

## WTO: Abolish or Reform?

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I will start this evening by stating what, to many of you, might sound provocative: that to focus our attention on the WTO is to miss the underlying causes of today's world problems. For the WTO is not the cause of our problems, but merely a rather nasty and pervasive symptom.

The first step in understanding this is to recognise that equitable and sustainable development – prosperity, in short - depends not just on trade but on two other factors: firstly, on a healthy environment and, secondly, on a reasonably paid and fully employed labour force. Rather like a tristar jet, all three engines – trade, social and environmental - are needed if prosperity is to result. But these three engines do not normally operate in natural equilibrium and to understand why, we need only ask ourselves why trade occurs at all? Well, as a businessman as well as an activist, I can answer that question quite simply: trade occurs only because a profit can be made from the transaction. But labour and environmental protection are costs – and costs reduce profits. So there is an ever-present drive by business to eliminate labour and to minimise environmental costs. And in today's competitive global market, failure to do so as efficiently as one's competitors ultimately means going out of business. So for all three engines to run in equilibrium, they need management; management which we commonly expect governments to provide.

Now the currently pervading Washington Consensus thinking insists that increased trade will *automatically* generate the necessary wealth to fund greater social and environmental protection. Increased trade will, so that thinking goes, eventually fuel the social and environmental engines of our plane. But the whole notion that the wealth created from trade can be harnessed to produce greater social and environmental well-being is founded in the 1960s and 70s. In those days governments could impose the necessary regulations to ensure that the wealth from trade could be channeled towards social and environmental ends without fear of capital and employment fleeing elsewhere. But not so today. For today, governments' ability and resolve to impose any regulation which might impair their nation's competitiveness or attractiveness to international capital has all the robustness and rigidity of over-cooked rhubarb. Instead they must progressively down-level social and environmental protection, privatise public services, reduce taxation, all in the cause of 'maintaining international competitiveness'. So while nation states have abdicated their responsibility for the trade engine of our plane to the WTO, they retain national responsibility for the social and environmental engines based on the outdated belief that increased trade will automatically fuel them. But the reality is that the mobility of capital and corporations engenders a destructive international competition which comprehensively prevents governments from providing the necessary management.

As such, the WTO is merely the mis-guided symptom of an out-dated belief. So it's not the WTO which should be the focus of our attention but rather *the free movement of capital and corporations*. For it is *their free movement* which dictates that politicians and the multi-lateral institutions – whatever they may think - are no longer in control of the global economy but are instead subject to its competitive forces. It is their *free movement* which renders governments incapable of providing the engine management we are entitled to expect. Furthermore, it is their *free movement* which has engendered this out-of-control vicious circle of destructive competition

which we call 'corporate globalisation' and in which we are all locked. Indeed we are now ruled by the quasi-dictatorship of global market competition which has subverted democracy the world over into a kind of pseudo-democracy; an electoral charade which inevitably results in business-friendly policies, regardless of the party in government.

This being the case, you might well ask why politicians don't take action to stop this pathological destruction of genuine democracy and of our planet? Well firstly, politicians' false belief that increased trade will automatically solve social and environmental problems of course induces a response which triggers *yet more* trade liberalisation as the solution. But a second reason is what I call in my book, "the mind-set of competition." For this mind-set represents the underlying premise for all the thinking of those supposedly responsible for managing the global economy and its starting point is that the free movement of capital and corporations is somehow 'natural' or 'inevitable'. And with that premise, global competition becomes the accepted order of the day and the resulting flawed thinking goes something like this: "The free movement of capital and TNCs is inevitable; so global competition is inevitable. And the better a nation competes, the richer it will become. Since getting rich is good, so competition must be good. Since structural adjustment makes a country more competitive, so structural adjustment will make them richer. So we need a 'competition-enforcer' – the WTO - to enforce competition on a global basis." And that, I regret to say, is the pathological mind-set or flawed feedback loop in which our leaders are now locked as they sit in Doha. It is a mind-set which assumes that competition can have only positive effects while ignoring its darker, destructive side. So when confronted by evidence clearly showing that increased trade simply isn't working for the poor or the environment, politicians are led to increase competition by liberalising trade even further. Thus they *exacerbate* the problem while actually thinking they are solving it.

Be that as it may, abolishing the WTO would be to invite a return of the world trading system to protectionism. But compared to 'free trade', protectionism represents a global competition of quite a different, but no less dangerous or destructive kind; a competitive 'tit-for-tat' raising of national tariff barriers so often cited as the cause of previous world wars. So whether it is so-called 'free-trade' or protectionism, both paradigms are characterised by unsustainable levels of destructive competition. And it should be clear that destructive competition cannot provide for fairness or environmental or labour security. For competition is not about fairness or security – it's about *winning*. And for growing millions of people in rich and poor countries alike, it's increasingly about *losing*.

A logical conclusion might be that the WTO should instead build social and environmental standards into its body of rules. But 'rules are rules' and that necessarily means a 'one-size-fits-all' regime for a world of nations who find themselves at dramatically different stages in their development. Just as it is idiotic for the WTO to now determine that a spoon produced under sweat-shop conditions should be treated no differently from one produced under responsible labour and environmental conditions, so it would be equally idiotic for it to insist that Guatemala maintain the same environmental standards as Germany. This is why building labour and environmental factors into the WTO would serve only to result in yet further confusion and we would, in my opinion, be foolish to follow such a path. Quite apart from that, it would further entrench the WTO as a quasi-world government. And whether we are talking about the WTO or the United Nations, with no direct democratic citizen participation, that would effectively mean a world dictatorship – benevolent or, more likely, otherwise.

So what we must do is to distinguish between 'rules' and 'governance'. For if our world problems are to be solved, we need more than merely rules. What we need is 'governance' which provides a means of raising significant global taxes on corporations and financial markets; of

redistributing incomes across borders to the poorest; of providing debt-free technical assistance to non-industrial and developing countries to help them out of poverty and to meet higher environmental and social standards and so on. In other words, what is needed are all those traditional management strategies previously available to national governments in the 60s and 70s but which are today denied them. But the global free movement of capital and corporations dictate that this management is now needed on a global scale.

So running as it is on only its trade engine, it should be of little surprise that the global economic plane just keeps going round in circles; that is, of course, until it eventually runs out of fuel. So as global problems worsen and since existing institutions offer no way out of our dilemma, our true focus should not be the WTO or the UN or the other multilateral institutions. Instead, our quest should be for a form of democratic, international, *self*-governance which can at once allow nations to regain control of global capital and corporations while providing a global framework of co-operation which allows each nation the freedom to pursue social and environmental objectives in a way that is respected and upheld by all. Instead of abdicating these responsibilities to institutions such as the WTO, nation states should once again shoulder these responsibilities themselves. But how on Earth can these vital objectives be achieved in a practical, responsible and cooperative way which is acceptable and beneficial to all?

Radically innovative yet practical ideas are now surfacing which show how politicians, the growing body of civil society activists, and disaffected voters can begin to find answers to this question. One such idea is expressed in the initials 'SP' -- the Simultaneous Policy. The Simultaneous Policy is a 'tool' or 'technology' which all the many factions of the anti-corporate globalisation movement can use to harmonise their political action on a global scale while, at the same time, continuing with their very valid individual campaigns. It is a means by which *we the people* can ultimately force politicians around the world to adopt, and then to simultaneously implement the measures our world and its people so desperately need.

In a globally competitive world where unilateral action cannot be contemplated for fear of adverse market reaction or job losses, global simultaneous implementation provides the only secure basis upon which restorative policies can now be safely contemplated and implemented. It is just this basis which allows governments and people to say 'Yes' to Tobin, 'Yes' to a Kyoto with teeth, and 'Yes' to significant restrictions and taxes on TNCs, etc instead of saying 'No'. By removing the key objection to being the first to 'go it alone', SP represents a vital and new consensus-building strategy. Jackie Navarro of ATTAC Canada said of SP: "*...the best ideas are the simplest. With a system like this, there's no way for governments to wriggle out. All excuses evaporate. It's a system which unmask all those seeking to hide behind theoretical impossibilities. I can't wait to see what follows.*" So I take this opportunity of inviting all factions of our Movement to investigate and make use of the SP technology; a technology which is explained in my new book just published. For surely our global predicament is so urgent and our systems of democracy so subverted that we must now have the courage to make the decisive move from 'problems' to 'solutions', and from negative protest to positive action.

Thank you.

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