: Uruguay Round negotiations (1986-94)

Budget: \$83 million

Secretariat staff: 500

Head: Mike Moore (Director-General)

Membership: 140 countries (as of 30 November 2000)

[Countries applying for membership: Algeria, Andorra, Armenia, Azerbaijan, Belarus, Bhutan, Bosnia Herzegovina, Cambodia, Cape Verde, China, Kazakhstan, Laos, Lebanon, Macedonia, Moldova, Nepal, Russian Federation, Samoa, Saudi Arabia, Seychelles, Sudan, Chinese Taipei, Tonga, Ukraine, Uzbekistan, Vanuatu, Vietnam, Yemen, Federal Republic of Yugoslavia.]

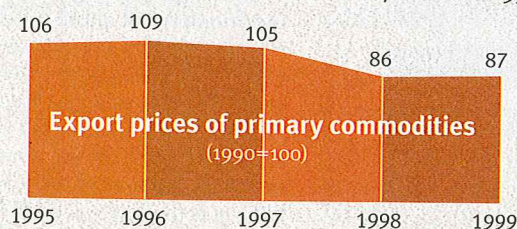
Functions:

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Co-operation with other international organizations

WTO the facts

Terrible terms

Many of the world's poorest economies have been forced to export more and more basic, 'primary' commodities – like metal ores or coffee and foodstuffs – by the 'structural adjustment' policies of the World Bank and the International Monetary Fund. Markets for these primary exports have been glutted. As a result, the price of these commodities has fallen, while the price of the things they import – mostly from rich countries – has risen. Their 'terms of trade' are said to have deteriorated – and with them the income of the poorest people in the world. This is a long-term trend which has continued since the WTO was founded in 1995.⁵

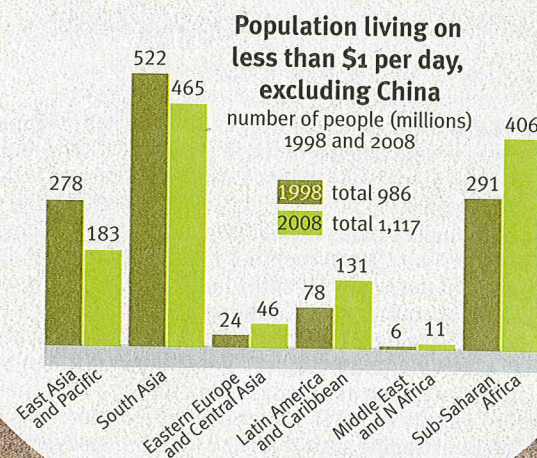


'The average American in 1985 made over 30% more than the average German, 40% more than the average Japanese, nearly 50% more than the average citizen of the United Kingdom, and 5,500% more than the average Ethiopian... These gaps defy the imagination... and will double in a century-and-a-half at the current trend.'

World Trade Organization study, *Trade, Income Disparity and Poverty*, 1999

Business as usual

Without radical change, the number of people living in absolute poverty in many parts of the world will almost double by 2008. These figures come from a study commissioned by the WTO itself.² At least twice as many people in the world live in absolute poverty as live in all the rich countries put together.



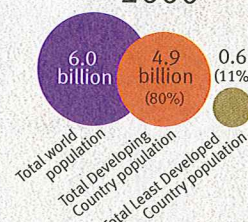
¹ Secretary-General's report to the UN Preparatory Committee on Financing for Development, January 2001. ² *State of World Population 2000*, UNFPA. ³ *Trade, Income Disparity and Poverty*, WTO Study. ⁴ John Madeley, *Trade and the Poor*, Intermediate Technology, 1996 quoting OECD figures. ⁵ *International Trade Statistics 2000*, WTO.

People-unfriendly

World trade has been expanding fast for rich countries. But the share of developing countries who represent most of the world's population is going down – and even the cash value of their exports has hardly increased at all.¹



people 2000



Winners and losers

The rewards of liberalizing world trade are grotesquely skewed towards the rich. High-income countries expect to gain more than twice as much as the rest of the world, while Africa actually loses.⁴ Trade barriers in the North cost the economies of the South an estimated \$100 billion a year – at least double the amount of development aid.⁵



'Global inequalities increased in the 20th century by orders of magnitude out of all proportion to anything experienced before.'

UNDP, *Human Development Report 2000*



Mario, Moore, Rockwell and me

So this is it – the headquarters of the WTO in Geneva, where the deals are being done. But there's not much sign of life...

THE GNOMES OF UNSCRUPULOUS banking have been confined to Zurich, the unsightly scars of industry banished to Basle. So Switzerland, the country that made its fortune from neutrality in war, can afford to set Geneva aside for peace, with a convention on the humanitarian rules of war named after it.

The WTO believes that it too brings peace to the world. I doubt whether it feels at all out of place on the shores of Lake Geneva, overlooked by the huge Palais des Nations of the UN, from which it conspicuously stands apart. And the setting for its own headquarters is fantastic; in a public park – a trifle inconvenient for 'security' – with a quaint little kindergarten to one side, a vista of snow-capped Alps to the other.

My arrival coincides with a routine meeting of the WTO's General Council: hand-picked delegates from its member states. I expect to find a bustle of traders urgently engaged on the 'reforms' I've been hearing so much about. But there's no-one in sight, just a thicket of Mercedes and BMWs with diplomatic plates.

The meeting is already underway in a mirror-clad bunker you enter across a drawbridge over a moat that might well be infested with piranha. Mario, the menacing and totally bald security boss, looks at my visitor's pass with contempt. It's no good. I have to return to the Press Office and find another kind of pass, in exchange for my passport.

Once inside, I can glimpse the conference through a door. A lone figure hovers outside it with a

notepad. He's only interested in Yugoslavia, which is trying to join the WTO. He says there's no-one else from the press here. You can't get into the conference hall or listen to what's going on. This is private business. There's not much point in hanging around.

I retreat to the cafeteria to contemplate my next move. From time to time little bunches of delegates break out of the conference for a smoke. They all wear suits, speak English and are male. Evidently, they don't expect to encounter anyone but each other. The smokers are joined by other delegates, in search of fresh air no doubt.

One comes and sits quite close to me. I introduce myself. Mr M Supperamian, Ambassador to the Permanent Mission of Malaysia to the WTO, apologizes – he does not feel very well. I ask him how he thinks things are going. As well as can be expected, he says. How well is that? Well, not very well at all, as a matter of fact. There's absolutely no sign of change from the 'big players'. He heads back a little unsteadily towards the conference hall.

Retselisitsoe Victor Lechesa is Ambassador of the Kingdom of Lesotho to Belgium, the Netherlands, Luxembourg, Switzerland, the European Union, the World Trade Organization and the United Nations. How are things going for him? Well, he's sorry, but he can't be too sure. It's impossible for him to keep track of the WTO as much as he would like. But no, he wouldn't say countries like his are being consulted much more than before.

There's someone else I've seen, too. Not long ago the *NI* published a 'Worldbeater' featuring – in a rather less than flattering light – the Director General of the WTO, former New Zealand Prime Minister Mike Moore. So I know what he looks like. He doesn't look very well either. There are dark patches under his eyes.

The cafeteria empties and I'm left almost alone. Then Mike Moore comes out again. He must be a heavy smoker. My requests for an interview with him have met with no response, so I impel myself towards him, ready to duck, with my hand held out. He shakes it as if by instinct and tries to centre his gravity. He says he used to be a subscriber to *New Internationalist* before it got a bit... strange.

I ask him how things are going. Oh, well enough, he says. Only there's no bloody security! And he's only got half a person to deal with non-governmental organizations, when others have got about 80. The trouble is, he says, that NGOs are throwing bricks at the WTO when they don't

Consensus:
Almost everyone agrees without actually saying so.



Almost no-one agrees but dare not say so.

understand it. They're not the only ones, I say. Do I realize, he says, that agricultural subsidies in the rich OECD countries are larger than the entire Gross Domestic Product of Africa? Well, yes I do as a matter of fact – though that may say more about the impoverishment of Africa by free trade than the wealth of subsidies in OECD countries that advocate free trade. He stubs out his cigarette and I

thank him for his time.

I abandon the conference centre and go in search of the chief spokesperson for the WTO, Keith Rockwell. His enormous office overlooks Lake Geneva. He is an ebullient North American. I sense that talking to me is a bit of a chore for him.

The WTO is, he says, 'a place where disputes can be settled in a relatively, er, er...'

'Amicable?' I suggest.

'Generally amicable? Well, I'm

searching for the right word... It's a generally... *civilized* way of settling disputes. We do have our bananas and beef and things like this. Remember, in the old days you had people going to war over disputes over trade. I mean, basically, going to war!'

I ask him how the WTO works.

'Well,' he says, 'in fits and starts. I would say that at the moment we are in a...'

'Fit?'

'The normal work of the organization is ticking over. You aren't seeing

FACTFILE PATENTS – SOUTH AFRICA

TRIPs – Trade-Related Intellectual Property Rights

TRIPPING up the poor

Cut from the negotiating rooms of the World Trade Organization – even from the streets of protest in Seattle – to a balmy summer evening in Pretoria, where activists stick rude posters of local Glaxo Smith Kline chief John Kearney onto boards. Members of the Treatment Action Campaign (TAC) and the Congress of South African Trade Unions are preparing to do battle with 42 transnational pharmaceutical companies.

These companies are taking the South African Government to court to prevent it passing a decent law. The Medicines and Related Substances Act would set up a legal framework for parallel imports of patented medicines from countries where these are sold more cheaply. It will also provide for the mass use of generic drugs and establish some measure of price controls to ensure that they are not beyond the reach of most people. It would give government a legal means of opting out of TRIPs by providing for waivers when

there is a national emergency.

Of course, if South Africa passed the law it might be copied by other developing countries. Hence the unprecedented class action by the phalanx of transnational corporations.

Ultra-cool Pholokgolo Ramothwala is the 22-year-old co-ordinator for TAC. In a cutting-edge orange shirt with grey cargo pants, he's HIV-positive, the most stylish activist around and directing where and how posters are put up.

He is a symbol of a South African nightmare in the making: and with half the population aged under 18 years old, Aids threatens to snuff out a generation. But Pholokgolo's still healthy. Eight months after hiding his status and living the life of a recluse, he met TAC leader Zachie Achmat and quickly learned that his future was bleak. Even on medical aid, he wouldn't be able to afford the drugs that would allow him to see in his thirties.

'The blood tests and viral-load counts alone cost more than \$100 every time,' he says. 'Then I have to do CD4 counts and buy all my vitamins.'

It would cost him between \$450 and \$580 a month to go on the triple cocktails that have downgraded Aids from a terminal to a manageable disease in the developed world. Pholokgolo earns \$500 a month – and is deemed upper-middle class.

Every day, he says, people die around him because they cannot get the drugs they need to keep them alive. He was part of a TAC defiance campaign that brought in generic drugs to treat early Aids-related diseases. The activists distributed the drugs to those hospitals that were willing to dispense them and he uses these networks to help those he counsels.

'Three weeks ago a guy came to me. He had thrush. I got Biozol for him and now he's fine.' Not so lucky was the man from Mozambique. Pholokgolo tried for three days to get him the same drug. The man died on the fourth day.

When court day arrives, Sindiswa Godwana confidently takes her seat. The 31-year-old woman wears

a purple T-shirt, like the protesters who fill the court. It declares her status: HIV-positive and coping. A picture of empowerment and health, she had earlier led the march, lustily singing her message of access to drugs before profits.

She's a far cry from the young woman who, in October 1999, walked into the wooden house in Filipi, Cape Town, sat down and sobbed. Two days earlier, Sindiswa's 34-year-old boyfriend had come home bewildered by the revelation that he had *mpembekulu* – Xhosa for 'the big thing', and a term that has come to signify Aids in a country where the dread disease is spoken about only in whispers. 'I empowered him and told him that HIV wasn't a death sentence,' says Sindiswa Godwana.

At a support group at the Conradie Hospital, where her own status had first been revealed, Sindiswa found some solace. Conradie doesn't provide anti-retroviral drugs, but support workers have taught her how to prevent illness.

'Ginger is excellent for flu. Garlic strengthens the immune system,' she says. She reels off the prices and names of tongue-twister patent drugs and their generics. 'Diflucan's very expensive and flucanazol is cheap. If you've got thrush, these drugs can help.'

She reels off, too, the names of friends who have died of Aids because they couldn't afford the drugs. 'Christopher Moraka died of thrush and cryptococcal meningitis. What he needed was flucanazol and AZT,' says Sindiswa about her friend, another young activist who succumbed last year.

The debate on patent protection, exemplified by TRIPs, has been dragged from Geneva to the streets of South Africa. Aids has brought the arguments into sharp focus, simplifying the language, stripping it of the legal jargon that can so often provide legitimacy. Plainly, it's a matter of life and death now.

Across from where Sindiswa sits in court, sit the owners of a remedy who say she may not have it because she cannot pay for it.

Ferial Haffajee in Pretoria / InterPress Service

WTO definition: 'Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.'

WTO explanation: 'Creators can be given the right to prevent others from using their inventions, designs or other creations. For example books, paintings and films come under copyright; inventions can be patented; brandnames and product logos can be registered as trademarks.'

NI assessment: Protecting the interests of big biotechnology, pharmaceutical, computer software and other businesses and imposing the cost of policing on cash-strapped governments, while slowing down or preventing altogether the transfer of useful technology.

Vital statistics:

Origin of biotechnology patents 1990-95

Country of origin	Total per country
US	5,775
Japan	5,706
EPO (European Patent Office) countries	2,903
Rest of Europe	268
Australia	181
China	173
Republic of Korea	119
Canada	94
Israel	70
Others	103

* From the WTO website: www.wto.org

Source: Carlos M Correa, *Intellectual Property Rights, the WTO and Developing Countries*, Zed Books, London, 2000.

Ultra-cool:
Pholokgolo
Ramothwala at
the cutting edge
in Pretoria.

President Mbeki,
AZT/Nevirapine
for pregnant
women with HIV

any frantic bursts of activity. The work is often methodical, because decisions are made by consensus. You need to find some solution to which all parties can agree, or at least none will disagree.'

Does that mean the WTO never actually votes?

'We have voted on a couple of things...' he says. 'I mean, there was discussion about having a vote with respect to the last process of appointing the Director General.'

Mike Moore? There was a split? 'It was split, but nobody really wanted that. You can imagine, people coming here and saying: "Well, you're not my DG! I didn't vote for you!" We really don't want that. We want this place to be as, er... businesslike, as orderly, as it can be...'

Is the WTO, then, a democratic organization?

'Well, every decision is taken by governments on the basis of consensus. If you're talking about rules which are binding, those rules must be ratified by parliaments and congresses. The rules of this organization are inscribed in domestic law in the national governments of our member states. I don't know how you get much more democratic than that!'

I say that not many people back home seem to be aware of this.

'I know,' sighs Keith Rockwell. 'Well, we say this until we're blue in the face. Some people choose not to listen, frankly... There are those who think that if this organization had open meetings that a lot of these problems would go away. But before I segue into that, let me tell you something else.'

Whatever it is, it's obviously bugging him.

'I mean I, for example,' he says, 'was accused by a member of the British Parliament of being on the take!'

'Good heavens!' I say.

'She asked me: "How do I know that you're not pocketing money from powerful financial institutions to rig the rules of the game in favour of powerful multinational corporations?"'

'So I took her... with me... not by the ear as I would have liked, but out the door. And I said: "Come with me!" I took her into what I believe was the Dispute Settlement Body and said: "Here, look around!" I said: "That man over there is the Ambassador of the European Union. That woman there is the Ambassador of the United States of America. Here is the Ambassador of Japan. Do you actually think that I, as a member of this Secretariat, have any influence over what they do?" I

mean, I have no influence at all!'

Why in the hell is he telling me all this? Other than the fact that I'm British, I have absolutely no idea – though I would dearly love to know.

'Now, whether these institutions have any influence over governments is another matter,' he continues, 'and of course they do. But so too do environmentalists. So too do labour unions. So do human-rights activists. It comes down at the end of the day to governments, which are imperfect and perhaps not in all cases as representative as everyone would like. But... *c'est la vie!*'

Well, he's being a bit disingenuous

here. In one famous case, the WTO ruled against measures taken by the US Government to prevent dolphins being caught in tuna fisheries. Trade rules prohibit any consideration of 'process' – how things are made. The potential for conflict with international agreements on the environment and human rights is huge and remains to be resolved.

I recount to him my briefing from the official at the Department of Trade and Industry in London and

FACTFILE FOOD - KENYA

The Agriculture Agreement

Export or die: hungry children pick coffee in Kenya.



RON GILLING / STILL PICTURES

Where there are no subsidies

They wake with the first grey light of dawn. It's a ten-kilometre trek to the coffee plantations and competition for work at the farm is high. If they fail to report by 7.00am, the farm supervisors will turn them away.

Mary Njoroge, 12, started working as a coffee picker when she was just nine. She is one of hundreds of child labourers in the Mount Kenya region. Some are orphans. Most were pushed into the labour market by their desperate parents. Mary was forced into coffee picking in the plantations on the outskirts of Nyeri town. She is one of the lucky ones. She goes to school and only works in the holidays and at weekends.

Working alongside her is 13-year-old Dominic Ruheni. He works full-time. Dominic's father, a watchman at the local shopping centre, urged him to join other children in the plantations. 'We had to get something to eat,' says Dominic. So he quit school.

The children work, barefoot under the hot sun, until 4.00pm. 'The supervisors are very harsh to us,' says Mary. 'Occasionally they thrash us when we drop berries while picking coffee. There is no mercy.'

The children say they do not have time to

stop and eat. 'I only have one meal a day and that's dinner at home,' says Dominic.

Some food is available, but Mary says she cannot afford to buy it. 'If you have money, you can buy bread and squash from the vendors during the lunch hour. But money is the problem and that's why we are here,' she says.

At 4.00pm the supervisors weigh each child's pickings. For each 20-litre container the children receive about \$0.50. With just over an hour's daylight left, the exhausted children trek back home. It is already dark by the time they arrive.

'I usually surrender the whole pay packet to my mother. It's a pity that she takes everything, leaving me with nothing. But I don't complain. She's my mother,' says Mary. 'I sympathize with her when I see her struggling to get food for the family.'

Some four million Kenyan children endure this exploitation. An estimated 40 per cent of 6 to 16 year-olds are in paid employment. Many work in coffee, tea, pineapple, sugarcane and sisal plantations. While these food stuffs are being shipped out of the country, four million Kenyans are facing starvation.

Katy Salmon in Nairobi / InterPress Service

his explanation for the absence of any hard evidence about the performance of the WTO so far. I say I wasn't unduly impressed by what he had to say.

'Well, I can see why you would feel that way,' says Keith Rockwell. 'And it's true. It's extremely difficult to say. You *can* say, I think, without any qualification, in a general way, that because the rules of the WTO were in place the Asia crisis of 1997 and 1998 was much less devastating than it might have been... We have quite a good example of a financial crisis that became a full-blown economic crisis in 1929...'

I can endure it no longer. Surely, I say, the argument isn't about what happened during the Wall Street Crash, the Great Depression and protectionism in the 1930s – it's about who or what gets protected now. Isn't that so?

'Well, there you go,' he says.

Using the 1930s in this way rather short-circuits debate, doesn't he think?

'You haven't watched the United States Congress in action, have you! Watch them!'

So the 'protectionists' aren't out there on the streets of Seattle or Prague – they're in the US Congress?

'Those countries that liberalize...' he persists, after a slight pause. 'And there are numerous studies... There's the famous Sachs and Warner study, there's the famous World Bank study of a year-and-a-half ago...'

At this point the interview degenerates. I produce the WTO's own study, *Trade, Income Disparity and Poverty*, which features prominently on the WTO's own website (www.wto.org). This shows, Keith Rockwell is willing to concede, that no-one has the faintest idea what world trade is supposed to do to income disparity and poverty.

'This study is not the study I'm speaking of,' he counters. 'To be very frank with you, since we don't have the kind of economic firepower of the World Bank, we cannot engage in as much new research as they can. Frankly, I prefer not to comment on this study, because it's not a study which... Frankly, our economists are not really... We have six economists. I would not measure them by the World Bank.'

It's not often that you hear a spokesperson disparaging his own report. I am astonished.

'I mean, this much is for sure,' he continues. 'No country has ever been able to climb out of poverty through a system of protectionism. It hasn't happened.'

Places like Japan, South Korea and Taiwan in the years before 1970 – and even Britain and the US while they were establishing their respective empires – spring to mind. But I sense there isn't much to be gained from saying so out loud. I say he has a point, but only one.

Does he expect a new 'round' to be launched at the WTO's next Ministerial meeting in Qatar this November?

'Virtually all the members have said at one time or another that they would like to see a new round,' he says. 'The difference is, some want some things in and some want other things out... This place shuts down in August and people don't really come back until the middle of September... Even if we don't get a new round, there are plenty of other things for us to do.'

Our time is up, the sun is shining, there is lunch to be had. I wander off towards the lake. I see two men walking slowly, deep in conversation. One is tall, excessively elegant, wearing a long, graceful raincoat. The other is in a grey suit, short, a bit squat, bald... Well, if it isn't Mike Moore! They disappear through the trees. Further along the lakeside is an expensive restaurant – the Orangerie. It might just be worth taking a look... And there, sure enough, is Mike Moore at the plate-glass picture window, seemingly fearless of bricks, surrounded by pokerfaced chums, tucking into a lavish lunch. He's still there at two-thirty.

No sign of life back at the General Council. At the front gate Mario must have called in a squad of Swiss police officers who are hurriedly bolting down crowd-control barriers. A security alert, a wake-up call of some sort? But there are no anti-globalization trolls in sight. It can't possibly have been me! Just another little fit at the WTO, no doubt. ♦

WTO definition: * 'Includes specific commitments by WTO member governments to improve market access and reduce trade-distorting subsidies.'

WTO explanation: * 'The original GATT did apply to agricultural trade, but it contained loopholes. For example, it allowed countries to use some non-tariff measures such as import quotas, and to subsidize.'

NI assessment: The worst rip-off of the lot, affecting a vast number of poor people and small farmers around the world. Poor countries are not permitted – and have no resources – to support small farmers but must be open to subsidized imports. Rich countries – and particularly the European Union – continue to subsidize farmers and exports while restricting imports. Governments have an inescapable responsibility for domestic 'food security'. Subsidized food exports are quite another matter. 'Free' trade promotes food insecurity in hungry countries, which often have nothing other than agricultural commodities to export to rich countries.

Vital statistic:

Regional shares in world trade in food, 1999



* From the WTO website: www.wto.org

Source: World Trade Statistics 2000, WTO



Out to lunch: Mike Moore (right) and chum head for the Orangerie.

DAVID RANSOM

Shrink it or sink it

The Turn-Around Agenda

We believe it is essential to change course and develop an alternative, humane, democratically accountable and sustainable system of commerce that benefits all. This process entails rolling back the power and authority of the World Trade Organization (WTO).

The GATT Uruguay Round Agreements and the establishment of the WTO were proclaimed as a means of enhancing the creation of global wealth and prosperity and promoting the well-being of all people in all member states. In reality the WTO has contributed to the concentration of wealth in the hands of the rich few; increasing poverty for the majority of the world's peoples, especially in Third World countries; and unsustainable patterns of production and consumption.

WTO Hands Off: Protect Basic Social Rights and Needs

It is inappropriate and unacceptable for social rights and basic needs to be constrained by WTO rules. Thus WTO Agreements must not apply to issues critical to human or planetary welfare, such as food and water, basic social services, health and safety, and animal protection. Inappropriate encroachment by trade rules in such areas has already resulted in campaigns on genetically modified organisms, old-growth forests, domestically prohibited goods and predatory tobacco marketing.

No Patents on Life

The patenting of life forms must be prohibited in all national and international regimes.

No

Democratize Decision-Making

People must have the right to self-determination and the right to know and decide on international commercial commitments. Among other things, this requires that decision-making processes in negotiations and enforcement at international commercial bodies be democratic, transparent and inclusive. The WTO operates in a secretive, exclusionary manner that shuts out most Third World country Members and the public. It is dominated by a few powerful governments acting on behalf of their corporate elites.

No Investment Liberalization

The WTO Trade Related Investment Measures (TRIMs) Agreement must be eliminated. All countries and especially Third World countries must have the right to use policy options (such as local content policy) to increase the capacity of their own productive sectors, especially small and medium enterprises. Obviously, the TRIMs review must not be used to extend the investment issue in WTO.

Fair Trade: Special and Differential Treatment

Special and differential rights for Third World countries must be recognized, expanded, and operationalized in the world trading system. This is to take into account the weak position of Third World countries in the international trading system. Without the enforcement of special and differential rights, there can be no possibility of Third World countries benefiting from world trade.

fair

Food is a Basic Human Right

Measures taken to promote and protect food security and sovereignty, subsistence farming, humane farming practices and sustainable agriculture must be exempt from international free trade rules. There must be a prohibition on export subsidies and other forms of dumping of agricultural products, especially on Third World countries. The trading system must not undermine the livelihood of peasants, small farmers, artisanal fishers and indigenous peoples.

right

It's time to

turn trade around!

Conclusions and Consequences

We are committed to a sustainable, socially just and democratically accountable trade system. Thus, as a first step, we demand that our governments implement the changes listed in this document. We commit ourselves to mobilize people within our countries to fight for these demands and to defy the unjust policies of the WTO. We will also support other people and countries who do so with international solidarity campaigns.

We pledge to carry the Spirit of Seattle around the world.

Signed by over 1,000 organizations in almost every country. More are signing day by day.

How an organization can sign the letter:

This is an organizational sign-on letter only. We will not be adding individuals to it.

Send an e-mail to mstrand@citizen.org

In the subject line type in 'Shrink or Sink signatory'

In the body of the e-mail list the organization and country (contact information such as address, phone & fax is also appreciated) that you are signing on. Those who wish should also mention how many people the organization represents.

Listserver

www.citizen.org/pctrade/gattwto/ShrinkSink/shrinksink.htm

Sign on to a similar statement against GATS:
www.tradewatch.org/GATS/GATSignon.htm

Take TRIPs Out: Restore National Patent Protection Systems

We demand the removal of the Trade Related Intellectual Property Rights Agreement (TRIPs) from the WTO. There is no basis for inclusion of intellectual property claims in a trade agreement. Additionally, the TRIPs agreement promotes monopoly by transnational corporations; prevents access to essential medicines and other goods; leads to private appropriation of knowledge and life forms; undermines biodiversity; and keeps poorer countries from increasing their levels of social and economic welfare and developing their technological capacity.

Out

Prioritize Agreements on Social Rights and the Environment

Actions taken to implement multilateral agreements dealing with the environment, health, development, human rights, safety, indigenous peoples' rights, food security, women's rights, workers' rights and animal welfare cannot be challenged at or undermined by the WTO.

social

No WTO Expansion

We reiterate our opposition to continued attempts to launch a new round or expand the WTO by bringing in new issues such as investment, competition, government procurement, biotechnology and accelerated tariff liberalization.

no

Gut GATS: Protect Basic Social Services

In particular, areas such as health, education, energy and other basic human services must not be subject to international free trade rules. In the WTO General Agreement on Services (GATS), the principle of 'progressive liberalization' and the implications of foreign investment in service sectors has already led to severe problems.

Cut

Dispute the System

The WTO dispute settlement system is unacceptable. It enforces an illegitimate system of unfair rules and operates with undemocratic procedures. It also usurps the rule-making and legislative role of sovereign nations and local governments.

dispute

IF THE WTO REALLY IS SUCH A BAD deal then why, you may well ask, do so many countries feel they have no choice but to belong?

I ask Murray Gibbs. Another North American, he speaks for the UN Conference on Trade and Development (UNCTAD). He says his boss, Secretary-General Rubens Ricupero, has been off in the Yemen telling Arab states that anyone who stays out of the WTO will be left on the sidelines and no-one will listen to them. The evidence suggests that no-one will listen to them once they get in, either. The incentives seem entirely negative.

But, over the years, I guess Murray Gibbs must have pretty much seen it all – and it shows in an alert expression that has escaped the stony glaze of the typical trade negotiator. His office overlooks the WTO building from the Palais des Nations of the UN. I very much doubt whether I'd be able to engage in the freewheeling conversation I have with Murray Gibbs down the hill at the WTO. I tell him so.

'Don't be silly!' he scolds. 'Of course you couldn't! They have to

'There is a feeling that their interests should not be subordinated to some overall ideology'

toe the line. It's not because they're cowards or anything. It's because every time they say something out of line somebody slaps them on the wrist for it. For some of them, of course, after years and years, it becomes a natural reaction. There have been many cases, particularly under the last Director General, where he was told by major countries that he'd better keep his people in line, you know. He was having people coming out with opinions that the United States in particular told him they didn't like at all.'

Then he makes what sounds to me rather like an admission. 'I think nobody had any idea where the Uruguay Round was headed, you know. There wasn't some great conspiracy. There were just all kinds of pressures. I mean, everybody has to look after themselves... The pharmaceutical companies, American Express, they know what's going on. No-one has to tell them. They tell governments what's going on! So they can protect their interests, and they take the initiative. It's just normal.'

So how about putting the WTO

A world turned upside down

David Ransom talks to seasoned observers about what to do with the WTO – and how to set the world the right way up again.

out of its misery?

'Come on!' he says. 'That's not really constructive... That's just ostrich mentality!'

He's exasperated. He has devoted a great deal of energy to a 'Positive Agenda'; 200-plus proposals that, with the help of UNCTAD, were put on the WTO's table by developing countries before Seattle – and are still there gathering dust now.

'These countries are starting to get their act together,' he says. 'They're starting to realize. They're making proposals. They're not going to give up so easily.'

I ask Murray Gibbs what he thinks of the 'Shrink It or Sink It' agenda.

'I don't think they're going to sink it,' he says.

A surfeit of realism or a failure of the imagination?

'But what would be the alternative?' he asks. 'Some kind of chaos and anarchy?'

Maybe something a good deal better, I suggest. Perhaps, I add – only partly in jest – UNCTAD should take over from the WTO?

'We don't want it!' he exclaims with alarm.

A young woman, Ms Shirotori, has joined us hotfoot from the negotiations on the Agreement on Agriculture. They are reaching a critical stage. There is, she says, very little left for smaller countries to negotiate with. 'They already liberalized most of their rules and protection in the agricultural sector because of structural adjustment. Since they didn't have the money or the possibility of domestic support, there was nothing left for them to claim they wanted to retain. They should have the right to raise tariffs, like developed countries already have.'

Ms Shirotori has other worries. 'We informally deal with a lot of delegates from developing countries,' she says.

'Especially African countries. There are 2,000 trade-related meetings every year – and only two people to attend them from these African countries!'

'If there is one thing that is really reprehensible,' intervenes Murray Gibbs, 'it's the attitude taken by some that you can't reopen agreements. The whole GATT process since 1947 has been a continual process of renegotiation...'

'I don't know whether I should say this or not, but... There is a feeling in many countries that their interests should not be subordinated to some overall ideology... The worst situation is in the countries that are acceding to the WTO. We see very extraordinary things, really disturbing. Some countries are asked to make many more commitments than existing members are. They're being pushed to liberalize to the maximum.'

He cites the example of Vanuatu,

Liberalization:
The progressive elimination of trade barriers.

The relentless imposition of a single ideology.



which was negotiating to join the WTO but kept being pushed to make more concessions – particularly on subsidized agriculture and import controls – until it finally suspended negotiations. 'There's no point in talking about "transition" for small-island economies,' says Murray Gibbs. 'They are different. They're always going to be small-island economies.'

This doesn't sound to me very much like what Rubens Ricupero told Arab countries in the Yemen. Nonetheless, I feel I've got a little closer to the truth with Murray Gibbs. For all its faults the UN still employs people who evidently feel free to speak their minds.

Martin Khor, on the other hand, has been 'speaking truth to power' all his life. As Director of the Third World Network in Penang, Malaysia, he has become one of the key architects of a distinctively Southern

viewpoint on global issues. I get to talk to him as he passes through London. He has the relaxed manner of someone at ease with himself – rather than with prevailing orthodoxy.

'The WTO today is less than a multilateral trading system and it is also more than a multilateral trading system – and that is its problem,' he says.

'It is less than a multilateral trading system because there are many big chunks of international trade that don't come under the WTO. For example, commodity prices. To a normal developing country that is often the number-one trade issue. And you know what has happened. Commodity prices have collapsed. The rich countries have grown rich at the expense of the poor...'

'On the other hand, the WTO is more than a multilateral trading system. It has accumulated issues that are non-trade and not in its mandate. An example – the prime example – is TRIPs. This is not a liberalization device, it's a protectionist device...'

'Why is this happening? One reason is that the WTO has an enforcement mechanism. That's why they have chosen it as the vehicle. In fact, I heard this from a European Commission official: "The WTO is now our vehicle of choice for global economic governance." They want to extend the principles that originally applied to cross-border trade in goods to services, then to intellectual property, then to competition policy, then to everything.'

'The founding Charter of the International Trade Organization had broader basic principles. But then they ditched the commodity agreements. They ditched the technology-transfer code. They ditched the code on restrictive business practice. They ditched the code of conduct for transnational corporations and the UN Centre on Transnational Corporations. The Uruguay Round was the Empire striking back against all these attempts to regulate.'

Looking at this bleak history it's hard not to concede what the liberalizers expect us to believe – that the tide of history flows in their direction. But tides, remember, always reverse their flow.

'We at Third World Network turn the whole thing upside down,' continues Martin Khor. 'Instead of "trade-distorting" we say "development-distorting"... We want to examine all the existing agreements under a new principle called "Development and Equity". That should be the operational principle

of the WTO – sustainable development. Actually, if you look at its constitution, its objective is "sustainable development" – not trade liberalization, which is only a means.'

So here we are again – in a world turned upside down, not by the likes of Martin Khor, but by the 'neoliberal project' in which the WTO has become a key player. In such a world, what appears at first glance to be floating may in reality be sinking – and dragging the rest of us down with it.

'I think Seattle was a real watershed,' says Martin Khor. 'It raised the awareness of the world. Before that, people didn't even know what the WTO was – maybe they thought it was the World Tourism Organization or something. And developing countries began to stand up for themselves. As the chairman of the G77 group of developing countries, Clement Rohee, described it at Seattle: "We want to review, repair and reform the WTO."'

'Now, more than a year after those talks, the situation has got even worse. There is still no progress on the reform agenda... A lot of what has to be done is in the North, by groups like the World Development



Martin Khor: speaking truth to power, not parroting platitudes.

Movement (WDM) talking to their governments and expressing their outrage. In the developing world our whole future is at stake.'

Barry Coates, Director of WDM, adds this: 'The WTO is increasingly intruding into people's lives, no matter who they are or where they live. There should be a set of strong rules to protect the interests of the weak against exploitation by the powerful. These rules should encourage democracies at all levels to prioritize their social aims above the interests of transnational companies. If the WTO cannot be reformed so that it agrees new rules and administers some of them as part of an overall framework, we need a new organization that can.'

The problem is not the absence of alternatives. First, there has to be an



NICK COBBING / STILL PICTURES

assessment of the human-development and environmental impact of the WTO. Informed by this, its members will be better placed to reach democratic decisions and make international trade serve humanity rather than vice versa. Meanwhile, the WTO must shrink, divest itself of 'trade related' issues like services, patents and investment, open itself up to democratic control and close itself off from corporate manipulation. Then, perhaps, there may be scope for a renewed 'development' round of trade negotiations. Otherwise the WTO is going to sink in any event. It now faces, for the first time in its brief history, the real

prospect of a 'downturn' in the US economy and the world recession that would then be imposed on the rest of us.

No, the real problem is the narrowness of orthodoxy; the breadth and brute force of the WTO's imperial ambition. Despite its claim to democratic credentials, in practice the WTO functions like the corporations it apes. So in November it makes off to Qatar for another 'full board' meeting – the first since Seattle – another off-shore power-laundering exercise of the kind so beloved of corporate strategists. There will be, it now seems certain, nothing whatever to show for all its

protestations of reform.

Environmental collapse and deepening inequity are a visible, tangible, audible calamity everywhere on earth. The liberalization of world trade is the most active agent in this calamity. No amount of camouflage can conceal its responsibility. An undemocratic WTO is blinkered against its own responsibility and lacks the ability to make the radical changes so urgently required. Shrink or sink – it will have to be one or the other. You can have free trade, or you can have freedom. You can't have both. ♦

THE TRAMP SHIP

INSTRUCTIONS

- 1 Await announcement: 'Abandon ship!'
- 2 If none forthcoming, allow officers to go down with the ship
- 3 Do not panic – do not cry 'Anarchy and chaos!'
- 4 Activate beacon, which will contact the following organizations:

AOTEAROA/NEW ZEALAND:

Gatt Watchdog, PO Box 2450, Christchurch; Tel: +64 3 381 2951; E-mail: notoapac@clear.net.nz; Website: www.apec.gen.nz

AUSTRALIA: AFTINET, Public

Interest Advisory Centre, Level 1, 46-48 York Street, Sydney 2000; Tel: +61 2 9299 7833; E-mail: pranald@piac.asn.au; Website: www.aftinet.org.au

BRITAIN: World Development

Movement (WDM), 25 Beehive Place, London SW9 7QR; Tel: +44 20 7737 6215; E-mail: wdm@wdm.org.uk; Website: www.wdm.org.uk

CANADA: Council of Canadians,

904-251 Laurier St West, Ottawa, Ont K1P 5J6; Tel: +1 613 233 2773; Website: www.canadians.org

IRELAND: Comhlámh, 10 Upper

Camden Street, Dublin 2; Tel: +353 (0)1 478 3490; Email: comhlamh@iol.ie; Website: www.comhlamh.org

US: Public Citizen, 1600 20th Street, NW, Washington DC 20009; Tel: +1 202 588 1000; Website: www.citizen.org

WORLD: Third World Network, 228 Macalister Road, 10400, Penang, Malaysia; Tel: +60 4 2266728 / 2266159; E-mail: tw@igc.apc.org; Website: www.twinside.org.sg

WARNING: Will not improve buoyancy of unseaworthy vessel

WARNING: Unsuitable for passengers in suits

WTO