

# COMMENTARY: TRADE AND THE ENVIRONMENT AFTER SEATTLE— PERSPECTIVES FROM THE WILSON CENTER



*Free trade, seen by many as the engine of world economic growth, has once again become the subject of bitter dispute. Nowhere was this more evident than at the meeting of the World Trade Organization (WTO) in Seattle at the end of 1999. There, environmentalists joined with trade unionists and advocates for developing countries in staging mass protests. These diverse groups claimed the WTO is unrepresentative and undemocratic, overlooking environmental interests and those of the world's poor in favor of big business. Inside the negotiating halls, the United States and the European Union clashed over agricultural subsidies and genetically modified organisms (GMOs). Developing country representatives complained that they remained marginalized in the official talks.*

*As a first step in addressing these complex linkages, we at the Wilson Center have drawn upon Wilson Center speakers and fellows, past and present, to comment on trade and the environment in the wake of Seattle. Future activities of the Environmental Change and Security Project will promote dialogue and exchange on this topic and we are especially pleased that William Krist (formerly of the American Electronics Association) has joined the Center as a senior policy scholar to facilitate these debates.*

**WILLIAM M. DALEY, SECRETARY OF COMMERCE**

*Remarks excerpted from address at a Wilson Center Director's Forum on trade and the environment, sponsored by the Environmental Change and Security Project on 22 November 1999. Please see the report on this speech and the accompanying roundtable in the meeting summary section of this report.*

.I have a unique position in all this [the link between trade and the environment]. I am the voice for business and competition in the Administration. And I am responsible for a big part of the environment. You may not know this, but the largest agency at Commerce is the National Oceanic and Atmosphere Administration (NOAA), which manages fisheries, endangered species, and coastal ecosystems. So, I know the pressures that growth can put on the environment, and the need to protect places like our National Marine Sanctuaries. But I also know the needs of the business community. That is what the Administration's trade and environment policy is all about.

.Let me say, at Commerce, I insist on close cooperation between NOAA and our trade people in ITA [International Trade Administration]. We now have a very effective approach, where all concerns are voiced and addressed before there is a crisis. Take, for example, our recent agreement with forty-two nations to build back Atlantic tuna and swordfish populations. We include strong enforcement provisions, and we believe it is WTO-compliant.

Let me briefly outline what Commerce brings to the table at the WTO and beyond. First, we are leading the charge on lowering trade barriers that also pay environmental dividends. The top issue is ending fish subsidies that lead to too many boats, chasing too few fish. This, plus our efforts on international agreements, will help protect the

world environment.

And we are moving on other fronts. We want the WTO to reduce tariffs on environmental and clean energy products, which would make them cheaper and more widely available. Since America makes some of the best of this technology in the world, I have asked my staff to develop an aggressive program to increase our exports of these products. I believe we can at least double them to \$18 billion, in five years.

One final point on WTO. I know that many of you are concerned that the WTO can over-ride international environmental agreements. And worse yet, that they can override U.S. law. Both the President and the Vice President have been very clear on this one. Nations have the right to set environmental standards, based on sound science, at the levels they believe are necessary—even if these are higher than international standards. This principle is absolutely consistent with WTO rules.

Second, at [the Department of] Commerce, we will be looking for new partnerships that expand trade and

protect the environment. Let me use forestry management as an example. Obviously, we should be working to develop a global forestry industry that is sustainable in the long run. This means we must remove distorting tariffs—which we have proposed in the WTO. It also means developing better tools to monitor the health of forests. And we believe one way to achieve this is by a marriage of the forest products, and space industries.

Today I am calling on them to begin working on that partnership. I hope it will develop new management tools that use satellite remote sensing to improve forest conservation. At the heart of this is doing a better job of sharing and using these satellite images around the globe. We will be the catalyst for opening the dialogue.

Before closing, let me make a final point. We cannot achieve any of these goals—despite the commitment of this [Clinton] administration—without your help. No way, no how. The fact is, we need your patience and your participation. This is a very new issue.

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**MIKHAIL GORBACHEV, FORMER PRESIDENT OF THE SOVIET UNION AND  
PRESIDENT, GREEN CROSS INTERNATIONAL**

*Remarks excerpted from his speech at a Director's Forum at the Wilson Center on 7 December 1999.*

.[O]bjectively there are many problems and challenges that nations cannot meet alone. And therefore, there [is] a need to develop a global approach, a global vision and global institutions, in order to identify and harmonize interests and find ways out of these difficult situations...

But today the whole paradigm of development is changing, not just the end of the Cold War, the civilization is changing. And these are overlapping processes and we should rethink the world and develop new policies that will be consistent with these challenges and develop the new context in which we [will] live..I believe that the environment is the number one item on the agenda of the twenty-first century...

Only one third of mankind has decent living conditions. Two thirds are in bad shape. They do [not] have enough to eat and they live in misery as you well know. But, if by providing decent living conditions for only one third of mankind, we still face environmental crisis, the root cause is that the very foundations, the very fundamentals of our existence may be wrong...[T]he civilization that mankind selected has resulted in real conflict between man and nature.

In the twentieth century, the population of the world

grew four times. In the beginning of the century, the world was producing \$60 billion less of gross product a year. Now the same amount is produced in just one day. So imagine what kind of pressure that puts on the environment.

At the beginning of the century, mankind used 300 cubic kilometers of water. Now mankind uses 4,000 cubic kilometers of water, which is more than [a] ten-fold increase. Everywhere we are in conflict with nature. The natural environment that produced mankind, the natural environment that resulted in our long evolution, is being destroyed today. And in this we are destroying the very conditions of our existence.

So it [is] not just that we need a good environment for the town or in a village or in a region or—of course that [is] necessary. Of course that [is] where we begin to create an environmental awareness. What is more important, we need to change the very modes of economic activity. We need to critically reassess the way of life that leads to this kind of situation.

Now let [us] imagine everyone wants to live according to the American standards. Where are the resources for this kind of energy, for the fuel? It [is] simply unacceptable..we need to preserve nature and find har-

mony so that each nation, within the framework of its history, culture and mentality, cooperating with others, finds its own way.

At Green Cross International, we have been working on the preparation of the Earth Charter. It [is] a kind of set of ecological commandments..It is addressed to everyone—to politicians, to businessmen..Politics and business need a push from civil society. There should be mechanisms to influence politicians and businessmen because society [will not] like environmental problems that much. Even social problems, they accept with a lot of difficulty and certainly not environmental problems.

Another project that we [Green Cross International] are doing with UNESCO . . . is a project for environmentalized education. Education at all levels, in primary school and all the way to university level, to study the environment and to study every problem or every discipline, how to [respect] the environment.

..[A project that is of] great importan[ce] for Russia and the United States [is] the environmental legacy of the arms race..

We are also working on the consequences of . . . the wars in the Gulf. . . . the very brief use of weapons resulted in the poisoning of the soil, and in poisoning

with oil products, and particularly fifty percent of strategic reserves of freshwater and strategic aquifers of Kuwait have been polluted. A similar situation is now becoming clear in . . . Yugoslavia. Petro-chemical factories were bombed and the Balkans have now been possibly polluted.

And finally we have a freshwater project. We have begun this project in the Middle East. It is very difficult there to negotiate the interests of different sides. We are supported by the leaders of Middle Eastern countries, and I believe that we will be able to be a very important project that will be a precedent to solve not only [the Middle East's own] problems but other problems of drinking water and of freshwater..

To conclude my remarks let me say this. If the environmental movements in the United States, in Russia, and in Brazil, and China, and Europe [can] work effectively, then we can hope to do a great deal. I would like you in the United States to help us in developing a very strong organization. In the United States, a strong environmental organization is emerging, an affiliate of Green Cross in the state of Georgia. The governor will be helping us to develop a regional branch—a state branch of Green Cross. That [is] very important....

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ANDREA DURBIN, DIRECTOR, INTERNATIONAL PROGRAM, FRIENDS OF THE EARTH-U.S.

***Seattle: What it Meant and Where To Go From Here?***

The World Trade Organization (WTO) meetings in Seattle have put international trade issues and the way in which trade policy is made under new public scrutiny. The old way of conducting global trade talks—where governments negotiated agreements in closed, exclusive settings—proved unacceptable to ordinary people and even to many governments, especially those from the developing world. The protests' fundamental message was that global institutions like the WTO need to be democratic and accountable and that economic rules must be balanced and should promote social values, such as environmental, labor, and human rights protections.

Since Seattle, protests at the World Economic Forum in Davos, Switzerland and the World Bank/International Monetary Fund (IMF) meetings in Washington, D.C. have amplified that message. A new social movement of environmental, labor, human rights, students, and other groups is growing in the United States. This movement—which joins the calls of developing

country activists—recognizes the inevitability of globalization, but contends that it must be changed so it elevates social values, and does not leave them behind. It is calling for the economic rules of the game to change so they put the public interest before the corporate interest. Environmental organizations, like Friends of the Earth (FoE), are calling for specific reforms of the trading system, which include:

***1. Democratizing Trade: In Washington and Geneva***

In Seattle, President Clinton acknowledged the need to democratize trade policy and to make the WTO more transparent and accountable to people. FoE believes democracy starts at home. Before we can reform the WTO, we should first reform the way the United States makes trade policy. Today, the corporate sector provides input into United States' trade policymaking process, but the public is largely shut out. U.S. positions on trade therefore reflect the corporate interest, not environmental, human rights, and labor interests. This must change before the United States can credibly

argue for a more democratic WTO.

If the public has a greater voice in the domestic trade policymaking process, better, more balanced trade policy and more public confidence in international trade will result. FoE recommends that the U.S. trade advisory system be opened to environmental organizations and other public interest groups, and that public notice be given when the U. S. government uses the WTO to threaten other countries' environmental laws. The United States Trade Representative's (USTR) office should not

to protect the environment or to enact environmental laws that impact trade. The environment has been on the losing end of every environmental dispute that has reached arbitration at the WTO. In the United States, the Clean Air Act and Endangered Species Act have been weakened as a result of a WTO ruling. In Europe, attempts to keep hormone-injected beef off the market have been overturned. In Japan, U.S. complaints about proposed fuel efficiency regulations have led to a weakening of the regulations. In the past five years, the WTO's

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**“Nations have the right to set environmental standards, based on sound science, at the levels they believe are necessary—even if these are higher than international standards.”**

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be able to decide on its own whether to challenge an environmental law of another country without input from the public and appropriate environmental agencies.

***2. Change the Balance of Power from Trade to Environment***

A decade of advocacy has led environmental organizations to the conclusion that one of the main obstacles to environmental reform of trade policy is the USTR. Even though USTR lacks environmental expertise and is perceived as being beholden to business interests, it plays the lead role in setting U.S. policies on trade and the environment. In the lead up to Seattle, USTR blocked the environmental community's calls for WTO reforms that would have reduced threats to environmental laws. The solution to this problem is to give environmental agencies like the Environmental Protection Agency (EPA) and the Council on Environmental Quality (CEQ) the lead role in setting the environmental aspects of U.S. trade policy. USTR would then be responsible for representing these positions in trade negotiations. Until the balance of power shifts from USTR to environmental agencies, environmental reform of trade will be hard to achieve.

***3. Environmental Reforms of the WTO: More Neutralizing than Greening***

Since the WTO's establishment in 1995, environmentalists have pointed to conflicts between its trade rules and environmental protection laws. These rules undermine governments' ability to use trade measures

trade rules have been used to both weaken existing environmental laws and “chill” the development of new laws and regulations for fear that they will impede free trade.

Environmental organizations have called for the environmental reform of trade rules so they will not be used to undermine environmental protection goals. *Environmental groups are not trying to convert the World Trade Organization into an environmental organization* as some business representatives have alleged. In fact, that assumption is far from the truth. The WTO does not have the competency to deal with environmental issues, nor should it. In reality, what FoE wants, is to reduce the WTO's involvement in environmental policymaking so trade rules do not interfere with environmental laws.

What this requires are some substantive rule changes to grant greater deference to environmental and health laws and to change the dispute resolution process at the WTO. The rule changes should:

- Provide deferential treatment to local, national, and international environmental and public health laws;
- Protect the right to limit the harmful effects of resource extraction and methods of production;
- Protect the consumer's right to know labeling programs;
- Protect the right to use purchasing power to protect the environment;
- Protect the right to strong environmental standards that err on the side of caution in the face of scientific uncertainty; and,
- Establish the right to full-disclosure of the WTO's

activities and deliberations, as well as the ability to participate in proceedings that affect public health and the environment.

#### 4. *Conduct Environmental Assessments of Trade and Investment Agreements*

It is now widely acknowledged that trade impacts the environment. It should become routine policy to conduct environmental assessments of trade and investment agreements early in the negotiating process to anticipate the problems and provide for policy recom-

mendations that mitigate or avoid these problems. These assessments should follow the National Environmental Policy Act, and provide for public input.

#### *Next Steps*

The level of protests in Seattle was unprecedented and will continue to grow until real changes are made. The test now will be whether and how soon governments will respond to the calls for changing the way in which trade policy is made and whose interest it serves.<sup>1</sup>

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MARTIN ALBROW, WOODROW WILSON CENTER FELLOW AND PROFESSOR OF SOCIOLOGY, UNIVERSITY OF SURREY, ROEHAMPTON, U.K.

Is it confusion to want both free trade and the good society, or just the latest version of pragmatic politics, trying to find compromises between irreconcilable, equally logical alternatives?<sup>2</sup>

*Seattle was primarily an event in the new global politics, in which, as in any other type of politics, parties make unholy alliances in their quest to control the agenda.* Pure

gious representatives; transnational corporations with poor fisher people. Parties in national politics formed out of coalitions of interest, not ideology; we can expect the same in global politics.

Not all is confusion. The opposing sides reduce the complexity to one slogan, to being for or against globalization—no matter what that might mean. For the

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**“Established trade rules and practices have run up against deeply held notions of national sovereignty and concerns for environmental protection, health, human rights, labor rights, and the safety of the workplace.”**

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principle is a casualty, but there is a fine line between the assertion of principle and dogma. I would defy anyone to show that the idea of free trade in principle either excludes or includes worker’s rights. Yet many will go to the barricades on either side, and the lack of a determinable outcome fuels the demand to end ambiguity. The point is not the logic of the arguments but the ambition to be in charge of the situation.

This further suggests a widespread conviction that there is something to be in charge of, namely, global politics itself. *The importance of Seattle is that it intimates the coming consolidation of political alliances in the struggle to determine the direction of global economy and society.* We should not be surprised that the alliances are unholy: first world labor unions with third world reli-

gion, it just means we have reached this point and, in the words of President Clinton, “can[not] turn the clock back.”<sup>3</sup>

Ten years of academic exploration of complexity of “globalization” shows how we can not just be for or against it when it often means contradictory things. Thus, removing barriers to free trade is globalizing; so, too, is imposing global labor standards. The WTO, the International Labor Organization (ILO), and the International Forum on Globalization are all agents of globalization in different ways. But away with these academic niceties!

Globalization as a concept is the main casualty of Seattle. There is now little hope of saving it from being simply a device for political rhetoric. The concept, which

has expressed, more than any other, the way the world of the 1990s was different from what went before has now fallen a victim of the very changes it proclaimed.

As a battle cry, it will echo in history. For intellectual direction in the new global governance, we will have to develop a new language from now.

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STACY D. VANDEEVER, ASSISTANT PROFESSOR OF POLITICAL SCIENCE, UNIVERSITY OF NEW HAMPSHIRE

*He is co-editor of Saving the Seas: Values, Scientists, and International Governance and Protecting Regional Seas: Developing Capacity and Fostering Environmental Cooperation in Europe, a conference proceedings volume published by the Wilson Center's Environmental Change and Security Project and the East European Studies and the West European Studies programs.*

The World Trade Organization negotiations in Seattle gave us a preview of the complicated trade and environmental issues policymakers will be facing in the twenty-first century. Established trade rules and practices have run up against deeply held notions of national sovereignty and concerns for environmental protection, health, human rights, labor rights, and the safety of the workplace. Now that some of the smoke is clearing from Seattle (and Y2K hysteria has passed), it is time to take stock and draw a few lessons.

*Lesson 1:* Trade is rule-based, not “free.” Saying that WTO participants negotiate “free trade agreements” is a misnomer. International trade, like domestic trade, is based on a detailed set of rules and norms governing conduct. So although WTO agreements (like the GATT agreements before them) have succeeded in “freeing” trade from many of the tariffs that burdened it previously, trade is by no means free—as evidenced by the WTO agreements themselves, which are hundreds, often thousands, of pages long and filled with narrow and broad exceptions of all kinds.

The groups that gathered in Seattle were thus not debating the merits of trade and whether it should be “free” or “not free.” Rather, they were debating what the rules of international trading should be. The protestors who traveled to Seattle were only too aware of this and have been educating society at large by posing pertinent questions: Do we want an international trading system that is deaf to the voices of child labor and human rights abuses? Do we want one that is indifferent to the plight of endangered species and the global environment? Does it matter that some societies object to genetically altered organisms more than others? The rules for twenty-first century international trade will continue to grapple with questions of this kind.

*Lesson 2:* More than ever, trade politics is a volatile combination of domestic politics and foreign policy. Political leaders and scholars alike pin vast hopes on the

WTO liberal trade regime, expecting it to increase prosperity; alleviate poverty; protect labor rights; promote international peace, democratization, and societal openness; preserve the environment; lessen human rights abuses; increase market competition and efficiency; benefit consumers; and so on. Obviously, each and every one of these goals cannot be maximized at the same time. Choices will need to be made, as evidenced by President Clinton looking to the WTO to provide more access to foreign markets for U.S. companies, more environmental protection, integration of China into international (*read: Western*) institutions, and increased labor protection for children. Clinton's list reflects both his foreign policy goals and the pressures he is under from American interest groups.

Against this background, none of today's political players can afford to ignore the neoliberal trade agenda. Those involved in making foreign policy, for instance, cannot set policy on security and the environment without checking for WTO compliance and consistency with economic policy. Likewise, organized domestic interests no longer have the luxury of ignoring trade policy (and policymakers no longer have the luxury of being ignored). Today's trade politics involves not just the traditional players of labor unions and domestic manufacturers but also a plethora of public interest advocates. Whether advocating environmental protection, consumer rights, human rights, food safety, religious freedom, indigenous peoples, democratization, or international development, such groups simply cannot accomplish their goals without directly engaging in the trade rules debate. Furthermore, they are systematically educating their members and political allies about this fact. Prior to the American elections later this year, candidates at all levels will continuously be asked to reconcile their positions on trade with those on the environment, human rights, and related issues.

*Lesson 3:* The protests will continue, so be prepared.

The protests in Seattle were not a one-time occurrence. While WTO reformers and opponents decried the violence (and the police conduct), the media attention emboldened the protestors, and the failure of the negotiations succeeded in raising their political profile. The

labor rights are here to stay. Most consumers believe that dolphins and child laborers should not die for cheaper consumer goods and that the contents of food should not be a secret. These people are unlikely to change their minds any time soon.

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**“Contrary to [the] Western conception, it is possible for human communities and wildlife to live together, but this only happens if the community is given responsibility for the resources of its land.”**

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protestors now have too much at stake to give up the fight for trade rules more attuned to their interests. That said, open hostility to open markets and international trade, like that sometimes espoused by Pat Buchanan, is unlikely to catch on in most Western democracies. We have too much to lose by wholesale restrictions on trade. But consumer protection, environmental protection, and

Officials in Seattle were clearly unprepared for the protests. No doubt, future host cities will be better prepared. It is policymakers who continue to look and sound unprepared. If they plan to wait and see, hoping this moment of liberal trade-skepticism will pass, they may be surprised again.

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ANJU SHARMA, CENTRE FOR SCIENCE AND ENVIRONMENT, NEW DELHI, INDIA

*Remarks excerpted from an interview following a Wilson Center public seminar on 20 April 2000, featuring the release of Sharma's co-edited volume, Green Politics: Global Environmental Politics. Please see the Meeting Summary section for the full text of the interview between Sharma and Justine Kwiatkowski, Editorial Assistant, Wilson Quarterly.*

.I am not so sure how much the protests in Seattle and Washington were linked. In Seattle, the protesters were concerned with issues such as Tibet and saving turtles. These are worthy goals, but they[are] what I call “sovereign issues,” and the actions the protesters were advocating would infringe on the rights and sovereignty of other nations. The protesters were asking industrialized countries to put pressure on India and other Southern Hemisphere nations to deal with such sovereign issues, which is unfair...

.[Few] Southern countries had an overview of what goes on in global environmental negotiations...Poor countries do not know what is going on in these negotiations, yet their environmental and economic future depends on the outcome...

[The Centre for Science and Environment] would also like to start a dialogue so that people everywhere perceive the importance of democracy in a global context—especially countries in the Northern Hemisphere, which often overlook the need for equality and justice in their environmental negotiations.

..Environmental negotiations become “business transactions” when the interests of the business world overtake a country’s agenda. At major environmental conferences, developed countries tend to take positions that the industries in their countries want them to take. For example, at the Climate Change Convention, the United States took the position that their automobile and oil industries had instructed them to take. American car and oil businesses feared that their counterparts in developing countries would gain a competitive edge if the United States agreed to global environmental commitments, and so these native U.S. industries attempted to co-opt the process.

Clinton and Gore made it easy for American business to take over in that they did not talk to the Congress first to get a unified opinion—they just rushed off to the climate change meeting without a coherent opinion. That vacuum allowed the industries’ perspective to dominate. And this conference is only one example of the North’s failure to withstand business pressure. There are many others.

..The management of national parks is a good example of how this tension [between economic development and environmental protection] has manifested itself in India. India has adopted a Western concept of national parks—essentially declaring certain areas inaccessible to human beings. But that is not practical for our country with a large and expanding population, not to mention a tradition of a symbiotic relationship between the people and the land. This Western method has isolated Indian communities from wildlife management, in many ways stunting their understanding of the importance of preserving the environment—and thereby working against the very goals the policy set out to achieve..

Contrary to [the] Western conception, it is possible for human communities and wildlife to live together, but this only happens if the community is given respon-

sibility for the resources of its land. If they have a vested interest in preserving the land and understand that it is their future, they will protect it..

The Centre for Science and the Environment where I work in New Dehli advocates a separate [global] organization, one that acts as a counterweight to the WTO and addresses both environmental and development issues. Or, alternately, the UN could get its act together and become a more democratic and streamlined organization. As to whether it is possible or not, I am not sure. People have spoken about a separate organization, but if the current political nexus continues, it will not happen. It is in the current interests of the United States to keep the WTO dominant, and the United States determines most of what happens in the global environmental realm.

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STEPHEN CLARKSON, PROFESSOR OF POLITICAL ECONOMY, UNIVERSITY OF TORONTO, CANADA,  
AND A FELLOW AT THE WOODROW WILSON CENTER

*The author of Trudeau and Our Times and other works on Canadian politics, Clarkson is currently researching whether WTO and NAFTA constitute an “external constitution” for the three North American states of Canada, the United States, and Mexico.*

Martin Albrow [see above] lamented that the concept of globalization had become the casualty of political rhetoric and had in the process lost its analytical utility. As a result he feels that a new language is needed to describe what is happening to global governance.

Until we get such a new lexicon, we may have to make do by transposing our present political vocabulary to the supranational. In so doing, it becomes apparent that, in the gradual development since World War II of a supranational political order, the creation in 1994 of the WTO marked a major and exciting advance. This substantial addition to the existing set of international institutions and regimes that comprise the emerging system of global governance was distinguished by what we could consider an embryonic constitutional order.

The evidence of what I call the “new constitutionalism” is as follows.

- The WTO is an institution with an international juridical personality that exists autonomously from its signatory member states.
- The WTO governs the trading behavior of its member states with hundreds of pages of rules based on

fifty years of trade policy development culminating in the breakthroughs achieved during the Uruguay Round (1986-94). The scope of these norms has been vastly expanded to include trade in services and agricultural products, including an elaborate set of provisions governing the way scientific standards are to be applied to the trade of sanitary and phytosanitary goods such as genetically modified food. These rules have to be incorporated in the domestic law of the signatory states. Because in some cases this required radical changes in the regimes of the signatory states—obliging them, for instance, to alter their agricultural protection schemes from quotas and other quantitative restrictions to tariffs—they constitute substantial amendments to these states’ own legal orders.

- Through its Trade Policy Review Board the WTO shows it has an administrative function. It monitors the extent to which the member states are implementing its trade rules and publishes oversight reports on each country noting where progress has been made and specifying which measures need to be changed.
- Through continuing negotiations the WTO has



been able to expand its rules, demonstrating a legislative capacity to alter the regulatory framework of its members in their financial services and telecommunications sectors.

- The WTO defines rights for its constituent players, notably those of transnational corporations (TNCs) vis-à-vis member states.

and environmentalists in all countries are incensed at the WTO's dispute rulings which have consistently privileged free-trade norms over considerations of cultural diversity, long-term health risks, or environmental sustainability.

- Its responsiveness is asymmetrical. The information, entertainment and pharmaceutical TNCs got what

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- The WTO boasts an enforcement capability that enables it to apply these rules and impose a high degree of discipline on its member-states. This judicial mechanism gives the WTO's norms incomparably more heft than the idealistic formulations to be found, for instance, in the Universal Declaration of Human Rights or the many worthy conventions of the International Labor Organization. Commercial conflicts between members are to be resolved by an independent dispute settlement board whose rulings (following the inevitable appeal to an Appellate Body) the member-states are bound to accept on pain of retaliation. This is in effect a global judiciary whose rulings declare that legislation democratically enacted by states is illegal because it contravenes the WTO's norms.

Clearly, this commercial constitutional order is only embryonic:

- Its membership is still not universal. China, Russia and a number of much smaller states have not yet been admitted.
- Its scope is uneven. Some rules such as trade-related intellectual property rights (TRIPs) are extremely elaborate and demanding whereas other issues such as labor standards are virtually ignored.
- Its effectiveness is still not fully established. Washington's threat to boycott the proceedings was enough to dissuade the European Union from launching a dispute with the United States over the Helms-Burton Act's violation of WTO rules.
- Its legitimacy is disputed. Cultural nationalists in France and Canada, consumers throughout Europe,

they wanted in TRIPs, but labor and environmentalists have been largely excluded from the WTO's deliberative process.

The resulting democratic deficit lies at the heart of the anger displayed outside the closed doors of the official negotiating rooms in Seattle. These demonstrators showed the world, for the first time, components of a global civil society in action.

I have used the familiar constitutional metaphor to explain the WTO's character and functions. If my explanation is persuasive, what does it suggest about the challenges facing the WTO's next stage?

Given the many conflicts of interest between North and South, between the United States and the EU, between TNCs and social activists, it is unlikely that even a tranquil Seattle would have yielded a consensus on the Millennium Round's negotiating agenda. In other words, the WTO's legislative process may well mark time—not a bad thing when so many of its rules have still to be tested in action by interpretation via dispute settlement panels.

This judicial action is likely to be much more responsive to the views expressed in Seattle's streets. Up until now, the dispute panels have been fixated on rendering judgments based on the black letter of the WTO's rules. Henceforth they will be much more conscious that they have to keep in mind a second audience that is far broader than the trade lawyers and government officials with whom they were concerned in the first years of the late 1990s. Without a single new rule being drafted, the panelists and members of the Appellate Body could decide to privilege the references to international environmental treaties and to import into their judg-

ments the values of social justice that lurk, explicit and implicit, in the WTO texts.

The administration of the global trading system is also likely to make more room for representations from civil society. The already considerable efforts made by the WTO to increase its transparency will be enhanced as it tries to become more sensitive to general demands for more people-friendly, less corporate-dominated global governance.

The global trade regime as constitutionalized six years ago was deeply flawed by its excessive incorpora-

tion of TNC interests and its inadequate responsiveness to civil society's values. Seattle's streets offered a stage for frustration over this imbalance to be expressed. To thrive in its role of supranational governing body, the WTO must anchor its constitutional legitimacy in a praxis that is sensitive to the multiple publics that will be monitoring every dispute settlement ruling it makes.

We may not yet have a language for expressing this new reality, but Seattle has changed the way we use our old notions and gives hope that they may yet be applied creatively at the supranational level of governance.

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KENT HUGHES, FORMER ASSOCIATE DEPUTY SECRETARY OF COMMERCE, AND PUBLIC POLICY SCHOLAR,  
WOODROW WILSON CENTER

*Hughes is currently working on a book tracing the development of national competitiveness as an idea and a political force in the United States particularly during the Bush and Clinton administrations.*

It is easy to downplay the Seattle demonstrations as just an exercise in street theater.

None of the other commentators [See above] made the mistake of simply dismissing the demonstrators. For the most part, they see the demonstrators as raising serious questions about what rules should apply to an increasingly global society. I share the other commentators' concerns about child labor, environmental degradation, and the importance of human rights. I do, however, want to add a few points:

- Certain trends will persist regardless of whether global negotiations take place. Whether referred to as globalization or by a more exact vocabulary, ideas, products, investments, and technologies will continue to flow from one nation to another. America is no exception. Today, Americans listen to African pop, buy more salsa than ketchup, and follow the rush of Japanese children to buy Pokemon characters. Economies are also more tightly linked as the volume of international commerce grows. And we are continuing the trend to trading parts rather than products at the same time as companies are adopting a just-in-time approach to inventories. The combination is making trade sanctions more costly in terms of growth and jobs.
- Even if no global round of trade negotiations takes place for another decade, the trend to global economic and cultural ties will continue. New technologies, cross border partnerships, and the

growing ease of communications will help to increase the volume of international trade. Specific trade agreements on a regional or sector specific basis are likely—and will only augment the trend.

- Interest groups, workers, environmentalists, and consumers in every country of the world share an interest in trade, growth, and innovation. Billions of people still aspire to move out of poverty and into a world of greater health, better education, and relative prosperity. To reach even a 1960s level of European prosperity, the combined populations of India and China alone would put enormous pressure on available resources and the environment unless technology changes. Growth is often associated with higher levels of pollution and greenhouse gases; but higher incomes are also associated with stable populations and a demand for greater environmental protection. Growth matters in the United States, too. It is growth and innovation that promise our children greater health, a cleaner environment, and greater prosperity.
- Recent experience has been tenacious in teaching us that markets depend on a set of complex institutions. The difficult transition from centrally planned economies to market-based democracies, the Asian financial crisis, and the economic stagnation in many countries—all are reminders that markets are embedded in customs and cultures that evolve over time. Today's fast-moving American markets grew out of two centuries of development in the public

as well as the private sphere. This long experience taught us the need for providing safety nets, setting up retirement programs, and developing standards to protect workers and consumers.

- America needs to develop a strategy for global engagement in what will surely be a thoroughly global century. It is an imperative that nurtures our ideals as well as favoring our interests. The American economy is closely linked to the rest of the world; we suffer from the costs of world-wide pollution; and we are only a plane ride away from any disease. By bringing world poverty into our living rooms, modern communications have created an added moral dimension in seeking development and equity around the world as well as at home.

America's global strategy will evolve in response to achieving hoped for successes as well as facing new challenges. As a start, I propose a five-step approach. We need to:

1. Broaden the dialogue on international economic policy by considering everything from more inclusive congressional hearings to a reformed advisory approach for U.S. trade policy;
2. Continue to press for domestic and global growth

with equity. Trade is an important part of that agenda but so are global standards on everything from accounting to workplace safety;

3. Forge global agreements to protect the global commons. We should be able to distinguish between standards that are designed largely to protect a domestic interest and those that are focused on shared environmental concerns;
4. Make a commitment to global health. Recent proposals for developing vaccines targeted at tropical diseases are an important start; and,
5. Strengthen global and national institutions. Greater transparency in decision-making can yield better results and build popular support. U.S. foreign assistance can be targeted at helping interested countries improve their ministries of labor and the environment. The Organization for Economic Cooperation and Development has taken an important step in developing proposed codes of conduct that apply to multinational corporations based in OECD member countries.

At times, America has tried to lead by example and, at other times, by active engagement in the world. Today we need to pursue both. It is a case of "doctor heal thyself," but also help to heal others.

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Critics of the World Trade Organization (WTO) used the institution and its late 1999 ministerial meetings in part as a proxy for deeper criticism of globalization and trade liberalization. But to what extent is reform of the WTO itself the answer to problems caused by world trade? Clearly, there is scope for improving the WTO's ability to address environmental, labor, and human rights issues. But fixing the institution is only part of the solution.

Pressure to reform the WTO is part of a broad trend where international organizations are being asked to take on a variety of new policy issues that did not exist when these institutions were created. Perhaps the most dra-

matic illustration of this is NATO's shift from a collective defense organization designed to deter Soviet attack, to one involved in fighting inside non-member states, where the driving issues are ethnic conflict and human rights abuses. The United Nations, too, has struggled to address new demands for peacekeeping operations in intra-state conflicts where its mandate is not always clear, such as in Somalia and Bosnia. The World Bank is constantly adding new issues—from gender to judicial reform—to its bread-and-butter work promoting economic development. And the IMF's recent involvement in multi-billion dollar economic "bail-outs" is far from its original mandate of overseeing the par value system

and helping countries with temporary balance of payments deficits. All of these institutions have come under attack for doing a poor job juggling their growing number of mandates, yet simultaneously there are calls for these institutions to continue taking on new policy issues.

This loading up of new mandates reflects the fact that patterns of global governance are becoming both more diffuse and complex, heightening the need for stronger international organizations with a greater capacity to address global and regional issues. Yet instead of a stronger set of global institutions, we are seeing performance difficulties that reflect, in part, what has been called “mandate congestion.”

Looking at the WTO’s evolution from the Global Agreements on Tariffs and Trade (GATT), we see that its mandate has also broadened over the years, from an initial emphasis on promoting trade liberalization by reducing tariff barriers on goods, to addressing non-tariff barriers, trade in services, intellectual property rights, agriculture, and other sectors. The WTO also has more power than its predecessor to settle trade disputes among states. Now many are calling for the WTO to add regulation of labor and environmental standards to its work. Such regulation can play an important role in reducing the negative side effects of more open trade.

Politically, it is difficult to imagine the WTO adopting these new standards since many of its member states see these issues as infringing on their sovereignty. Unlike the World Bank and IMF where voting on the executive board is weighted, the WTO operates on a “one country, one vote” basis. This structure reduces leverage for countries like the United States to push the WTO to address labor and environmental issues. In addition, the WTO is not home to a large, relatively autonomous bureaucracy, as are the World Bank, IMF, and United Nations. Its secretariat of 500 people is among the smallest of major international organizations. While all international organizations can be said to be “member-driven,” this claim has more force with the WTO, since its major actions are the rules agreed to through sets of interstate negotiations.

Rather than loading up the WTO with responsibilities it may not be equipped to handle, it is important to build closer links of cooperation with the other institutions that may be more appropriate fora—such as the International Labour Organization (ILO), or the United Nations Environment Programme (UNEP). Such cooperation will involve better equipping these institutions—or providing them with political support—to monitor or enforce the programs and treaties under their purview. Governments can also focus more

attention on redressing areas where the agreements they make under one institutional framework clash with agreements under another, such as areas where global environmental agreements conducted under UNEP’s auspices clash with trade rules agreed upon through the WTO.

Pressure from civil society will play a key role in the WTO reform process, but this pressure is best focused on member state governments in general, and trade ministries in particular—the primary sources of changing the WTO. Stronger national regulations are also the key to raising labor and environmental standards. Finally, activists can press their governments to strengthen other international organizations and to raise public awareness about the comparative advantages and responsibilities of the lesser-known organizations. ■

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## NOTES

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<sup>1</sup> For more information on Friends of the Earth’s position on the WTO, view the web-site at <http://www.foe.org/international/wto>.

<sup>2</sup> In his recent book *The Global Age: State and Society Beyond Modernity*, Albrow argued that globalization provided opportunities but no guidelines.

<sup>3</sup> “Larry King Live,” 23 December 1999.