

***Foreign Policy***

**WORLD TRADE MEETINGS MAY BE WORLD'S MOST VITAL TALKS**

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NEW YORK -- Since the French Revolution of the late 1700's, the war between the rich and the poor has been fought in many places and in many ways. In the 21st Century, the most important global battle is over the future rules of the World Trade Organization (WTO).

Although not as well-known as international organizations such as the United Nations, the World Bank and the International Monetary Fund (IMF), the WTO is the most important multilateral institution, because it governs world trade via its conventions on tariffs, import quotas, foreign investment and intellectual property. Other international organizations are critical in times of crisis, but for day-to-day economic activity, the WTO is far more significant.



**Stiglitz at World Social Forum, and Lula in official photo.**

During the current WTO negotiations, rich-country vested interests have lined up lobbyists and their campaign contributors to ensure that American and European Union diplomats will protect them. Agribusiness wants to continue western farm subsidies that unfairly harm poor Third World farmers. Commercial multinationals want emerging nations to open their own markets to foreign business. And global companies want developing countries to fight the counterfeiting of music, software, movies and pharmaceutical products. The latter is particularly sensitive, because developing nations want access to inexpensive drugs, especially for people afflicted with AIDS.

The establishment press has reported the drama of the street demonstrations during WTO meetings in Seattle, 1999, and Cancun, 2004, but it has largely ignored the struggle to achieve justice for the people in developing countries.

Leadership for the world's poor has come from two important individuals, President Lula da Silva of Brazil, and Joseph Stiglitz, the 2001 Nobel Laureate in Economics. Lula was born in poverty, and using his experience as a former union leader against a military dictatorship, has organized a WTO negotiating coalition of developing nations which includes Brazil, China, India and South

Africa and is commonly referred to as the Group of Twenty. Lula's vivid vision for the future raises issues that contrast to those pursued at past trade negotiations. Those involved lengthy, technocratic discussions of how to gradually over many years reduce tariffs and trade barriers.

### *Moral Hypocrisy*

The developing world is emphasizing the moral hypocrisy of rich countries who preach the virtues of global free markets while their governments - in the United States, Europe, and Japan - provide subsidies totaling \$300 billion a year to their agricultural sectors. The subsidies lead to huge surpluses which are dumped at artificially low prices on world markets and harm poor farmers who are unable to survive against the unfair competition. The \$300 billion, which benefits a small percentage of the population in rich countries, contrasts with the \$58 billion in worldwide aid for the three billion Third World poor who live on less than \$2 a day.

A particularly critical WTO issue is cotton subsidies to American farmers which are particularly harmful to African countries. During the recent Geneva negotiations, a reporter from Bloomberg News (which has had the best WTO coverage in the business press) asked me how a few cotton-growing African countries had achieved such a significant impact.

I replied that the diplomacy of President Lula da Silva of Brazil has emphasized justice for the poorest people of the world. Subsequently, The New York Times described Brazil as the star of the Geneva negotiations.

During the 21st century, a critically important venue for the global justice movement has been the annual meeting of the World Social Forum. Starting in 2001, social activists from around the world have convened in Porto Alegre, Brazil, and Mumbai, India, to conduct seminars and to discuss strategies for the future. The World Social Forum quickly grew from 14,000 participants in 2001 to 100,000 in 2004. At the 2003 meeting, activists developed plans for the huge world-wide anti-war demonstrations that two months later protested the U.S. invasion of Iraq.

The 2003 meeting marked a milestone when President Lula da Silva, only a month in office, said at the opening ceremonies that he would fly to the World Economic Forum in Davos, Switzerland, and communicate to the most powerful people in the world that: "We need a new world economic order that distributes wealth more fairly so that impoverished countries have a chance of becoming less impoverished, so that African babies have the same right to eat as a blond, blue-eyed baby born in Scandinavia."

Important intellectual leadership for the global justice movement is coming from Dr. Joseph Stiglitz, who addressed the Mumbai World Social Forum in 2004. Dr. Stiglitz has extensive inside knowledge about WTO issues from having served in the Clinton Administration as Chairman of the Council of Economic Advisors and as Chief Economist of the World Bank. His social activist credentials were certified when former Treasury Secretary Lawrence Summers had him fired from the World Bank for speaking the truth about the harmful effects on the poor of American policies during the Asian financial crisis of the late 1990's.

Dr. Stiglitz has argued that the international financial institutions, especially the IMF and WTO, have protected the interests of large American and European corporations at the expense of the poor in developing nations. He claims that IMF management of economic crises in Indonesia, South Korea, Russia, and Ethiopia made unfortunate situations worse rather than better. Dr. Stiglitz's viewpoints are especially popular in the developing world, and he leads a Commission of Economists of the Commonwealth Secretariat that analyzed the current WTO negotiations.

At a Washington, D.C. panel organized by the Center for Global Development April 24, 2004, he appeared with Dr. Supachai Panitchpakdi, Director-General of the WTO. The difference between the two was stark and reflects the highly charged atmosphere surrounding the WTO negotiations.

The WTO leader argued that a perfect treaty is not possible, but that it was nonetheless critically important for future international prosperity that an agreement with incremental progress be reached. But Dr. Stiglitz repeated the slogan of the developing world: "No deal is better than a bad deal." This summarized the tension of the current negotiations. Diplomats from the United States, Europe, Japan and the WTO establishment desperately want an agreement, but the developing world is holding out for maximum benefits for the poor.

#### *'Won't-Do Countries'*

Ambassador Robert Zoellnick, the lead American negotiator, showed his frustration by writing in the Financial Times (London) after the Cancun stalemate, "There are can-do countries, and there are won't-do countries." His statement was widely regarded as aimed at Brazil for leading the opposition to the proposals of America and Europe. Both Ambassador Zoellnick and his counterpart in Europe, Pascal Lamy of France, are trying to negotiate an agreement that will be acceptable to powerful political interests in their countries. Both say the developing world should take into consideration the political realities they face. Dr. Stiglitz counters that the democracies of Brazil and India are also putting pressure on elected leaders to negotiate a fair deal that does not capitulate to rich countries.

At the Washington conference, Dr. Stiglitz pointed out that the media has created the impression that manufacturing industries in the United States are trying to protect themselves against low cost labor in the developing world, but that the negotiating reality is quite different. Manufacturing now accounts for only 14 percent of American employment; the strongest business pressure for protection is from lobbyists representing the intellectual property interests of the entertainment, software, and pharmaceutical industries. For them, an agreement is vitally important, especially because of the revenue potential of five billion people in developing nations compared to only one billion in rich countries.

In the 20th century, trade negotiators for economically advanced countries claimed to be more sophisticated, with a better understanding of world economics. The 21st century is reversing this dynamic. Dr. Stiglitz and his allies in the developing world argue that the IMF has made catastrophic mistakes and that the rich multinationals are using campaign contributions to buy dubious WTO negotiating positions. The Director-General of the WTO has acknowledged that

worldwide civil society is putting needed public pressure on the rich countries to consider the interests of the poor.

*A Great Framework*

The Brazilian-led Group of Twenty has achieved a great framework agreement victory for the moment, which includes the stated goal of eliminating agricultural export subsidies, but the details of a final treaty are not yet finished. Already lobbyists for farmers in the rich countries are concerned about the impact of the WTO agreement, and Senator Tom Daschle from South Dakota, Majority Leader for the Democrats, has expressed dissatisfaction. The Economist magazine has asked whether the United States will provide future leadership to ensure that the Geneva Framework Agreement actually leads to improvements for the poorest of the world.

As the WTO negotiations continue, the global justice movement needs to actively monitor developments, because the establishment press pays only minimal attention while business lobbyists and their Congressional allies act on behalf of corporate interests. The benchmark for evaluating any future WTO agreement should not be incremental progress on behalf of rich countries, but whether it helps the most impoverished and moves the world closer to the humanitarian vision of President Lula da Silva of Brazil.

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