



Nautilus Institute Report on WTO Meetings in Seattle

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U.S. ARROGANCE AND INCOMPETENCE -- A LETHAL MIX **Reflections on Seattle by Lyuba Zarsky**

The image of police battling protesters in Seattle may have faded from TV screens but hopefully not from the minds of US trade officials. There are important lessons to be drawn about how and why U.S. plans to launch a new round of trade talks was so utterly derailed.

What might these lessons be? As a strongly supportive participant in the (peaceful) street protests -- and a member of the U.S. delegation -- I had a chance to do a bit of observing from both the inside and the outside. I listened closely to U.S. negotiating goals and strategies outlined by U.S. trade honchos just prior to the aborted Ministerial Opening, and I scanned the faces and the placards of the jubilant protesters outside, many pushing baby carriages and walking arm in arm with friends and coworkers. "Make the WTO Work for Working Families" was my personal favorite.

The primary lesson that U.S. trade officials need to draw from their Seattle debacle is that they have got to change -- both their style and their substance. Currently, business-as-usual for the making of U.S. trade policy, and for the style of American global leadership on trade issues, reflects a mix of arrogance and incompetence which not only undermines stated U.S. goals but could be lethal to the prospects for progressive global governance.

The Arrogance of Unilateralism

Arrogance was evident in several ways. First, the primary U.S. negotiating technique seemed to be browbeating. Despite the failure up to the very last minute of even the biggest players -- the European Union, Japan and the U.S. -- to agree on an agenda, there was a strong sense in the U.S. team that they could simply hamfist their way through to a deal. The Europeans and Americans clashed not only on which issues should be on the table but on the basic framework for the negotiation. The Europeans wanted a comprehensive approach, which allows for lots of horsetrading. The Americans wanted negotiations only on a narrow set of issues -- their issues.

The browbeating strategy was something like this: Get the Europeans to agree on agriculture, which the U.S. would do through sheer persistence, and everything else would follow. The deepseated resistance of developing countries to the launch of a new round would crumble -- once again -- in the face of big power manoeuvres. And the "new issues," including labor and environment, the issues of such great concern to the people on the street, would sail in their wake.

Browbeating is a strategy of a heavyweight, which indeed, the U.S. is. However, with 135 nations currently in the WTO -- some of them, like the EU and Japan, strong economic powers themselves -- it is not very effective. The U.S. needs coalitions to have its agenda succeed. Where was the careful crafting of coalitions, especially coalitions including both

developed and developing countries, so crucial to bringing forward of new social issues into the global governance arena? Nowhere to be seen. Instead, there was a sense of U.S. unilateralism, a sense that the U.S. could and would ram agendas down people's throats.

A second aspect of arrogance was the U.S. refusal to give anything up. Many developing countries are deeply concerned about U.S. antidumping practices, arguing that the U.S. is reintroducing protectionism. Many economists agree. But the U.S. team was adamant that they would not give in. Indeed, it was adamant that there would be no giving in on any issue. This failure, some argue, is the real problem. Browbeating is okay, suggested one environmental advocate -- the problem is that the U.S. doesn't do it very well because it is too arrogant (or maybe incompetent) to horsetrade.

A third aspect of U.S. arrogance was the sense that the domestic agenda and style is the right style for the rest of the world. There is potentially much support for the new social issues, including more transparency at the WTO. But American proposals tend to assume the rest of the world looks like the U.S. The proposal that dispute resolution panels at the WTO receive Amicus Briefs, for example, is something that made British trade delegates cringe -- not because they oppose more transparency (or so they said) but because their own courts do not operate in that way.

Developing countries, of course, are highly resistant to introducing labor and environmental issues into the WTO under this kind of leadership. Putting aside resistance stemming from a simpleminded focus on economic growth, developing countries have some legitimate concerns that the environmental and labor issues of greatest relevance to them will not be on the agenda. The reality is that they have been largely excluded from the arenas where the "big player" agendas are developed -- like the OECD. And their objections, stemming from both environment and development concerns, to key agreements such as TRIPs (Trade Related Intellectual Property) have gone largely unheard.

Indeed, the refusal to listen -- to developing countries, to citizens at home, even to other developed countries -- is perhaps the most revealing and disturbing aspect of the arrogance of U.S. leadership on global trade policy.

Incompetence Run Wild

The unilateralist style which both grows out of and nurtures arrogance was compounded in Seattle by the truly remarkable incompetence of the U.S. trade team. For starters, the preparation time for the Ministerial was less than a year. The Uruguay Round was five years in the making -- and another eight to conclude. The proposed environmental agenda -- including the introduction of "sustainable development" language as a goal of the Round -- was introduced to U.S. NGO and business advisors in June, less than six months before the Ministerial. It was subsequently unveiled to the rest of the world.

Preparation time is vital not only to building global coalitions around particular issues but more fundamentally to gaining a sense of compass in these very difficult to traverse waters. Indeed, even within Washington, it seems that foreign policy is afloat, especially an understanding of what U.S. strategic objectives are in the areas of international environmental and human rights diplomacy, and how these objectives are to be traded off or synergized with commercial goals and security concerns. Absent a coherent set of strategic foreign policy goals, U.S. leadership on environmental and human rights tends to stop and start and be trumped by narrow, self-serving commercial interests. This is not a recipe for credible and successful leadership.

Credibility was in short supply among environmentalists both outside and inside of the Seattle Ministerial. While the U.S. was supposedly leading the charge on environmental issues, it was simultaneously pressing for liberalization in two very environmentally sensitive sectors, forestry and agriculture -- without an environmental impact assessment and without taking on board the concerns raised by environmentalists.

One of the most noted aspects of U.S. incompetence -- or was it arrogance? -- was the attempt to launch the round in the leadup to a U.S. election, particularly given the domestic contentiousness of trade policy. Did trade policymakers simply not realize the depth of popular concern? Are they not plugged into the Internet channels which have roared with critical voices for the last 2-3 years? Is there a structural insularity in Washington which makes transparency from the inside out as difficult as from the outside in?

A Lethal Mix?

One of the things that the Battle in Seattle made clear to many people was that the governance of the global economy is a very large, complicated agenda, both politically and institutionally. The arrogance -- incompetence mixture does

not bode well for the construction of good governance structures and could be lethal for the emergence of a socially progressive pillar of governance.

The WTO is a very slender reed around which to build global governance. If the U.S. is to take seriously its leadership role -- on any issue but especially labor and environmental standards -- it will have to not only get its own house in order but generate with other nations an institutional vision for the WTO and far beyond.

Many developing countries, for example, are wary of introducing labor standards into the WTO and instead think that the International Labor Organization (ILO) is the right forum. Many human and labor rights groups worry that throwing the issue into the ILO is a recipe for inaction, since the ILO has no enforcement powers. One way forward might be for the ILO to be the responsible institution -- but build into the WTO the recognition of ILO competence on labor issues. The same could happen on environmental issues: rather than put environment into the WTO, it might make for better outcomes to build a bridge between the WTO and international environment institutions like UNEP, the Commission for Sustainable Development, or perhaps a still to be launched Global Environment Organization.

The point is that a vision of global governance which truly embraces social and environmental ethics requires an institutional architecture, a suite of institutions, not one overarching monolith like the WTO. It will require defining and limiting the power of an institution like the WTO to narrow issues of trade management. Such a vision will need much discussion to be articulated and debated -- discussion involving many countries, many sectors and advocacy groups.

Another aspect of the requisite architecture of global governance evident in the streets of Seattle is the need to define and perhaps expand -- not contract -- the social and environmental regulatory powers of nations and the states within them. In the U.S., state-level officials are deeply concerned about the draconian powers of the WTO. Such powers are especially problematic when it comes to environmental regulation which must be sensitive to local ecological conditions. In the European Union, the split in powers between the EU and the member states is formed around the principle of "subsidiarity," the notion that jurisdiction is granted at the appropriate level. Something like this principle is needed at the global level as well.

A good lesson for U.S. trade policymakers to draw in the aftermath of Seattle is that there is a great need for a national debate about trade policy. Their job is to make that debate inclusive and constructive. There needs to be a vehicle in Washington in which environmental, labor, religious and other groups can regularly engage with officials from the U.S. Trade Representative's Office, as well as the Departments of Agriculture and Commerce. State-level government officials as well rarely have the opportunity to make their concerns felt. There needs to be an ongoing forum and dialogue structured to be as inclusive as possible.

The USTR made a start in this direction when it launched the Trade and Environment Policy Advisory Committee (TEPAC). Made up of both business and NGO representatives, TEPAC was created in the mid-1990s in the wake of the bruising NAFTA debate to help get government, environmentalists, and business on the same page. The problem is that the nomination process is opaque and security clearances are needed to be part of TEPAC, restricting its ability to be an inclusive, open arena for debate. Moreover, USTR and the Commerce Department operate a total of seventeen advisory committees. The other sixteen are made up solely of business representatives.

There is trouble in the land. There have been two major upsurges of popular concern about the style and substance of U.S. trade policy -- the defeat of "fast track" legislation and the collapse of the Seattle effort. It is time for a national debate.

Finally, what lesson should U.S. trade officials glean about "where to go from here"? The most important is to stop, to reflect, to engage in debate as to a new course. If they simply resume the process of trying to launch a new round, there will be further battles -- across negotiating tables and in the streets. And the prospects for progressive global governance will continue to be bleak.

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Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:

nautilus@nautilus.org