

Anti-globalisation  
demonstrations at the  
WTO Ministerial.

Seattle, 1999

*"Globalisation is irreversible  
and irresistible."*

Tony Blair, Geneva 1998

*It doesn't have to be like this*

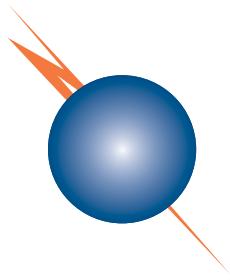
# Time to *replace* globalisation

**A Green Localist Manifesto for World Trade**

**CAROLINE LUCAS MEP AND COLIN HINES**



**The Greens/European Free Alliance in the European Parliament**

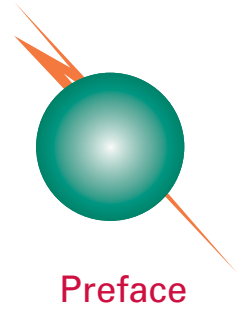


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*Front cover photo acknowledgements:*

*Seattle protesters – Reuters      Tony Blair – Martin Argyles, The Guardian*



## Preface

“For too long the debate surrounding economic globalisation has been dominated by its fervent apologists and by its equally fervent detractors. It is now time to move from opposition to proposition by setting out a detailed alternative to globalisation.”

### Caroline Lucas MEP

Dr Caroline Lucas MEP is a member of the European Parliament’s influential Trade Committee. In this report ***Time to Replace Globalisation***, she argues that the world’s local communities are being increasingly fractured by globalisation’s major driving force – the curse of international competitiveness, which is enshrined in and driven by the World Trade Organisation (WTO). She makes the case that this Darwinian, dog-eat-dog, economic warfare must be halted, and instead the wounds of local communities should be healed by a process of relocalisation. Under

this alternative direction for the global economy, the purpose of world trade is re-orientated to contribute to the renewal of sustainable national and local economies, worldwide.

Caroline Lucas brings a novel perspective to this debate, since she is both an elected Green Party politician and a seasoned street activist, having joined protesters at Seattle, Nice and Gothenburg. As a Member of the European Parliament’s Trade Committee, Dr Lucas is at the heart of the EU’s trade debate. She is also a member of the EU’s official delegation to the World Trade Organisation Ministerial Meeting. **The thrust of this Report is that it is time to replace the World Trade Organisation’s programme of ever more open markets, in ever more ruthless competition with each other, with a post-globalisation alternative.**

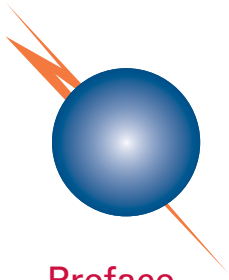
At the Doha WTO Ministerial Meeting in 2001, Dr Lucas had an uncompromising message to other delegates and to the world’s media:

*“I have seen what the politicians are doing – gutless apologists for ever greater globalisation – and I’ve protested alongside the anti-globalisers – whose agenda is the right one, but is too often locked in opposition. It is now time to move the debate on in a radical fashion.*

*As an MEP, I know that the EU is a powerful enough bloc to take on the floundering, twilight days of globalisation, and in its place to propose the hopeful alternative of rebuilding national and local economies throughout the world.*

*Such an enormous change in direction is timely. The economic dark clouds are gathering globally and the free market certainties of the*





## Preface

*(continued)*

*90's were finally buried with the rubble of the appalling New York atrocity of September 11th. At the Ministerial, yesterday's 'men' still tried to breathe life into the flagging free market model. I was there to build alliances for future attempts to move from beggar your neighbour globalisation to a more sustainable and equitable alternative."*

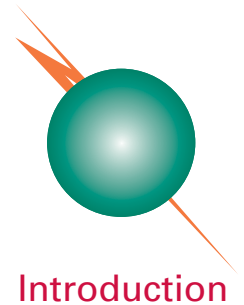
The first part of this report debunks the incessant mantra of pro-globalisation myths and demonstrates how free trade adversely affects people both North and South. The second part challenges head on the idea that the choice before us is between WTO rules on one hand, or the chaos of no rules on the other. This myth is laid to rest by the Report's detailed proposals for a different set of trade rules. These are designed to rid the world of international competitiveness and to enable communities to rebuild their own economies, increasing their sense of security through the strengthening of local control. It is this approach that should be at the top of the Ministerial's agenda.

Globalisation is not like gravity – it is not inevitable. It is failing – and alternatives **are** possible. This Report outlines one of them – the relocalisation and democratisation of sustainable economies worldwide.

**Colin Hines**, London, *October 2001*.

Time to *replace*  
globalisation

**T**he purpose of this Report is to challenge the growing myths about the alleged benefits of ever increasing trade liberalisation, and in particular to tackle head-on the greatest myth of all – that economic globalisation is inevitable. The Report also makes clear that an alternative to this damaging process exists, that a radically different set of trade rules can bring about the necessary transition, and that the EU must play a key role in delivering it.



Globalisation is not driven by irrefutable economic laws, nor is it governed by ineluctable market forces. And, by the same token, it has not happened by an accident of nature or divine intervention. Despite the public relations efforts of some to convince us otherwise, the WTO system is just one design for the world's economy. It is not inevitable like the moon's pull on the tide, or the force of gravity. The establishment of the WTO and the global trade rules it oversees was an enormous task. If we do not like the outcome, we can choose alternatives to it. To underline our point, we set out a framework constitution for a different global institution with different rules and a different end-goal.

In contrast to the ten myths of world trade, we posit one overriding reality: that a planet of finite resources and increasingly unmet social needs cannot sustain an economic system based on ever increasing international competition, and ever greater free trade, the product of a single global development model driven by, and serving, corporate interests. As the German economic philosopher Wolfgang Sachs argues in his book, *The Development Dictionary*, "the only thing worse than the failure of this massive global development experiment would be its success".<sup>1</sup>

The reality is that this process poses an enormous threat to the environment and is on a collision course with attempts to control climate change.<sup>2</sup> Trade accounts for a growing share of an increasingly fossil fuel-hungry global economy, and the transport it depends on is one of the fastest rising sources of greenhouse gas emissions. Moreover, even at its optimum performance level, its long-term benefits go only to a minority of people who sit at the hub of the process, while the rest are left fighting over fewer jobs and less land, living in

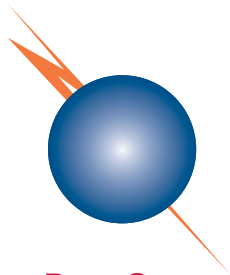
increasingly violent societies on a ravaged planet.

The adverse effects of globalisation have long been apparent to those on the ground in poor countries. These range from Indian peasant farmers made bankrupt by cheap imports resulting from the dismantling of protective tariff barriers, through to rising death rates in Russia following the collapse of social infrastructure and the rise of gangster capitalism. Richer countries are now also beginning to feel their effects more widely, with the recent fall in the values of stock markets and the resulting decline in consumer confidence bringing rising unemployment and insecurity, as jobs disappear, share values are destabilised and pensions shrink.

It is therefore both necessary and timely to set out an alternative proposal for a radically different way to organise the world's economy in order to achieve genuine sustainability. The one set out in this report is a process of 'localisation'. This is a model that is beginning to be increasingly advocated both North and South. In essence it means that the focus of a country's economic policy is to protect and strengthen its local and regional communities by producing as many goods and services as feasible and appropriate from within its own borders. This obviously does not mean putting an end to all international trade. It simply means trying to meet more of our basic needs from closer to home, with long distance trade reverting to its original purpose – the quest for what cannot be obtained domestically. In the second half of the Report, we set out in detail some of the changes to world trade rules which would be needed to achieve this alternative vision, and outline the key role which the EU must play to bring this about.

## Getting the terms straight –

# Globalisation



### Part One

*“Globalisation ... is about power and control. It is the reshaping of the world into one without borders ruled by a dictatorship of the world’s most powerful central banks, commercial banks and multinational companies. It is an attempt to undo a century of social progress and to alter the distribution of income from inequitable to inhuman.”*

**Paul Hellyer, former Deputy Prime Minister of Canada**

*“ The protesters are winning. They are winning on the streets. Before too long they will be winning the argument. Globalisation is fast becoming a cause without credible champions.”*

**Financial Times,**  
17 August, 2001

Before challenging the myths of the alleged benefits of economic globalisation, it is crucial to clarify what is meant by the term.

Linguistic clarity is vital, since the advocates and beneficiaries of globalisation misuse the indisputable benefits that can accrue from constructive international flows of information and technology to justify the destructive processes of economic globalisation. International Development Secretary Clare Short typifies this approach when her Department’s official statements assert that ‘... globalisation means the growing interdependence and interconnectedness of the modern world.’<sup>3</sup> This woolly, cosy definition allows Short to wax lyrical about the spread of democracy and human rights without understanding that these have very little to do with economic globalisation as most activists understand it.

By **globalisation** we mean the ever-increasing integration of national economies into the global economy through trade and investment rules and privatisation, aided by technological advances, and driven by institutions like the WTO. The relentless effort to eliminate ‘barriers’ to trade by multinational corporations has led to a loss of democratic control by nation-states and their communities over their own economic affairs. The process is driven by the theory of comparative advantage, and the goal of ever increasing international competitiveness.<sup>4</sup> It is occurring increasingly at the expense of social, environmental and labour

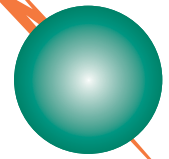
improvements, and leading to rising inequality for most of the world. This is very different from the process of ‘internationalism’ – the positive global flow of technology, ideas, and information, together with growing international understanding and co-operation.

By **localisation** we mean a set of interrelated and self-reinforcing policies that actively discriminate in favour of the local (see page 15) In practice, what constitutes the ‘local’ will obviously vary from country to country. Some countries are big enough to think in terms of increased self-reliance within their own borders, while smaller countries would look first to a grouping of their neighbours. This approach provides a political and economic framework for people, community groups and businesses to re-diversify their own economies. It has the potential to increase community cohesion, reduce poverty and inequality, improve livelihoods, promote social provision and environmental protection and provide the all-important sense of security.

Localisation is the very antithesis of globalisation, which emphasises a beggar-your-neighbour reduction of controls on trade and contorts all economies to make international competitiveness their major goal. Localisation involves a better-your-neighbour supportive internationalism where the flow of ideas, technologies, information, culture, money and goods has, as its end goal, the protection and rebuilding of national and local economies worldwide. Its emphasis is not on competition for the cheapest, but on co-operation for the best.

# 'Globalisation is the only effective route to development'

## Myth 1



### Part One

TEN MYTHS  
ABOUT WORLD  
TRADE AND  
GLOBALISATION

Conventional wisdom has it that globalisation has accelerated the world's economic growth, and that the only argument is over how that growth has been distributed. A closer look at the facts, however, reveals a very different picture.

From 1960 to 1980, virtually every nation in the developing world was developing along the lines of the 'Import Substitution Model', by which locally owned industry was built through government investment and high tariffs. During this era of increasing national government control and ownership, per capita income grew by 73 per cent in Latin America and by 34 per cent in Africa. By comparison, since 1980, growth in Latin America has come to a virtual halt, increasing by less than six per cent over 20 years, while African incomes have declined by 23 per cent.<sup>6</sup> Also during this period, more than a decade of life expectancy was added to nearly every nation on the planet. From 1980 to today, the era of increasing globalisation, life has become brutish and shorter. Since 1985, life expectancy has been falling in 15 African nations. Even the IMF has admitted that "in the recent decades, nearly one-fifth of the world population have regressed" – arguably "one of the greatest economic failures of the twentieth century".<sup>7</sup>

Recently, a group of US researchers has drawn up a globalisation scorecard which compares the period from 1980 to 2000 – the era of Reaganite neo-liberal globalisation when the drive for capital deregulation, privatisation, and the lifting of barriers to international investment was at its height – with the period from 1960 to 1980 when most developing countries had a more restrictive and inward-looking economy.<sup>8</sup>

They discovered that the poorest countries went from a per capita growth rate of 1.9% annually in the 1960-1980 period to a decline of 0.5% a year between 1980 and 2000. The middle group of countries did worse, dropping from annual growth of 3.6% to growth of just under 1% after 1980. The world's richest countries also showed a slowdown.

Using the UNDP's Human Development Index, which widens assessments of welfare from purely income measurements to include, among others indicators, infant mortality, literacy and gender empowerment, the researchers found that between 1980 and 2000 there was a 'very clear decline in progress'.

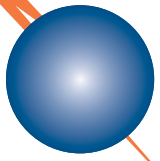
For life expectancy, the picture was similar. Only the richest countries showed a higher rate of improvement in the past 20 years. Among middle-income and poor countries, progress in reducing child mortality and raising school enrolments was faster before 1980.

But what of the East Asian 'Tigers' who seem to have reaped enormous benefits from the world economy? In fact, their development strategies were very different from those being prescribed to poor countries today. Countries like South Korea and Taiwan had to abide by few of the current rules during their formative growth period in the 1960s and 70s, and faced far less pressure to open their borders to capital flows. These countries combined their outward orientation with unorthodox policies: high levels of tariff and non-tariff barriers, public ownership of large sectors of banking and industry, export subsidies, domestic-content requirements, patent and copyright infringements, and restrictions on capital flows, including foreign direct investment. Today it would be impossible to replicate these strategies without breaking the rules of the WTO or IMF.

*"Advocates of global economic integration hold out utopian visions of the prosperity that developing countries will reap if they open their borders to commerce and capital. This hollow promise diverts poor nations' attention and resources from the key domestic innovations needed to spur economic growth."*

**Professor Dani Rodrik,  
Harvard University**<sup>5</sup>

## Myth 2



### Part One

# 'Greater integration into the world economy is good for the poor'

The WTO, alongside other international finance agencies, incessantly repeats that greater integration into the world economy is the only way for the world's poorest countries to develop. In recent years, faith in integration has spread to political leaders and policymakers around the world.

*"The costs of adjusting to greater openness are borne exclusively by the poor, regardless of how long the adjustment takes. In addition, the consequences of terms of trade changes are far greater for the poor than for the middle or wealthy classes. The poor are far more vulnerable to shifts in relative international prices, and this vulnerability is magnified by the country's openness to trade."*

World Bank, 1999<sup>9</sup>

*"Since liberalisation began in Russia in 1989, inequality has doubled, wages fell by almost half, and male life expectancy has declined by more than four years to 60 years."*

UNDP, 1999<sup>10</sup>

Such integration, however, is more than just lowering barriers to trade and investment. Countries must now comply with a long list of admission requirements, from new patent rules to more rigorous banking standards, and undertake complex institutional reforms that took today's industrialised countries generations to achieve.

This is bad news for the world's poor. By focusing on international integration, governments in poor countries divert human resources, administrative capabilities, and political capital away from more urgent development priorities such as education, public health and industrial capacity. Blind adherence to the integrationist faith leaves less space for the development of domestic economic strategies based on domestic investors and domestic institutions.

Moreover, analysis by the United Nations Conference on Trade and Development (UNCTAD) found that income gaps between North and South have continued to widen and that globalisation has contributed to this trend. In 1965, the average per capita income of the G7 countries was 20 times that of the world's poorest seven countries. By 1995, it was 39 times as much. In almost all developing countries that have undertaken rapid trade liberalisation, wage inequality has increased, most often in the context of declining industrial employment of unskilled workers and large

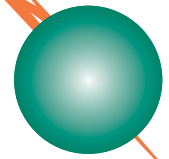
absolute falls in their real wages, of the order of 20-30% in Latin American countries.<sup>11</sup>

More than 80 countries now have per capita incomes lower than they were a decade or more ago, and as the United Nations Development Programme (UNDP) points out – **it is often the countries that are becoming even more marginal which are highly 'integrated' into the global economy.**<sup>12</sup> In spite of the fact that exports from Sub-Saharan Africa, for example, have reached nearly 30% of GDP (compared to just 19% for the leading industrialised countries of the OECD), the number of people living in poverty there has continued to grow.

Indeed, studies reveal no systematic relationship between a country's average level of tariff and non-tariff barriers and its subsequent economic growth rate. If anything, the evidence for the 1990s indicates a positive relationship between import tariffs and economic growth. The only clear pattern is that countries have dismantled their trade restrictions as they have grown richer. Today's rich countries, with few exceptions, embarked on economic growth strategies behind protective barriers but now display low trade barriers. As US economist Dani Rodrik concludes, the globalisers have it exactly backwards: integration may be the result, but it is certainly not the cause, of economic and social development.<sup>13</sup>

# 'Developing countries have most to gain from a new World Trade Round'

## Myth 3



### Part One

According to Mike Moore, Director General of the WTO until September 2002, the future of world prosperity depended on an agreement to launch an ambitious new Trade Round at the next WTO Ministerial Meeting in Doha. A number of developing countries had good reason to question this assumption. Sub-Saharan Africa, for example, has lost an estimated \$569 million per year from the last Uruguay Round.<sup>15</sup>

Moreover, the costs of implementation are significant. World Bank economist Michael Finger has estimated that a typical developing country must spend \$150 million to implement requirements under just three WTO Agreements (those on customs valuation, sanitary and phytosanitary measures, and trade-related intellectual property rights). As Finger notes, this sum equals a year's development budget for many least-developed countries.<sup>16</sup>

Indeed, a significant number of developing countries were not in favour of launching a new Trade Round. Many are insisting that outstanding issues negotiated during the last round of trade talks, the Uruguay Round, be resolved before a new Round begins. These include revising the agreement on intellectual property rights to take account of public health needs, delaying implementation of investment measures, operationalising the commitment to 'special and differential treatment' for poorer countries, and honouring the market access commitments made by the industrialised countries at Marrakesh and still not implemented. On the eve of the G7/8 Summit in July 2001, 30 African countries, including the regional giants South Africa and Nigeria, signed a declaration in Addis Ababa rejecting new powers for the WTO, while in late August the South Asian Association for Regional Co-

operation, which includes India and Pakistan, called on WTO members to oppose a broad new round to trade talks. The EU, on the other hand, is adamant that it is essential to include new issues such as investment, competition, and government procurement in the new Round.

Although not a formal part of the New Round, the WTO's Agreement on Agriculture is also a highly contentious issue for developing countries. India has been a particularly outspoken critic, since its huge agricultural sector is being devastated by WTO rules forcing India to lower its protective tariffs. Prakash Singh Badal, the Chief Minister of the most prosperous state in the so-called breadbasket of India, Punjab, warned in December 2000 that *"the implementation of the WTO Agreement in its present form would lead to bloodshed in the country ... signing of the WTO amounts to signing the death warrant for the farm sector."*<sup>17</sup>

Much play is made of fact that the majority of WTO members are developing countries and that therefore they have the upper hand in the institution. This is to cynically ignore the realities of international politics, whereby the more powerful countries – particularly the EU and US – dominate the proceedings. Although nominally one country, one vote, in fact voting does not generally take place in the WTO at all – instead, power is brought to bear in the corridors and back rooms.

The reality of this power imbalance was seen both in the first draft of the Ministerial Declaration for the WTO Conference in September 2001 and the final wording for the new Round in November 2001. Both failed to reflect the concerns that many developing countries have been expressing for a long time over implementation issues, and all the elements that the developing countries have been objecting to are there in the final text.<sup>18</sup>

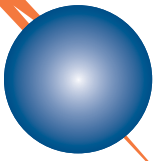
*"Attempts to respond to the demands of the western-driven market-based globalisation process have only served to atomise the developing world whilst making countries ever more vulnerable to pressures from the most powerful players in the international order, whether these be states or Transnational Corporations. The current global agenda is almost bereft of the concerns of the South."*

**Clement Rohee, Foreign Minister of Guyana and the Chair of the G77**<sup>14</sup>

*The WTO is often promoted as a rules-based trading framework that protects the weaker and poorer countries from unilateral action by the stronger states. The opposite is true: the WTO ... is meant to institutionalise and legitimise inequality."*

**Walden Bello, Director of Focus on the Global South, Philippines**

## Myth 4



### Part One

*“One of the greatest unquestioned assumptions of modern policy-making is the necessity of global free trade. To doubt it is to commit an act of heresy. Yet for all its supposed and often vaunted ‘superior efficiency’ over other systems of economic organisation, free trade, especially when practiced globally, is grossly inefficient in real terms.*

*By prioritising large-scale production for export over small-scale production for the fulfilment of local needs, and by engendering global competitive pressures that pit communities against communities worldwide, the price of consumer products to individuals may fall, but the costs to society and the natural environment rise enormously.”*

**David Morris, Director  
Institute for Local  
Self-Reliance** <sup>19</sup>

# ‘Comparative advantage is the most efficient way to ensure a prosperous world’

The advocates of free trade claim that all nations benefit by trade because of the principle of ‘comparative advantage’. According to this ‘do what you do best, and trade for the rest’ approach, nations do best from international trade when their industries specialise. By mass producing those goods where they can make maximum use of the factors of production which are in abundance locally (whether land, climate, natural resources or labour), countries are able to gain a price advantage over their competitors. Thus, according to the theory, a nation should narrow its focus of activity, abandoning certain industries while developing those in which it has the greatest ‘comparative advantage’.

If a country has a significant amount of low cost labour, for instance, it should export labour-intensive products; if it has a rich endowment of natural resources, it should export resource-intensive products. International trade is then said to grow, as nation-states export what they can produce most cheaply and import what others produce most cheaply. As a result, efficiency and productivity would increase in line with economies of scale, and prosperity would be enhanced.

This ivory tower theory ignores the reality of the differences in power between traders and producers as well as those between nations. The nature of comparative advantage for a country may alter completely if it has the power and resources to gain such advantage. Thus through long-term planning, education and investment, Japan has made its wealth on manufactured goods, despite being poor in natural resources and energy. But for poor countries, as their economies now stand, free trade means continuing in their relatively powerless role as low cost producers of primary goods for Western consumption.

These theories therefore bear no comparison to today’s reality. The free flow of goods and

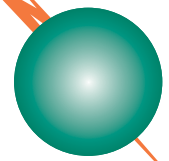
capital, means that investment is now governed by *absolute* profitability and not by comparative advantage between countries. Today, the increased size and the global spread of TNCs has been paralleled by a massive increase in the amount of capital flowing round the world. In 1996 alone, for example, total world cross-border investment flows amounted to some \$310 billion. Developments in computing and information technology, plus a deregulation of controls on capital by nation states, now mean that around \$1.3 trillion is transferred every day around the world.<sup>20</sup>

As one economist concludes: *“When capital is mobile it will seek its absolute advantage by migrating to countries where the environmental and social costs of enterprises are lowest and profits are highest. Both in theory and practice, the effect of global capital mobility is to nullify the Ricardian doctrine of comparative advantage. Yet it is on that flimsy foundation that the edifice of unregulated global free trade still stands.”* <sup>21</sup>

As if to prove the point, the WTO refers to the theory of comparative advantage as ‘... arguably the single most powerful insight in economics’.<sup>22</sup>

# 'Anti-globalisation protesters are all white, middle class rich kids, whereas the third world wants more free trade'

## Myth 5



### Part One

The Seattle and post Seattle protests in the US and Europe have been termed a 'new movement'. But these much publicised protests, derided by supporters of globalisation as the 'antics' of the 'white, privileged and middle class' are actually just the tip of a far more global iceberg. In the South, a much deeper and more wide-ranging grassroots movement has been developing for years, largely ignored by the media. Indeed, the Northern protesters are echoing the same concerns as their Southern counterparts.

Protests and demonstrations organised by the Southern poor have been aimed at policies that hurt their livelihoods and, in some cases, undermine the democratic foundations of their countries. This 'hidden' movement has a global reach and represents a deep unease over economic policies that keep the poor in poverty.

Among the largest demonstrations have been those in India, where in the early 1990's half a million people demonstrated against the adverse effects of the policies of the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT). Indian farmers' coalitions are currently fighting the large-scale export agriculture promoted by WTO rules by countering the illegal rollback of land reform policies to enable TNCs and domestic industries to buy agricultural land for growing luxury crops for export;

and by opposing new export policies encouraging the slaughter of 'sacred' animals in slaughter houses for meat exports. Thousands of villages in Gopalpur in Orissa have also blocked the establishment of a new steel plant by Tata and Nippon. The plant is only for export production, and will use iron ore from newly opened mines and energy from new dams, which together will cause millions to be uprooted and displaced.

Other countries where big demonstrations have occurred include Argentina, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Honduras, Kenya, Malawi, Nigeria, Paraguay, South Africa, and Zambia.<sup>25</sup>

Moreover, hundreds of NGOs and groupings from global civil society both North and South have signed onto **WTO – Shrink or Sink!** – a Sign-On letter demanding radical reform of the WTO. The signatories agreed that:

"The time has come to acknowledge the crises of the international trading system and its main administering institution, the WTO. We need to replace this old, unfair, and oppressive trade system with a new, socially just and sustainable trading framework for the 21st Century ... We need to protect cultural, biological, economic, and social diversity; **introduce progressive policies to prioritise local economies and trade** (authors' emphasis); secure internationally recognised economic, cultural, social and labour rights; and reclaim the sovereignty of peoples and national and sub-national democratic decision-making processes."<sup>26</sup>

Of the nearly 80 countries that were represented in the signatories' list, 44 were developing countries, and seven were from Central and Eastern Europe.

*"Who is better placed to speak on behalf of the poor – middle class white people in the North or the elected representatives of the poor in Africa themselves?"*

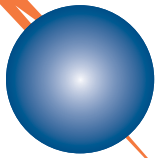
**Clare Short**  
UK International  
Development Secretary<sup>23</sup>

*"... the alternative to state centralisation is not corporate centralisation through global markets. The ecological and democratic model of food security is based as far as possible on ecological production and local consumption.*

*Trade liberalisation ignores this truth ... Diverting food from rural households and communities to global markets or diverting land from food crops for local consumption to luxury crops for export to the rich north might show growth in dollars in international trade figures but it translates into increased hunger and deprivation in the rural areas of the Third World."*

**Vandana Shiva**  
Indian academic and  
activist<sup>24</sup>

## Myth 6



### Part One

*"Empirical evidence tends to show that trade liberalisation may entail non-trivial adjustment costs for certain groups."*

**WTO Annual Report, 1998** <sup>27</sup>

*General Electric has slashed its US workforce by almost half since 1986 through automation, downsizing, out-sourcing, and plant closures. It has globalised operations .. by shifting production to low-wage countries ... but even there the jobs remain precarious. GE recently closed a factory in Turkey to move it to lower-wage Hungary. It has since threatened to close a factory in Hungary and move it to India.* <sup>28</sup>

*"The young man handling your query at the call centre is polite and chats to you about the weather. He could be in Surrey, but there is a growing chance he's in Delhi, and paid as little as £1,300 a year. No wonder so many western companies are making the Indian connection."*

**Business FT magazine**  
11th August 2001

# 'More globalisation means more jobs'

According to the International Labour Organisation, at the beginning of 1999 there were some 150 million people unemployed worldwide and up to one billion under-employed – a third of the world's labour force. In the words of then ILO Director-General Michael Hansenne, *"the global employment situation is grim, and getting grimmer."* <sup>29</sup>

The situation is worst of all for developing countries and those in Eastern Europe. However, even across the industrial world, pressure to reduce real wages and downsize labour forces has been a hallmark of policy since the late 1970s. This has been largely the result of competition between rich countries as they have opened up their markets to foreign capital, mergers and acquisitions, as well as to imports and the relocation of companies to other countries. Pressure on jobs in rich countries has also been increased by competition from low-waged, but increasingly high-skilled exporters from the Asian economies and China, and by the actual or threatened relocation of industries to lower-waged, less regulated economies. Often just the threat of relocation alone is enough to introduce a sense of discipline to the workforce, limiting their expectations of better wages and conditions.

At the same time, both manufacturing and an increasing part of the service sector are being driven down globalisation's competitive path of ever more automation and the 'downsizing' of its workforce. Increased job losses far too frequently result in redeployment to lower paid, part-time, more insecure work, or simply to unemployment.

Recent examples include the Dutch owned Corus Steel, which bought British steel works and then closed them, and BMW's purchase of

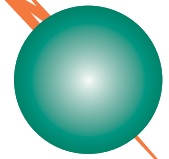
Rover, and its subsequent downsizing of the company before the management buyout. Even more symptomatic of the waning power of elected leaders over transnational corporations was the fact that when the US owned company Motorola shut its factory in Scotland, with the loss of 3000 jobs, Prime Minister Tony Blair could not even reach the chairman on the telephone to discuss the issue.<sup>30</sup> Perhaps most symbolic of the loss from relocation of jobs once thought secure for the Northern working class in Britain was the transfer of cloth cap production from Leeds to China in an effort to remain competitive. Moreover, in both rich and poor countries, the push to attract and keep private investment in national economies has led to strict curbs on the funding of public provision for basic needs so that taxes can be reduced whilst inducements to foreign investors are increased.

Globalisation also offers no security for workers in developing countries as they are constantly forced to compete with other workers from even poorer countries. This situation will be made worse when, as expected China, joins the WTO at the Ministerial meeting. The country's rural majority will be further disadvantaged by cheap food imports, especially from the US, and will join the 100 million who are already looking for urban work. This recipe for ever lower Chinese wages at a time of export emphasis will further devastate its third world competitors – China has already captured Northern textile markets from poor competitors such as Bangladesh. With technology transfer and automation China will potentially also be able to beat OECD competition and increasingly dominate the markets in Europe and the rest of the North in a huge range of goods.

Shougang Steel, for example, has already become so expert in computerised production techniques that it won a contract to install the control systems for a US steel maker.<sup>31</sup>

# 'If globalisation is replaced we will return to the disastrous protectionism of the 1930s and the Communist era'

## Myth 7



### Part One

According to economic orthodoxy, the goal of the 1930s protectionism was for each protected industry or country to hide behind higher tariff barriers in order to provide a respite from competition. In theory, this would enable it to increase its economic viability and then compete for foreign markets at the expense of others. The result was said to be that the more countries raised such barriers, the less trade there was between them and, as a result, the 1929 slump turned into a depression.

However, Professor Eckes, a former advisor to President Reagan who has studied the relevant archives and diplomatic correspondence, recently revealed that the tariffs which were raised – which were themselves not very high – caused little retaliation between countries. It was the depth of the global depression, not the irritation of tariff increases, that forced governments to restrict trade and currency flows, and to concentrate on domestic economic recovery. The myth that protectionism was a major cause of the depression is therefore wrong.<sup>33</sup> Rather, the depression was so deep because the laissez-faire ideology of the time failed to allow enough governments to pump adequate public expenditure into their economies to overcome the decline in consumer expenditure. It was only the Second World War that eventually provided sufficient demand to pull the world out of depression.

A further challenge is to rescue the language of protectionism. Peasants are lampooned as 'protectionists' for resisting trade liberalisation and for trying to preserve an 'inefficient' way of life. Workers and businesses are described as 'standing in the way of progress' if they express worries about their livelihoods being undercut by imports. Consumer and environmental organisations are criticised as 'green protectionists' when they attempt to prevent free trade from rolling back hard won environmental or product safety regulations or the introduction of more stringent measures. But if we look at the meaning of protection,

interesting questions follow. Protection of what? For whom? For what ends? To whose benefit?

It is the answer to these questions which makes localisation very different from 1930s protectionism. Rather than raising barriers in order to compete in foreign markets at the expense of others, it raises barriers in order to protect and rediversify the national provision of goods and services. The old protectionism served the short term interests of the powerful elites and national companies; localisation seeks to protect *public* interests such as health, the environment, safety standards, and poverty eradication, against the interests of the free trading elite. The old protectionism sought to preserve gross inequalities within and between states; localisation seeks the reverse, arguing that today's challenges cross all geographical and social boundaries.

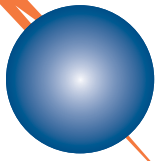
Localisation also differs from the closed, protectionist economies attempted by communist regimes in that internal competition, the international flow of ideas and technology, and the introduction of resource taxes will ensure that the stagnation and environmental degradation so often found in these closed-off regimes will not be repeated. Finally it is crucial to note that localisation is not against all international trade; rather it seeks to reduce unnecessary trade in goods and services that can be conveniently produced domestically.

*"Protectionism is ... viewed as the only alternative to 'free trade'. Such stereotyping is unwarranted.*

*However, we would be willing to accept the label of 'protectionist' if it were understood that what we want to protect are: efficient national policies of cost internalisation; health, insurance and safety standards; and a reasonable minimum standard of living for citizens.*

*Historically these benefits have come from national policies, not from global economic integration. Protecting these hard-won social gains from blind standards-lowering competition in the global market is what we are interested in – not the protection of some inefficient entrepreneur who wants to grow mangoes in Sweden."*<sup>32</sup>

## Myth 8



### Part One

# 'To recover from the attacks on the Twin Trade Towers we need more globalisation, not less: to be anti-globalisation now is to offer unwitting support to terrorism'

*"The terrorists deliberately chose the World Trade towers as their target. While their blow toppled the towers, it cannot and will not shake the foundation of world trade and freedom."*

**Robert B. Zoellick,  
US Trade  
Representative**

20 September 2001 <sup>34</sup>

*"Could Congress fail to grant the President a trade negotiating authority if it was presented as a way to strengthen the global co-operation and open international economy that the World Trade Centre so powerfully symbolised?"*

*The anti-globalisers will rail. Let them. Certainly, those anti-globalisers who wish to be taken seriously will have to divorce themselves publicly and completely from the violent anarchists, some of whom already blame this terrible crime on US promotion of global capitalism. The protesters were always wrong in their opposition to trade liberalisation ..."*

**Martin Wolf,  
Financial Times**

16 September 2001 <sup>35</sup>

The anti-globalisation movement of which we are part is committed to non-violence, and we have repeatedly distanced ourselves from the tiny minority who wish to use violence. To suggest otherwise is misleading and dishonest.

Far from giving succour to terrorists, we are committed to addressing some of the factors which currently generate a fertile breeding ground for terrorism – poverty, inequality, situations where people see no hope of improvements, feel no sense of security and have no chance for a better future. Globalisation exacerbates these factors – replacing globalisation, then, is a crucial part of an overall strategy to combat terrorism.

However, after the appalling atrocity in New York, it is the pro-globalisers who are regrouping behind their usual misinformation about the benefits of free trade. They are using the understandable political bipartisanship in the aftermath of 11 September in order to bounce Congress into making it easier for President Bush to agree to a new WTO 'Round'. Far from leading to greater international security, this would further reduce nations' control over their economies, and increase inequality.

In the aftermath of 11 September, Tony Blair proposed that the monument for those who died should be that the international community shapes a world where all people have justice, prosperity, and freedom to

develop individual potential. He too recognised that this was the way to deal with some of the causes of terrorism. For him, however, the issue is not how to stop globalisation –

*"The issue is how we use the power of community to combine it with justice. If globalisation works only for the benefit of the few, then it will fail and will deserve to fail. But if we follow the principles that have served us so well at home – that power, wealth and opportunity must be in the hands of the many, not the few ... then it will be a force for good and an international movement that we should take pride in leading. Because the alternative to globalisation is isolation."* <sup>36</sup>

Yet with this statement, Blair reveals a fundamental naivety in failing to understand the historical fact that the WTO rules were initially developed by and for large corporations. The reality of the effect of these rules of economic globalisation is that it pits nation against nation, rich against poor, in a commercial war to conquer other people's markets, under the battle cry of 'international competitiveness'. Experience shows that this leaves little room for Blair's hopes for justice, prosperity, and freedom.

Moreover, his straw man of pitting isolation as the only alternative to globalisation is belied by the fact that communities all over the world are increasingly recognising that globalisation is an obstacle to the ends that they want, not a vehicle to achieve them. Instead, they are demanding a new focus on co-operation to achieve the protection and rebuilding of economies, North and South.

# 'The WTO is democratic, accountable and driven by elected governments'

Many decisions affecting people's daily lives are being shifted away from local and national governments and are instead being made by a group of unelected trade bureaucrats sitting behind closed doors in Geneva. They are now empowered to dictate whether the EU has the right to ban the use of dangerous biotech materials in the food it imports, or whether people in California can prevent the destruction of their last virgin forests, or whether European countries have the right to ban cruelly-trapped fur.

At stake is the very basis of democracy and accountable decision-making. Indeed, globalisation is characterised by the establishment of supranational limitations on the legal and practical ability of any nation to subjugate commercial activity to other policy goals. It has aptly been described as a 'slow-motion coup d'etat' over democratic governance worldwide.<sup>39</sup>

Thus, under the WTO's rules, the race to the bottom is not only in social and environmental standards, but also in democracy itself. So-called free trade deals virtually guarantee that democratic efforts to ensure corporations pay their fair share of taxes, or provide their employees with a decent standard of living, or meet environmental targets are met with the response that such measures could undermine their international competitiveness; followed closely by a threat to relocate to countries with less stringent standards.

It is not hard to see why. Corporate interests share a common, perverse outlook which makes the globe first, and foremost, a common market and source of capital. Governments, laws and democracy are factors that restrict their exploitation. From this perspective, the goal is to eliminate market barriers on a global scale. From any other perspective, such barriers are seen as valued safeguards on unfettered economic activity – that is, every nation's laws that support their economies, their citizens' health and safety, the sustainable use of their land and resources, and so on.<sup>40</sup>

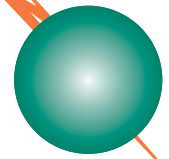
Indeed, the globalisation process, and the trade

rules that guide it, have been driven over the past three decades by the world's leading business and governmental elites. They have been instrumental in achieving free trade agreements such as the General Agreement on Tariffs and Trade's (GATT) Uruguay Round (spearheaded by the International Chamber of Commerce), and in the EU, the Single Market and Currency (via the European Roundtable of Industrialists).<sup>41</sup>

Their power has been increased by the additional armoury of the WTO's international trade rules, to ensure the global economy is further shaped to their advantage. The following example is a case in point. The extraordinarily controversial issue of intellectual property rights was put on the Uruguay Round agenda by a committee of 13 major companies, including General Motors and Monsanto, which lobbied governments to include their proposals in the trade talks. In the negotiations that followed, **96 out of the 111 members of the US delegation working on intellectual property rights were from the private sector.** Little surprise, then, that the final agreement serves corporate interests, and undermines poor people's access to knowledge and technology.<sup>42</sup>

The extent of their success is seen by the incredible fact that 47 of the top 100 economies of the world are TNCs, 70 per cent of global trade is controlled by just 500 corporations and a mere one per cent of TNCs are responsible for half the total foreign direct investment in the world.<sup>43</sup>

## Myth 9



### Part One

*"Globalisation is a fact and by and large it is driven by people".*

**Tony Blair, Labour Party Conference, Brighton**

2 October 2001

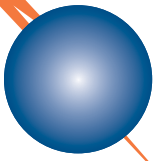
*"Governments should interfere in the conduct of trade as little as possible."*

**Peter Sutherland  
Former Director-General of the WTO**<sup>37</sup>

*"More than ever before, trade – and the rules of the trading system – intersect with a broad array of issues and concerns which have a powerful impact on people's day-to-day lives."*

**Renato Ruggiero,  
Former Director-General of the WTO**<sup>38</sup>

## Myth 10



### Part One

# 'Globalisation is inevitable'

The political consensus around the 'globalisation is inevitable' myth initially appears daunting. According to Renato Ruggiero, former Director General of the WTO, trying to stop globalisation is *"tantamount to trying to stop the rotation of the earth"*.<sup>45</sup> For Bill Clinton, globalisation is *"not a policy choice, it's a fact"*. Tony Blair has called it *"irreversible and irresistible"*.<sup>46</sup>

Such descriptions of globalisation are clearly deliberately designed to pre-empt any serious analysis of the phenomenon, to forestall any critical examination of its underlying interests and driving forces, and ultimately to prevent radical alternatives being proposed. Yet such crude economic determinism is neither politically acceptable nor intellectually tenable.<sup>47</sup>

Translated into less abstract terms, what such concepts refer to, of course, are the worldwide expansion of the corporate production and investment strategies of giant transnational corporations, together with the investment strategies and speculative financial transactions of powerful banking, insurance, stockbroking and other financial organisations. Yet the global expansion of such economic and technological agencies have required – and have been actively promoted by – political processes, particularly the actions of governments to create national and international conditions conducive to their perceived needs.

The opening up of almost all countries and all economic sectors to the global operations of such industrial and financial agencies has demanded the removal of impediments, partic-

ularly 'unacceptable' regulatory terms and conditions, identified as 'barriers' to business or 'distortions' in the functioning of market forces. This requires, and is producing, the increasing deregulation and liberalisation of trade and investment operations, financial and labour markets, service sectors and other national and international economic functions.<sup>48</sup>

The shameful fact is that governments have so little control over economic globalisation precisely because they have systematically *chosen* to give away power to unaccountable bodies like the WTO. By giving up the right to condition investment in a country on certain societal standards, or the entry of products into domestic markets on compliance with national rules, for example, political leaders have deliberately eliminated whatever leverage they had on corporate behaviour.

The choice before us, then, is not between the rules of the current international economy on one hand, and the chaos of no rules on the other. Rather, we can devise a different set of rules, with different strategies and goals.

Globalisation is not like gravity or the pull of the tides, nor is it a God given state of grace that must therefore be with us forever. It is a set of policies shaped by corporate pressure groups and carried out by politicians. It is perfectly possible to replace it with a different end goal for the world economy. This could come about if a different set of pressure groups and others persuade the public and eventually politicians to move in a completely different direction: to shift away from the ruthless international competition of globalisation to a post-globalisation alternative – the protection and rebuilding of national and local economies everywhere. Indeed it is the purpose of this report to help begin such a process.

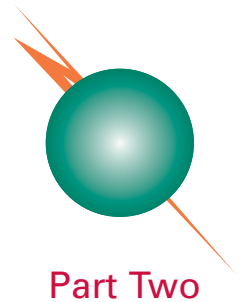
*"Globalisation is with us. It cannot be uninvented."*

**Mike Moore, Director General of the WTO until September 2002**<sup>44</sup>

*"The protesters ... are right that the tide of 'globalisation', powerful as the engine driving it may be, can be turned back ... International economic integration is not an ineluctable process, as many of its most enthusiastic advocates appear to believe. It is one ... of many possible futures for the world economy; others may be chosen, and are even coming to seem more likely."*

**The Economist**  
21 September 2000

# What's the alternative to Globalisation?



Economic globalisation is under unprecedented attack as millions of people, from the Mexican jungle to the streets of London, become ever more aware of the destruction and devastation it brings with it. It is therefore time for a comprehensive and radical alternative, based on a new direction for the global economic system. It must reduce inequality, improve the basic provision of needs, and fully protect the environment. Its end goal must be to support and increase the democratic control and involvement of citizens in the rebuilding of sustainable national and local economies worldwide.

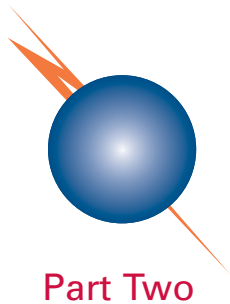
“I sympathise, therefore, with those who would minimise, rather than those who would maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonable and conveniently possible, and above all, let finance be primarily national.”

**John Maynard Keynes**

Localisation is just such an alternative – a set of interrelated and self-reinforcing policies that actively discriminate in favour of the more local. It provides a political and economic framework for people, community groups and businesses to re-diversify their own economies. It has the potential to increase community cohesion, reduce poverty and inequality, improve livelihoods, promote social provision and environmental protection and provide the all-important sense of security.

Over a period of time, there would be a gradual transition away from dependence on international export markets (with every country trying to compete with each other, leading to a downward spiral of social and environmental standards) towards the provision of as many goods and services as feasible and appropriate locally and nationally. Long distance trade is then reduced to supplying what cannot come from within one country or geographical grouping of countries. This has the environmental advantage of no longer requiring the transport of so many goods over unnecessary distances. It would allow an increase in local control of the economy, and offer the potential for its benefits to be shared out more fairly.

Localisation is the very antithesis of globalisation, which emphasises a reduction of controls on trade and contorts all economies to make international competitiveness their major goal. Localisation involves a supportive internationalism where the flow of ideas, technologies,



## Part Two

information, culture, money and goods has, as its end goal, the protection and rebuilding of sustainable regional, national and local economies worldwide. Its emphasis is not on competition for the cheapest, but on co-operation for the best.

Among the policies that have been proposed as part of this long-term policy package are:

**localising money, so that the majority of it stays within its place of origin, using controls on capital flows, a Tobin tax, and control of tax evasion, including off-shore banking centres**

**a 'site here to sell here' policy for manufacturing and services domestically or regionally, so that market access is dependent on physical presence, making the threat of relocation less effective**

**the re-introduction of protective safeguards for domestic economies eg tariffs and quotas**

**local competition policy to eliminate monopolies from the more protected economies**

**increased democratic involvement both politically and economically to ensure the effectiveness and equity of the shift towards more diverse local economies**

**ecological taxes on energy, other resource use and pollution to help pay for the economic transition towards localisation**

**the reorientation of the end goals of aid and trade rules so that they contribute to the rebuilding of more sustainable local and national economies.** <sup>49</sup>

The policy mix will obviously vary in practice to some degree from country to country. Some countries are big enough to think in terms of increased self-reliance within their boundaries, smaller countries would look to a grouping with their neighbours.

## Rewriting the Rules for Sustainable Trade

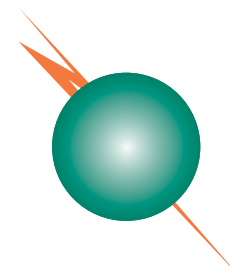
### **GATT – the old rules**

The General Agreement on Tariffs and Trade (GATT) was established in 1947 as a mechanism to negotiate the continuous lowering of tariffs between its members. Since its formation, there have been eight 'rounds' of trade negotiations, focussing first on tariffs, and later including non-tariff barriers, with the most recent round leading to the creation of the much more powerful World Trade Organisation in 1995. The WTO requires that the laws of every member must conform to those of the WTO. It has the power to judge a country's compliance with its rules, and – critically – to enforce the rules with sanctions.

### **GAST – the new rules**

We propose replacing the GATT with the General Agreement on Sustainable Trade (GAST). The end goal of the General Agreement on Sustainable Trade (GAST) is *not* to ensure the unimpeded and ever increasing international trade in goods and services, but to promote a more sustainable and equitable economic system by strengthening democratic control of trade, stimulating industries and services that benefit local communities, and rediversifying local and national economies.

# Comparison of WTO Rules with those of the General Agreement on Sustainable Trade



## Part Two

Article 1

### Most-Favoured Nation Treatment

The MFN rule requires WTO member countries to treat products from one WTO member as favourably as it does from any other member. In other words, discriminating between foreign producers is prohibited.

This rule raises serious doubts about the validity of international trade-related environmental conventions (eg the Montreal Protocol, CITES, and Basel Convention) which actually require that *less* favourable treatment be accorded to countries which are not fulfilling their obligations under these environmental conventions. As a recent WTO case involving banana trade between several Caribbean islands and the EU illustrates, the MFN rule also prohibits the use of special trading relationships to support development co-operation programmes with poorer nations.

#### This would be changed under the GAST rules to:

*Provided it is not at the expense of domestic goods and services, states shall give preferential treatment to goods and services from other states which respect human rights, treat workers fairly, and protect animal welfare and the environment.*

Article III

### National Treatment

The NT rule requires that imported and locally produced goods be treated equally. Thus, under WTO rules, it is unlawful for governments to favour, or otherwise promote, domestic products above imported goods.

#### This would be changed under the GAST rules to:

*Trade controls that increase local employment with decent wages, enhance protec-*

*tion of the environment, and otherwise improve the quality of life are encouraged. States are urged to give favourable treatment to domestic products and services which best further these goals.*

### Process and Production Methods

The rule on Process and Production Methods (PPMs) makes it unlawful for governments to discriminate against individual countries' goods because of concerns about the damaging or unethical processes that may have been used to produce or harvest them. This makes it impossible, for example, to protect domestic producers with high environmental or animal welfare standards (eg producers of free range eggs) from unfair competition with imports from producers who do not meet such standards (eg producers of eggs from battery cages).

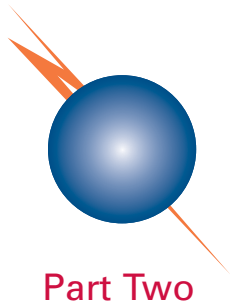
#### This would be changed under the GAST rules to:

*Members are permitted and encouraged to make distinctions between products on the basis of the way they have been produced in order to further the aims of sustainable development.*

Article XI

### Elimination of Quantitative Restrictions

Under this Article, WTO members cannot limit or impose quantitative controls on exports or imports through quotas or bans. This is very problematic from an environmental and social perspective. Consider the implications of such a rule when applied to measures such as an export ban on unprocessed resources like timber; or an embargo against the export of agricultural commodities from a country suffering food shortages; or a prohibition



against trade in endangered species; or a ban on the export of hazardous wastes to less developed countries.

**This would be changed under the GAST rules to:**

*Quantitative restrictions should be permissible. For those products which are imported, preferential access should be given to goods and services going to and coming from other states which, in the process of production, provision and trading, respect human rights, treat workers fairly, and protect animal welfare and the environment*

**Article XX**

**General Exceptions to WTO Rules**

In theory, this allows the adoption or enforcement of measures to protect public morals, to protect human, animal and plant life or health, or the conservation of finite natural resources, provided they are not arbitrary or unjustifiably restrictive. In practice, it has been interpreted extremely narrowly, and has failed to offer the protection it promises. With only one exception, the WTO has struck down as an illegal trade barrier every single domestic environmental, health, or safety law that it has reviewed, including the US implementation of a global endangered species treaty concerning sea turtles.

**This would be extended under the GAST rules to:**

*Article XX exemptions should allow trade interventions for a wide range of purposes that further sustainable development, eg sanctions against human rights violations; tariffs for the maintenance of environmental, food, health, and animal welfare standards; enforcement of treaties on environment and labour rights.*

**The Agreement on Technical Barriers to Trade**

In the jargon of international trade law, all environmental standards and regulations are, prima facie, considered technical barriers to trade. The actual provisions of the TBT agreement are detailed and complex, but reduced to bare bones, it establishes:

- An international regime for harmonising environmental standards that effectively creates a ceiling - but no floor - for environmental regulation
- A detailed procedural code for establishing new laws and regulations that would be difficult for even the wealthiest nations to meet.

At present, when nations fail to observe the WTO's rules, they are vulnerable to international trade complaints and sanctions and the TBT rules have emerged as important new weapons for challenging government regulatory initiatives.

**This would be changed under the GAST rules to:**

*All international environmental and social standards and regulations are considered as effectively creating a floor for governing the conditions for trade between parties. Any country with higher levels should experience positive discrimination in terms of trade. Poorer countries for whom such standards are at present too expensive should receive financial support to help them improve their standards, and once setting a future date for such improvements, should experience positive discrimination in trade terms.*

**The Agreement on Sanitary and Phytosanitary Standards**

The provisions of this oddly-named agreement are very similar to those found in the TBT, but deal with laws and regulations that concern food and food safety, including pesticide regulation and biotechnology. As with TBT rules, the SPS has proved a useful device for undoing government regulatory initiatives that are unpopular with large corporations. In theory, the text of the SPS appears to permit the use of the precautionary principle. In practice, however, in the interpretation of disputes by the WTO, this principle has not been recognised as a justifiable basis upon which to establish regulatory controls. A recent example of this was the WTO's ruling against the EU ban on the importation of beef produced with growth hormones.

The SPS Agreement also seeks to remove

decisions about health, food and safety from national governments by delegating them to international standard-setting bodies such as the Codex Alimentarius - an elite club of scientists based in Geneva. Because of its location and composition, Codex is an institution that is singularly inaccessible to all but a handful of international corporations and business associations that are capable of maintaining delegations in Geneva. Codex standards often fall substantially short of those established by jurisdictions closer and more responsive to the interests and views of consumers and health advocates.

**This would be changed under the GAST rules to:**

*All laws and regulations that concern food and food safety, including pesticide regulation and biotechnology, are considered as effectively creating a floor for governing the conditions for trade between parties. Any country with higher levels should experience positive discrimination in terms of trade. Poorer countries for whom such standards are at present too expensive should receive financial support to help them improve their standards, and once setting a future date for such improvements, should experience positive discrimination in trade terms.*

*The 'precautionary principle' is a justifiable basis upon which to establish regulatory controls affecting trade when the risks warrant action, even in the face of scientific uncertainty about the extent and nature of potential impacts.*

**The Agreement on Trade-Related Intellectual Property Rights**

By attaching the prefix 'trade related' this agreement transforms an entire domain of domestic policy and law into one that is subject to WTO regulation. The essential thrust of the TRIPS agreement is to compel all WTO member nations to adopt and implement patent-protection regimes.

This virtually provides US and European multinationals with global patent rights which can now be enforced by retaliatory trade sanctions. The rights of indigenous communi-

ties to genetic and biological resources that are held in common are ignored. The result is to facilitate the appropriation of the genetic commons by corporate interests which can then demand user rents from the communities that should be the proper 'owners' of the genetic resource.

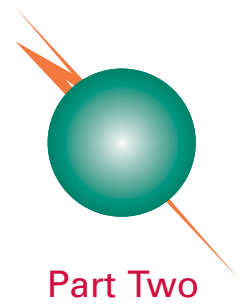
**This would be changed under the GAST rules to:**

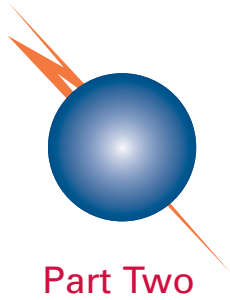
*Global patenting rights should not override the rights of indigenous communities to genetic and biological resources that are held in common. For products, fees should be able to be levied to cover the cost of development, plus a reasonable level of profit, but such patenting rights must have a limited timeframe and fully reimburse the parties whose knowledge contributed to the patented entity. Patents on life are prohibited.*

**The Agreement on Trade Related Investment Measures**

TRIMs set rules for investment in the production of global goods and services. While this investor-rights agenda is constructed according to the same principles as National Treatment and Most Favoured Nation treatment that are common to all WTO Agreements, it goes much further in two critical ways. The first is to allow individual investors virtually unqualified access to international enforcement mechanisms that may be invoked by them directly against nation states. It would be difficult to overstate the implications of this radical departure from the norms of international treaty law which, with the exception of international human rights, has never created rights even for the benefit of individuals, let alone multinational corporations.

In other words, under the North American Free Trade Agreement (NAFTA), for the purposes of enforcement, foreign investors are accorded the same status as nation-states. The other critical departure of this proposed investment regime from the norms of international trade law is to be found under the heading Performance Requirements, which actually constrain the implementation of domestic investment regulation, even when applied only to domestic investors.





**This would be changed under the GAST rules to:**

*No individual investor may invoke international enforcement mechanisms against investment regulations of nation states. The implementation of domestic investment regulations shall not be constrained by trade rules, provided that the former improve social and environmental regulations domestically.*

**The Agreement on Agriculture**

The vision expressed by this WTO Agreement is of an integrated global agricultural economy in which all countries produce specialised agricultural commodities, and increasingly supply their food needs by shopping in the global marketplace. Protective barriers to foster indigenous farming, for example, are not allowed; neither are subsidies to support poorer farmers.

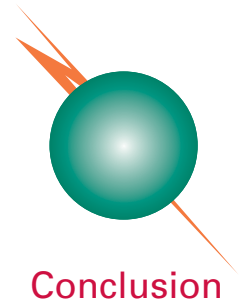
**This would be changed under the GAST rules to:**

*Protective barriers should be introduced to enable countries to reach maximum self-sufficiency in food, where feasible, with long distance trade limited to food not available in the country or region.*

Time to *replace*  
globalisation

## The role of the

# European Union



### **A Green European lead at the WTO**

At the next WTO Ministerial meeting in Mexico in 2003, the leaders of the EU and the United States are likely to try to force consensus on the deeply contentious issues of investment, competition policy, transparency in government procurement and trade facilitation. Pre-negotiations have started, but any decision to launch full negotiations will need explicit consensus on the specifics at this next Ministerial meeting.

The European Commission took an aggressive lead in successfully pushing for the new Round in Doha in November 2001. This expanded the scope and powers of the WTO by agreeing to launch new negotiations on industrial tariffs, intellectual property rights, subsidies and countervailing duties, regional trade agreements, dispute settlement and the environment, in addition to the ongoing negotiations on agriculture and services. All this is to be negotiated as a package by the beginning of 2005.

However, the European Parliament has the power of veto over the EU's position on the outcome of any new Round of negotiations, and its position, therefore, is key. The Greens/EFA Group in the European Parliament, the fourth largest group, is opposed to this new Round.<sup>50</sup> Instead, we are calling for a thorough and independent review of the social and environmental impacts of the last 'Uruguay Round' of negotiations. Our aim, as this report has made clear, is to develop an alternative economic system based on stronger local and regional economies, a far more equitable distribution of resources, and a genuine commitment to sustainable development.

In my role as a member of the Parliament's Trade Committee and having been an EU delegate to the Doha Ministerial in November 2001, I shall of course continue advocating this 'review and reform' agenda, and making the

case that the current trade system degrades the environment and exacerbates inequality. More than that, however, I shall also continue demanding a far more fundamental change to the direction of the European Union - away from promoting globalisation towards supporting a transition to localisation.

### **A co-operative Europe is the key**

It will be impossible for such a radical change to be introduced by one country alone. Individual countries will need to co-operate in this project on a regional basis, but without falling into the trap of 'globalisation' on a smaller scale - ie in 'free trade' blocs. Regional blocs, such as the EU and North America should have a key role to play. Indeed these two blocs are the only ones politically and economically powerful enough to be a counterweight to overcome the forces which are the major beneficiaries from globalisation - transnational companies and international capital. Unfortunately the prospect for the US is of four years of a Bush programme of deliberately rolling back key social and environmental protection in order to promote ever greater free trade. The EU must therefore take on the mantle as the major engine for change.

Given the problems facing the present global economy, once such a debate begins in Europe, it is likely to be echoed in other