Once, not so long ago, trade was the province of policy wonks and special interests—and the experts and lobbyists liked it that way. No longer. Now it's a hot political issue. One reason is the growth of trade; just 4 percent of GDP in the early fifties, it's more than 13 percent today. Another is that international capital flows, ranging from productive pursuits like building factories to speculative ones like betting against national currencies, have grown even more strongly. And still another is that the areas covered by trade agreements have widened from traditional concerns with tariffs and quotas to cover labor, environmental and health regulations as well.

NAFTA was the first major trade fight, occurring at a time in the early nineties when downsizings were plentiful and new jobs were scarce. To many it looked like a scheme for greasing the departure of US manufacturing to cheaper, friendlier climes—Ross Perot's famous "giant sucking sound." A year after NAFTA took effect, a whole new trade regime came into being with the birth of the World Trade Organization in January 1995, replacing the much looser set of agreements that had regulated world trade since the late forties. The WTO has vast powers to adjudicate trade disputes and invalidate regulations it deems impediments to trade through "expert" tribunals meeting secretly in Geneva. In effect, it's a form of world government with almost no popular accountability.

So far, so outrageous. But the WTO—and "globalization"—should be kept in some kind of perspective: Much of today's economic stress is the result of national economic policies, not global ones, and much of that stress is the effect of fairly ancient features of capitalism, among which "globalization" is merely one important part.

Since the WTO's birth, life has gotten a lot more difficult for free-traders. In 1997 President Clinton was denied so-called fast-track authority to negotiate trade deals; it's hard to imagine any new trade agreement getting approved in the near future. More globally, a new international movement has grown up over the past few years to frustrate the designs of those who'd further liberalize trade and capital flows. Its first major victory was the defeat of the Multilateral Agreement on Investment, a kind of bill of rights for capital that was being negotiated quietly. The movement has creatively used the Internet to organize and inform, a fact that has caused great distress among elites around the world.

An important milestone in this new era of trade politics will be the WTO's summit meeting opening on November 30 in Seattle. As host, the Clinton Administration had hoped the summit would mark the opening of a Millennial Round of trade negotiations further expanding the liberalization agenda. But thousands of activists decided to crash the party. There will be demonstrations, teach-ins and street theater, designed both to spoil the summiters' mood and to educate people about the WTO.

What follows is a sampling of progressive opinion about the WTO and "globalization" in general. All the participants agree that the WTO, as presently constituted, has some serious problems; the disagreements flare up over what to do about it and over whether "globalization" is fundamentally a good or a bad thing. We hope this encourages discussion in an area where the depth of knowledge isn't always as profound as the depth of feeling.

DOUG HENWOOD
How Big Is ‘Globalization,’ Really?
How much does “globalization” matter? Are there other factors that get ignored when so much stress is placed on it?

Dani Rodrik: Certain aspects of globalization fall far short of the amount of globalization that we observed at the tail end of the previous century. I think we often exaggerate the degree to which national governments are constrained by global forces. Often governments find it too easy to say, “We can’t do this or that because corporations will flee or we’ll lose exports.” National governments still have a lot of autonomy, and political forces, NGOs and others who want improvement in local conditions could still get those improvements by getting national governments to see that there is considerable room for acting.

Kim Moody: Oh, I think people do focus on globalization at the expense of much else. To conceive of globalization as an independent force that has nothing to do with the [neoliberal] politics that conquered the world in the past two decades is completely wrong. It’s not that there isn’t something to the idea that international markets have a certain objective force, but the fact is that they can’t exist without the political will and organization that allow corporations to close plants and restructure freely.

Nomenclature
The debate is frequently cast as being between “free-traders” and “protectionists.” Is that a helpful way of framing things?

Rodrik: I think it’s very misleading. Some of the most ardent supporters of free trade are no less mercantilist than the most ardent promoters of protection. In both instances, we’re really seeing the pursuit of self-interest. Some financial-services firms in the United States press for opening the financial-services markets abroad. That’s driven by the same mercantilist concerns as those of segments of industry that try to stop imports. So, what might appear contradictory—promoters of free trade like financial-services firms versus protectionists like the steel industry—is really very much the same thing, the pursuit of self-interest.

Lori Wallach: The notion that the decision is between something called free trade and something called protectionism is total horsefeathers. That is a construct set up by the proponents of one set of rules for organizing the global economy. The proponents of this current version of it call it “free trade” and say that anything different is protectionism. The WTO is not anything that Adam Smith or David Ricardo had in mind when they wrote about free trade.

The best thing you could call its 800 pages of regulations is managed trade. Only it’s corporate-managed trade, and we want people-managed trade. They don’t have free trade and we don’t want no trade, so the real issue is what the rules of the road will be.

Nostalgic Wall-Builders?
Free-traders like to condemn their critics as protectionists who are trying to build walls around countries, prisoners of nostalgia; and some argue they’re hurting workers in poor countries whose only avenue out of poverty is exporting to rich countries like the United States. How do you respond to that?

Thea Lee: Workers around the world need to have their basic rights protected, whatever country they’re in, rich or poor. The international trading system undermines those rights by lowering trade barriers and increasing the rights and mobility of capital, putting workers in competition with one another. This is something that we’ve worked very closely on with labor unions in developing countries and Europe. We’ve been very clear that we are trying to take control of the globalization debate, not hide from it, and that our vision of the future is one in which rich and poor countries trade with one another, in which workers’ rights are protected, in which the developing countries are given the right incentives to build strong democracies, strengthen their middle classes on the basis of strong trade unions and protect the environment. That’s a vision of the global economy that is very positive and different from one in which we build a wall around the United States.

Wallach: What clearly is the backward perspective is one that looks at a pre-Keynesian, turn-of-the-century standard of living and labor treatment as the sought-after global norm.

Walden Bello: Often the issues that have created discontent in the North come across to people in the South as protectionist, in that they seem aimed at keeping goods from the South out of Northern markets. This is one of the areas where we need civil society organizations on both sides to sort out these issues. But if you look at the way that countries in the South have made advances in this century, it’s been through protectionism. During the Great Depression, Latin America made tremendous advances, in terms of development, through import-substitution strategies. More recently, the so-called tiger economies in East Asia were able to move up the ladder with protectionism. Free trade, deregulation—this has been mainly a US agenda. Since the 1997 Asian financial crisis, the United States has used these policies to push the interests of US corporations in that part of the world.
Voices on the Road to Seattle: Bolivia

Bolivia has been converted into a country that is principally based on exporting basic resources such as gas and minerals. This doesn’t provide any benefit to the general population. All the time we’re being forced into this kind of exporting, which creates a need for us to just be quiet and do the work. The WTO is creating a lot of problems for workers because it is affecting all the laws and standards that have existed. It is creating an atmosphere where people can be exploited more easily.

—Guido España, independent Bolivian activist

Strange Alliances

In some of these trade fights, there have been strange coalitions between presumably leftist forces and right-wing Republicans and reactionary businesspeople like the anti-union textile magnate Roger Milliken. How do you feel about those alliances?

Wallach: What’s happened has more to do with where the public is than where the prominent figures of the left or the right are. On a handful of issues, like globalization, campaign finance and corporate welfare, I see that people you would think of as really right wing and people you’d think of as the left of the left are closer to one another than to moderates or centrists. Obviously people agree a lot more on what they’re against than on what they are for, and what they are for is very different, depending on whether you are Pat Buchanan or Ralph Nader.

Dana Frank: We have to be wary of nationalism, particularly economic nationalism, as the alternative to global free trade because I think that sets us up with a partnership with nation-based capital that overlooks the fact that business is still going to follow the same logic of profit-making domestically. Some idea of a nationalist team with domestic capital sends us right into the same problems that we’re trying to solve. It sets us up with partnerships with domestic unionbusters and the kind of “us” versus “them” policies that Buchanan is all about—it’s terrifying.

Coping With Consequences

It’s argued that freeing up trade has benefited mainly the rich and has resulted in lower incomes and less security for everyone else.

Rodrik: Through much of the postwar period we let markets expand gradually at the same time that we made sure there were safety nets in place. Since the early eighties, that implicit bargain has dissolved. It’s problematic to follow a trade-expanding agenda without acknowledging that the flip side of trade is economic dislocation—and offering constructive ways of dealing with those dislocations. Too often, we hear that “trade is a wonderful thing, everybody gains and nobody hurts.” Every economist knows that’s not true.

Reich: Undoubtedly trade creates winners and losers. A good case can be made that the winners win more than the losers lose, so the overall effects of trade are positive. But the distributional impacts can’t be ignored. The political reality is that winners don’t compensate losers. The only way those who lose from free trade can hope to be compensated is if they actively oppose it. I think a lot of very poor people around the world would suffer a great deal were we to put up trade barriers. But I don’t see any better way to get the winners to compensate the losers than for the losers to threaten to block trade as a bargaining chip.

We could afford to give our people far better education, job skills, healthcare, access to capital, public transit and the rest, and make poorer Americans—not just poor Americans, but people in the bottom two-thirds of the distribution—far more productive. That wouldn’t make people at the top less productive, and it wouldn’t make people in other areas of the world less productive. It would enable the bottom two-thirds of Americans to live better lives. We ought to be promoting the same policies around the world. The gap between the richest 20 percent and the poorest 20 percent in the world has doubled over the past three decades. It is now seventy-five to one. That’s not a formula for a stable world. Protectionism won’t reverse that trend. Investments—genuine investments in people—will. The real question is how you motivate the richest to make those investments.

A Better World

We hear lots of critiques of the WTO and globalization. Is there a positive vision of what a better world would look like?

Walden Bello: In the critique lies a positive agenda. First, the erosion of the capacity of governments to be able to discipline capital—that has to be stopped. Second, the market has to be reembedded, has to become a subordinate part of the society again. Values like social solidarity have precedence over the free market. Third, corporations have really become much too powerful, and a combination of government and civil society, national and international, needs to act as a check. Finally, a few years ago people said, “Globalization is inevitable, but what kind of globalization? Is it a positive kind of globalization or is it a negative kind?” I think people are beginning to realize that some aspects of globalization must be reversed. Where commodities can be produced locally, they should be produced locally, even

Panama

Intellectual property rights are important to Indigenous peoples all over the world. Our knowledge, our medicine, our art, our internal democracy, are very rich. When the scientists come, they steal our rights; and our knowledge without recognizing that they are ours. Everybody knows about the Uña de gato, a medicine of the indigenous people from Peru that's been stolen. A lot of stories and stories have been stolen. A US anthropologist patented quinoa—a high-protein grain that is the patrimony of the quechua and ayamara people of Bolivia and Peru—and he has the rights to its sale. In the Amazon, the yanomami people have a certain type of poison that they throw into the water to kill the fish, made from a special plant. And now there is a corporation that's saying that they discovered it and that they want to patent it.

The WTO thinks of everything in terms of trade and commercializing things. For us it isn't somebody's private property, it's the spiritual patrimony of our community.

—Taina Stanley and Iba, Movimiento de la Juventud Kuna
Zimbabwe

The whole area of subsidies is a minefield of inequities against Africa and the developing countries. Subsidies of interest to industrialized countries—such as those for research, regional development and environmental adaptation—are made non-actionable; not so for those mostly of interest to developing countries such as subsidies to encourage diversification or upgrading of industry. Such subsidies and those needed to protect food security should be non-actionable—neither countervailing duties nor dispute-settlement procedures should be applied to them. The idea that countries must import food from those that produce it more cheaply than themselves, or that the “market” will maximize global social good, flies in the face of both history and contemporary reality. Health, like food security, is a right. Africa should insist that the 306 essential drugs identified by the World Health Organization be compulsory licensed to enable supply at reasonable prices.

Africa’s fate was decided over its head during the Uruguay Round negotiations. It does not have to be like that in Seattle. We must speak out, we cannot let Africa be trampled on again.

Yash Tandon, director, International South Group Network

if they may not be produced in the most efficient way. Of course, the big question always is, How does one operationalize those principles?

Wallach: Trade rules need to be pruned back. They’ve invaded a variety of areas where it’s inappropriate to have a uniform, externally imposed global norm. There are an enormous number of “commodification of the commons” issues. Environmental rules have become technical barriers to trade. Things like water and other biological resources—genes, cells, species, people—should not be commodified and traded, though under the WTO you can patent cell lines. The WTO model sees the globe as a single market. Human beings are either labor or consumers, and the environment is a set of resources to be efficiently extracted. Diversity—democracy and cultural differences—is inefficiency. There are other values than having one highly efficient global market. Now, trade rules consist of ceilings. We need floors, not ceilings. There’d be a lot more fragmentation in markets, and you would end up with more regional trade than global trade, but the advantage would be in democratic accountability. It’s better to have several medium-sized operators dealing with a set of similar markets than two or three global producers cornering the whole global market.

Rodrik: There is an incompatibility between a market system that is becoming increasingly global and a governance system still tied down at the level of nation-states. I cannot imagine economic integration going much further without governance structures becoming much more international. But if that is going to happen, in order for these structures to have popular legitimacy, we will have to talk about international bureaucracies being accountable to popular forces, about electoral arrangements at the global level, about a kind of global federalism—the European model writ large. We will either allow our politics to go global or we’ll have to find some way of restraining our markets from going too global, because our politics remain national.

Higher Standards?
Should labor and environmental standards be incorporated into the WTO, or is that the wrong place for them?

Wallach: When the WTO was established, many environmentalists pushed for an environmental working group in the WTO. They got one, and after five years, many of its most energetic proponents are now saying that this working group has turned into a trade-dominated entity where environmental laws are studied not to safeguard them but rather to figure out how to get rid of them. We don’t want to put the environment in the hands of an organization whose charge and worldview is commercial. That would be like putting the Endangered Species Act in the middle of the bankruptcy code. We need to have an entity of equal stature, and we need the WTO to be cut out of national and international environmental policies. Global labor movements now have all the enthusiasm the environmentalists did five years ago about putting standards into the WTO. I personally am very skeptical.

Lee: We’ve built a very strong consensus among labor unions around the world about the importance of incorporating enforceable workers’ rights into international trade agreements. These include the freedom of association, the right to bargain collectively and provisions on child labor, forced labor and employment discrimination. The question is how international organizations can support the goal of observing core labor standards. The IMF and the World Bank could include as one of the conditions for loans the observance of these standards. By not having any rules on workers’ rights, the WTO makes it difficult for countries to implement and enforce core labor standards. The very absence of rules undermines countries’ abilities to enforce them. But frankly we’re a long way from having consensus that this is an issue the countries want to discuss. Because the WTO is a multilateral organization, we need to start with some modest goals of opening a dialogue about what constructive role it can play in promoting core labor standards. Our ultimate goal is to incorporate workers’ rights

Tibet

The idea that the World Trade Organization can supersede sovereign countries’ laws is really terrifying when you think of it. From the aspect of human rights. We are insisting that China take some responsibility and deal with the worsening human rights situation in Tibet, in Inner Mongolia, in East Turkestan, in China itself. Ideally, we would like to work toward some economic sanctions, like the divestment campaigns that brought an end to apartheid in South Africa. But once China gets into the WTO—which looks imminent—it can challenge any economic leverage we have and argue that it is a barrier to free trade. We have a duty and an obligation to press for the idea that yes, trade is not a bad thing, but let’s play at a fair level, a level where trade does not undermine a people’s right to self-determination.

Lhadon Tethong, Canadian-born Tibetan, Students for a Free Tibet
and environmental protections into WTO rules. But we can’t start with that. In the short term we hope to force the WTO to acknowledge that its actions have a bearing on labor standards and begin a conversation that will one day lead to a change in the rules.

Moody: I think there are problems with standards. The whole purpose of these multilateral agreements is to break down barriers to trade and investment. There’s also a problem of enforcement. Can you imagine the US government using the WTO to sanction Indonesia because Indonesia is being nasty to its trade unions? I think labor is taking this task because it’s the easy one to take. Why aren’t they a little bolder? Labor should be taking on the multinational corporations on a worldwide scale. There are some examples of that happening recently—but we need a lot more, and not the ceremonial approach of the past. A good example of what could be done was the recent oil workers’ strike in Indonesia. The US oil workers’ union [now merged into PACE] and the international trade union secretariat launched a pressure campaign on the corporations. And the Indonesian strike was won. There are networks being built between workers in the United States and Mexico and Europe. We need more cross-border exchanges at the rank-and-file level. There are high-level organizations like the secretariats, which sometimes do good things, but have the problem of being federations of federations.

Bello: People in the South have been saying that putting the determination of whether goods are being produced in socially acceptable ways in the hands of the WTO is putting it in the hands of the wrong organization. Instead, let’s strengthen the ILO, let’s strengthen multilateral environmental agreements. Northern NGOs have been too quick to try to use the WTO as an enforcement mechanism. Clearly, environmental groups in the North are on the right track in examining how commodities are made or how fish are caught. But often there’s little sensitivity that jobs are at stake in the South. There should be ways that green technologies from the North could be made available to Southern countries at low cost to facilitate cleaner methods of production. With labor, too, the issues are quite complex. It often seems that we’re not just talking about extreme sweatshop conditions in the South but about a demand that labor standards overall be radically upgraded. And this does not take into account historical social conditions that exert influence beyond the desire of multinationals for cheaper labor.

Globalization Over?
It’s sometimes said that free trade is like a bicycle: If you don’t keep moving forward, you fall over. Has the forward momentum been lost?

Reich: A backlash [against globalization] is certainly coming. The challenge for those of us who believe that free trade and global capital are essentially good things if managed correctly is to avoid the backlash by developing progressive strategies to overcome the widening inequalities and the environmental deprivations while preserving what’s good about globalization. And what’s good about globalization needs to be on the table as well. Since the Second World War, globalization has dramatically improved the lives of most of the world’s people. It has meant that poor people even in rich nations have access to goods and services that are much cheaper than they would be if we were living in a world of autarky. It means that savings can flow to poorer nations to put people to work.

Reform It or Junk It?
So would you reform the WTO or junk it entirely?

Lee: Reform it in every aspect. Reform its rules, reform its processes. We do need a system of international trade rules, but we don’t like the rules or the process that exists now. Our primary concern is that the WTO has no provisions protecting workers’ rights. The only labor right that is written into WTO rules right now is that countries may restrict imports of goods produced with prison labor. But the other core labor standards are not covered by WTO rules. If a country wants to ban the import of goods made with child labor or place trade sanctions on a country that is violently repressing independent labor unions, the WTO could strike it down as a trade restriction.

Bello: I would abolish the WTO. It institutionalizes the historical accumulated advantage of the North, and specifically of the United States. Because of tightened intellectual-property restrictions, industrialization by imitation—the traditional way that countries have industrialized—is no longer an option. All the ways by which trade policies like barriers and quotas have been creatively used for economic development in the past have now been eliminated. The agreement on agriculture is nothing but an effort to consolidate the monopoly over global agricultural trade enjoyed by the European Union and the United States. Yes, we now have a rule-based system and a very strong dispute-settlement system. But basically what this does is reduce policing costs. I think less structure and more fuzziness would serve the interests of the poorer countries. The current set of rules is skewed to the advantage of the rich countries, particularly the United States.

India
We are opposing the WTO because we say that we will decide how to achieve progress in our country. We don’t want decisions imposed by anybody else. One greatly affected group is the farmers. Transnational corporations are selling seeds that are making farmers bankrupt [because the plants can’t reproduce]. Another issue is the struggle over the Narmada, a big river in India. Our people are fighting because the IMF and other foreign institutions are imposing big dams and displacing lots of people from their livelihoods. The globalization imposed by the WTO is not real globalization. They are globalizing the market. The local communities should decide what to sell and how to interact with other countries.

Sanjay Mangala Gopal, national coordinator, National Alliance of Peoples’ Movements

All “Voices” are edited versions of interviews conducted by Brian Thomas Gallagher except for Yash Tandon’s, which is based on a paper that will appear in a forthcoming issue of Global Dialogue (Johannesburg).
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