Globalization and Reform of the World Trade Organization

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Globalization invokes oddly linked images. On the right, a hundred thousand persons each day sit before computer screens and play the planet's biggest gambling game, exchanging \$1.5 trillion every 24 hours to see who will be able to accumulate the most "virtual money." On the left, protesters discuss strategies using the latest cellular technologies and launch global lobbying strategies across the internet in efforts to restrain the actions of traders increasingly detached from the real world of their effects. In the middle, poor trading nations send one or two negotiators and wealthy nations send one or two hundred to sit around a table and work out the rules by which global free trade in goods and services might become more "fair."

Globalization as unrestrained capitalism

What links these images is the underlying fact that globalization is primarily the transnationalization of capitalism, a market-based exchange system where, with occasional dramatic exceptions arising from technological innovation (steam, coal, oil, digital and bio-technologies), the power of wealth accrues steadily upwards to the already wealthy. It is a capitalism that UK political economist, Will Hutton, describes as "much harder, more mobile, more ruthless and more certain about what it needs to make it tick: [the removal of] all obstacles to its capacity...to serve the interests of property owners and shareholders [including government] regulations, controls, trade unions, taxation, public ownership."¹

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Markets are efficient and innovative in creating commodities, but not in ensuring justice in their distribution. They function on time and resource scales that conflict with those of natural environments. Unchecked, markets worsen social inequalities and ecological degradation. Governments and public bureaucracies are the only human organization with the power to regulate wealth's creation, distribution and environmental effects. Unchecked, they can be oppressive and brutal, or captured by society's wealthier and more powerful interests. Civil society, that vague description of people organizing around their interests, issues and values, often struggles to prevent the excesses of the other two systems. Unchecked, its organizations can become as authoritarian and self-interested as the private and political economic self-interests they critique.

Conflicts and negotiations between these three organizing systems of modern societies once took place within national boundaries. Market liberalization and technological innovation allowing the global diffusion of production have weakened the ability, if not the desire, of governments to regulate capital within their own borders. Civil society reformers are confronted by political claims of "TINA"—There Is No Alternative. Globalization requires tougher competitiveness, which in turn demands increased privatization, decreased taxation and reduced labour market and environmental regulation. Market discourse has eclipsed most other forms of political conversation. Free markets, and only free markets, can and will create democracy, fund public services, trickle down benefits to the poor and provide both the means and the desire to protect the environment.

This is a simplistic gloss. But, for many in civil society, the new global governance emerging, the one with enforceable rules, favours private interests over public goods. It is also one where public government is

seen as abrogating its duty to protect public goods, including the right of civil society participation in political discussion. Corporations are included around the negotiating table of agreements fundamentally altering the power relationship between state, market and civil society. Public interest groups are fenced out behind veils of tear gas. These uneven scales seem further tipped towards the already privately powerful, whose "partnership" in public governance is increasingly sought as their ability to avoid the anonymous taxed contribution of citizens places more public systems in greater financial jeopardy.

What is to be done?

Reforming the World Trade Organization

The World Trade Organization (WTO) is not the only, but it is the primary, multilateral institution galvanizing civil society opposition to what, so far, has been globalization for the elite. Calls for its overhaul are arising not only from the streets and non-governmental organizations (NGOs), but from governments (particularly of the South) and many UN agencies. Previous commentaries in this Journal^{2,3} addressed some of the potential health effects of economic globalization, and specific WTO agreements. The remainder of this commentary focusses on WTO reform options. It is based on a Brief on Global Governance and WTO Reform by the International Union for Health Promotion and Education (IUHPE),⁴ since endorsed by the Canadian Society for International Health. The Brief was prepared for a civil society consultation organized by the Italian government in preparation for its hosting of the July 2001 G-8 meetings in Genoa.

1. Human development goals, reflected in UN agency declarations such as those on Human Rights, Environment and Development, Agenda 21, International Labour Organization Core Labour Standards and World Health Organization (WHO) Provisions on Essential Drugs, must be considered in trade negotiations and reflected in trade Agreements. A review of all WTO Agreements in light of these social and environmental accords should be a pri-

ority before, or during, any new Round of WTO negotiations.

2. Most developing and all least developed countries remain on the fringes of the global economy. Part of the problem is that liberalization is unequally practiced. Wealthy nations remain protectionist in areas when it benefits their interests while demanding open markets when it harms only poorer nations. This is particularly so in agriculture and textiles. Developed country markets must be opened to agricultural imports from developing countries. This openness, however, should not be at the longer-term cost of food security. Many poorer countries need to increase their subsidies and protective import tariffs to develop their agricultural sector even as wealthier countries, such as the US, the European Union (EU), Japan and Canada, need to reduce their subsidies and tariffs.
3. The WTO Agreement on Trade-Related Investment Measures (TRIMS) prevents countries from placing "performance requirements" on foreign investment. Such requirements are essential to the development of viable national economies. Developing countries should be given long-term exemptions to this TRIMS requirement. The existing General Agreement on Trade in Services (GATS) should not be extended or deepened at this time. GATS could increase the already substantial migration of skilled professionals, including health professionals, from poorer to wealthier nations, and poorer to wealthier regions within nations. It could also increase privatization of and decrease access to many public services (health, education and so on) essential to health and well-being. The TRIPS Agreement (Trade-Related Intellectual Property Rights) allows increasing "biopiracy," the patenting of traditional medicines and other indigenous knowledge by corporations based in wealthier nations. The TRIPS Agreement should be amended to reduce its extended patent protections and to ban life-form patenting.
4. The abilities of developed and least developed countries to influence the

WTO remain constrained. There is an urgent need for direct financial assistance from developed to developing countries for WTO participation, reductions in the number of trade-related issues for negotiation at the WTO, fewer meetings and no use of executive body or other sub-dividing of decision-making away from the WTO General Council.

5. Given the growth of income inequalities between rich and poor nations, and the ecological impossibility of fossil-fuel-based development of poor nations to the existing level of rich ones, *human development on a planetary scale demands a global re-distribution of wealth from rich to poor*. This is an inescapable fact, and one that cannot be resolved by trade or investment liberalization and, indeed, is exacerbated by it under present liberalization rules. If the WTO is to uphold its promise of creating a "rules-based trading system" that will help weaker participants offset the economic power of stronger participants, its Agreements need to be subordinated to human development and environmental sustainability goals, and not allowed to overbear them. The scope of its Agreements need to be restrained, not expanded. Decision-making on trade and human development needs to be opened to a wider range of multilateral and civil society actors. Assistance and resources for more equitable participation in the emerging network of global governance must be made available to poorer populations, generally, and poorer nations in particular.

CONCLUSION

Some view economic globalization and the WTO as a corporate usurpation of our few hundred years' experiment with pluralist democracy. The protest goal is to force its collapse. Others, such as myself, view the WTO as a potential platform upon which some form of global governance for the greater common good might be crafted. Its collapse would ensure that the only "rules" for economic globalization would be those written by the most powerful companies operating in the most powerful nations.

The WTO is not a global government in waiting, nor should it be made to become one. It is not equipped ideologically to balance between the rules by which capital expands and the rules required to sustain societies and ecologies. Its rules, though favouring those already possessing the most capital, can be amended to provide fairer advantage for those lacking it – hence the reform options summarized above. Initiatives are now underway to bring greater "coherence" between WTO Agreements and those overseen by other multilateral agencies, such as the WHO, the ILO and the United Nations Environment Program. Such coherence holds some promise for a system of checks and balances on a global scale. This promise will be unfulfilled unless leaders of the more powerful economic nations are prepared to bring such an agenda to the WTO negotiating table and, more importantly, to trade off short-term economic gain for their individual countries for long-term economic justice on a global scale.

The WTO may be a primary arena in which struggles are taking place over what form our globalizing socioeconomic system might take, and at whose benefits or costs. But it is nation-states that are negotiating the rules. National politics still matter, perhaps now more than ever before. In 1986, the World Health Assembly declared that the ultimate goal of development is improved quality of life and well-being for entire national populations. We would know we were achieving this goal if the health of society's most vulnerable, poorest and least powerful improved. Canada, along with every other nation, committed itself to this declaration. It is our obligation to hold Canadian political leaders and trade negotiators accountable to this vision.

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