
The WTO and Invisible Government

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Economic globalization has been fundamentally redesigning and centralizing the world's political and economic arrangements in a way unsurpassed since the Industrial Revolution. It seeks to integrate the economic activity of all countries within a single, homogenized development model. Countries with cultures as varied as those of India, Sweden, Thailand, Brazil, France, or Bhutan are all meant to adopt the same tastes, values, and lifestyles, and to be served by the same films, television, clothing chains, global corporations, and fast-food restaurants. The homogeneous model, enshrined by free trade, serves the largest corporations, allowing them to expand into new markets with little or no adaptation to differing cultures or tastes, or to the larger political or ethical considerations of self-determination in either work or governance.

The World Trade Organization (WTO) serves as globalization's primary rule-making and governing regime. The WTO enshrines free trade as the organizing principle of the global trading system. Other international institutions and agreements such as the International Monetary Fund, the North American Free Trade Agreement, and the World Bank also promote globalization, but none rivals the WTO in accumulating vast power over areas once controlled by nations and communities.

Headquartered in Geneva, the WTO was formed in 1995 as part of the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (GATT), now comprising 134 member countries. Until the December 1999 WTO Ministerial Meeting in Seattle, the WTO received almost no public scrutiny. Indeed, most people in the U.S. probably had never even heard of it. When the media finally got beyond their preoccupation with a small group of rowdies breaking windows, they did cover some of the real issues, although very narrowly—focusing mainly on labor and environmental standards and some concerns about the WTO's unaccountability.

Yet virtually no social, economic, health, culture, or environmental significance is not now strongly affected by WTO rules. The breadth and range of its influence is impressive. The WTO administers more than 20 international trade agreements (including the GATT), it enforces rules through its Dispute Settlement System, and it promotes future trade negotiations. The WTO operates under one central principle: that global commercial interests (that is, the interests of global corporations) should always take precedence. Any obstacles to global corporate activity must be suppressed. In practice, these "obstacles" turn out to be standards for democracy, human rights, labor rights, local culture, social justice, national sovereignty, and environmental protection. The WTO

and global corporations view local standards as impediments to free trade rather than as national expressions of democratic processes that reflect local values, cultures, and interests within individual countries or regions. The WTO has devoted itself to expanding corporate access and freedom of movement while curbing the ability of nation states and citizen movements to regulate commerce for the sake of nature and human beings.

Advocates of the WTO and economic globalization view trade expansion as the deregulation, privatization, and commodification of every aspect of life, including unprecedented realms such as culture, seeds, fresh water, and the genetic structures of life. This will somehow bring prosperity for all. But the sobering evidence reflects a different reality. The gap between the rich and the poor within, between, and among nations is increasing, according to a host of indicators, including income gaps, wealth control, and wage inequalities. According to the United Nations Development Program (UNDP), "In almost all developing countries that have undertaken rapid trade liberalization, wage inequality has increased." And a recent Institute for Policy Studies report shows that American CEOs are now paid, on average, 419 times more than line workers. Of the 100 largest economies in the world, 52 are corporations. As for globalization's job creation, the world's top 200 global corporations employ only one-half of 1% of the global workforce.

Before the WTO, the GATT was the principle regime regulating global trade. It was formed in 1948 from talks convened in Bretton Woods, NH, where leading economists, politicians, bankers, and corporate figures gathered to generate a system that would accelerate worldwide economic development. This would, in turn, bring peace to a troubled world. The GATT was mainly limited to setting tariffs and quotas on manufactured goods. In the years following, however, business interests exerted considerable pressure to extend GATT rules to regulating investment, services, intellectual property rights, and so on.

Developing nations complain about their exclusion from the negotiating process. The most important negotiations are held privately, behind closed doors, where agreements are written, and then only presented to Third World participants as *faits accomplis*. Take it or leave it, is the message. Many provisions are strongly biased against the poorer, smaller nations and favor unfettered entry by transnational corporate interests from the developed world. If countries decide not to accept the provisions they are threatened with being abandoned by the global trading system. Fearing that "accepting" exclusion would be economic suicide, most developing nations go along with the ultimatum.

With the WTO came rules covering unprecedented new areas. The Agreement on Trade Related Intellectual Property Rights (TRIPS) threatens attempts by Southern Hemisphere nations to preserve their genetic resources, traditional livelihoods, and even provide cheap life-saving drugs to their citizens. This agreement requires nations to adopt a Western, industrial-patent system on things such as seeds, medicines, and other elements essential to life. Under Western-style patent systems, corporations can own the rights to seeds that farmers in developing nations have been cultivating and sharing freely with one another for generations. Using TRIPS regulations, the U.S. pharmaceutical industry recently threatened to challenge Thailand when it issued local compa-

nies a “compulsory license” to produce AIDS-related drugs in response to its AIDS epidemic. Because 25% of Thai exports go to the U.S., the threat of a WTO-enforced trade sanction by the United States was enough to convince the Thai government to rescind its compulsory licensing. As enshrined by the WTO, the suffering and lost lives that result from such corporate greed and profit are inexcusably cruel.

The WTO now also includes agreements that cover agricultural commodities. Many Southern governments were promised that the U.S. and the European Union, which can afford to subsidize their agricultural sectors at very high rates, would phase out such subsidies and open its markets to agricultural goods from the South. But the North never kept those promises, and the overall effect of the Agreement on Agriculture and other WTO rules has been devastating to farmers from both the North and the South.

In practice, subsidy payments in the U.S. have increased 50% above the level prevailing during the Uruguay Round negotiations. But the distribution of such payments has mainly benefited large, vertically integrated agribusinesses. For example, although U.S. pork exports increased by 27% in 1998, and agribusiness corporations had record profits, prices paid by corporations to small hog farmers fell by over 200%. Including agriculture in the WTO has also threatened greatly the food security of many nations, especially those in the Third World. Many used to grow diverse crops for mainly local consumption but are now forced, by the WTO and related institutions, to grow large monocrops for export.

Besides including agriculture and intellectual property rights under global trade rules, the WTO takes much greater control over finance and investment. Historically, nations have regulated foreign investment to benefit the economic and social development of their own countries. The Trade Related Investment Measures (TRIMS), however, forbid nations from requiring foreign corporations to purchase materials locally or to balance imports with exports. TRIMS also forbids policies that restrict the access foreign corporations have to foreign exchange, or that require foreign corporations to export their products so as not to wipe out local businesses. Curbing such policies prevents a country from determining its own development needs and pace, and from tailoring those needs to its mores, culture, and traditional values.

The General Agreement on Trade in Services (GATS) forces member nations to open (liberalize) their markets to trade in services such as telecommunications and financial services. Many Northern countries want to further extend GATS to include education, health care, and municipal water delivery and treatment systems. Global corporations are eager to realize profits by providing services to new markets around the world. Imagine their eagerness to privatize France’s or Canada’s national health systems!

The WTO’s dispute resolution system is one of its most powerful mechanisms. When a member nation brings a dispute to the WTO, a three-person tribunal is convened, usually comprising trade bureaucrats with no expertise on issues such as patents, environmental law, or other subjects that should be considered in resolving disputes. In closed sessions, the tribunals hear only from the trade offices of the national governments and from lobbyists working for the

affected industries. Citizen groups and other non-commercial interests are entirely excluded.

Once a final WTO ruling is issued, a losing country has three choices. It can change its law to conform to the WTO requirements, pay permanent compensation to the winning country, or face harsh, permanent trade sanctions from the winning country. Given such a biased structure, it is no surprise that in rulings administered to date, the WTO invariably has favored the interests of corporate enterprise over the rights of nations and democratic laws made in the public interest. The WTO has consistently ruled against health, democratic, and environmental concerns. In its first ruling, the WTO dealt a direct blow to a 1993 U.S. Environmental Protection Agency (EPA) rule that required foreign and domestic gasoline refineries to make cleaner gas so as to reduce air pollution. As a result of the WTO ruling, the EPA rewrote its old regulations to allow dirtier gasoline, citing that it must now be "consistent with the obligations of the United States under the WTO."

In 1998, in a case also heard by the appellate body, the WTO ruled that U.S. laws violated WTO rules when it prohibited the import of shrimps that were caught in ways that threatened endangered sea turtles. In response, the U.S. promised the WTO it would change its regulations to comply with the rulings. Many environmentalists, especially those from the Southern Hemisphere, argue that this dispute resolution ignores the heart of the matter, as it fails to address the larger problem of the non-sustainability of industrial shrimp fishing. The rulings have also blocked nation states from favoring products that are made with a concern for the environment in mind. This seriously affects national environmental lawmaking, and threatens to have devastating effects on the natural world. Indeed, globalization itself is inherently destructive to the environment because it requires products to travel thousands of miles around the planet. The costs include unprecedented levels of ocean and air pollution, which result from increased use of packaging, and increased energy consumption and fossil fuel emissions. More costs come from devastating new infrastructure requirements: new roads, ports, airports, pipelines, power grids, often constructed in once pristine locations.

Other WTO rulings have serious implications for food safety and public health, as they increasingly abandon the precautionary principle of "better safe than sorry." For example, in 1997 the WTO upheld a U.S. challenge to the EU's ban against beef containing artificial hormone residues; the tribunal demanded scientific certainty that these hormones cause cancer or other adverse health effects. Overall, the WTO's powers have swept across a wide range of policy issues. This breadth of scope and the WTO's decision-making subterfuge have helped generate an unprecedented show of solidarity among opposition groups, such as the alliances that emerged in Seattle between labor and environmental interests.

In contrast, deep rifts were beginning to show among WTO members by the time the organization convened its Seattle meeting in 1999. Two major areas of disagreement included the inability of the EU and the U.S. to agree on agricultural policies (mainly having to do with subsidies), and the resentment many Southern Hemisphere countries were feeling about being marginalized from participation by the bullying of the Northern nations.

Proponents of economic globalization and the WTO have much to lose if the current system were forced to become more democratic and to take into account human beings and planetary health rather than merely profits. Events in Seattle may have slowed down the official process, but WTO officials and favored industrial nations are determined to move ahead with their agenda.

Already the U.S. is turning its attention to India, one of the leading defenders of Southern Hemisphere interests in the WTO. Mike Moore, the WTO Director-General, recently travelled there to meet with senior Indian leaders. Lawrence Summers, the U.S. Treasury Secretary, has been preparing for a similar visit by President Clinton. The message they want to deliver is the claim that the Indian economy could grow at 10% a year if WTO economic reforms are implemented. As one U.S. administration official put it, "We feel that if we can find a meeting of the minds with Delhi, that's a strong place to work the Third World."

Such bilateral negotiations, further illustrated by the U.S. talks with China about entry into the WTO, question who really controls the organization, and whose interests it really serves. In opposition to current economic and trading systems, which allow commercial interests to dictate to all other interests, citizens and even some governments are now calling for new institutions that operate more democratically. There's a growing demand to protect the erosion of ecological sustainability, economic human rights, food security and food safety. By promoting local economies, equity, and cultural, biological, economic, and social diversity, goods and services could be made less subject to trade agreements, and alternative structures—such as workplace and economic democracy—could be more readily established.

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