



Derailing Doha and the pathway to a new paradigm

How WTO's collapse clears the way to solve today's food, fuel, and financial crises

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Seeing the Sweep of History

As experts dissect the collapse of the World Trade Organization's (WTO) Doha round of global trade talks to explain its causes and effects, many are missing how it signals a shift in the sensibilities of people everywhere to end of the era of global free trade and renew government's rightful role in regulating commerce, especially in the critical areas of fuel, food, and finance.

These three, interrelated crises are the direct result of a failure to govern in the public interest and each now requires rapid responses through global cooperation. Contrary to what some are saying, derailing Doha actually clears the way to solve today's fuel, food, and financial crises while providing a pathway to a new paradigm of global cooperation rather than competition.

How so? First, failure to expand the WTO's powers over essential areas of our economy, in fact, preserves the "policy space" needed to shape vigorous responses to today's most pressing problems without policymakers worrying about violating insidious world trade rules; see more on that below. Second, with Doha "dead in the water," the world can now concentrate on other options already in play for addressing the rise in food and fuel prices (not to mention temperatures and sea levels), as well as the deepening turmoil in global financial markets.

While the WTO's so-called Doha Development Agenda (DDA) was supposed to prioritize the needs of poor countries, its proposals would have expanded an energy-intensive and export-oriented development model, undercut millions of peasant farmers with cheaper imports, intensified industrial agriculture in the Amazon, increased trade in environmentally sensitive goods, and reduced the rights of governments to protect public services, consumer safety, community development, and ecological limits. True, action on developing country demands will be delayed but even more disappointing is the fact that most of their priorities went all but ignored by the interests of global corporations' push to access more resources and new markets.

Victory led by Peasants, Farmers, Small Businesses in the Global South

Governments who were captured by corporate interests wrote the rules of the WTO in 1994. Since then, peoples' movements in key countries have been slowly "taking back" their governments and putting forth new positions on trade. Doha's derailment is the direct result of governments unable to agree because they were held accountable to concerned citizens' back in their national capitols, especially in developing countries demanding protections for peasant farmers, domestic employment and production, public health, education, water, and energy. In the end, global corporate greed was restrained by peasants in India, China, and Indonesia, by workers' unions and small businesses in South Africa, Argentina, and the Philippines, plus by many, many other efforts worldwide.

Derailing Doha is a victory for peoples' movements everywhere and needs to be celebrated in the context of global civil society's rewriting the rules of globalization. Since before the 1999 "battle in Seattle," global civil society has organized successful opposition to expanding WTO's powers. And although many groups may now be ready to declare the death of Doha, peoples' organizations are already rising to the challenge of replacing WTO with a new set of trade rules while exploring, through more sensible government leaders, other international instruments to address today's top crises. For example, increasing numbers of groups recognize the opportunity to set global rules for energizing our economies via the United Nation's climate talks. Doha cannot be buried until other institutional options appear viable, so the ball is in civil society's court to propose a new agenda with specific mechanisms around which all can unite.

Doha to deepen crises in fuel, food, and finance

In a desperate attempt to play on public fears about today's fuel, food and financial crises conflating into global chaos, European Commissioner (EC) for Trade, Peter Mandelson, told the *Financial Times* on the eve of the mini-Ministerial that failing to conclude a Doha deal would "reduce our ability to pass future tests on climate change, food security, energy security, and other issues." Mandelson would have us believe that a Doha deal could "bring fresh confidence to a world economy that is certainly in need of it" as well as address these crises directly. But Doha was no silver bullet for today's complex challenges; it's more of a boomerang that will come back to hurt efforts to tackle them.

Here's why. Any expansion of WTO's powers over fuel, food, and finance (which were essential elements of any deal) would reduce the role of government in guiding our economies toward a new direction at a time when a lack of leadership has been at the root of these problems. Each of today's crises has resulted from a failure to govern in the public interest. Solving them requires governments to reassert their proper roles by sending investors and consumers clear market signals that reflect the true social and environmental costs of our imbalanced fuel, food, and financial systems.

Mandelson's remarks came as a hand-picked group of trade ministers met in Geneva to finalize a deal before approaching US elections made any trade agreement impossible. That's because shifting public opinions of trade have allowed President Bush's authority for signing trade deals to expire. Many countries lack confidence in WTO's free trade model, but recent polls have shown that Americans' loss of trust in globalized free trade has only increased with time.

Seeking to seal a deal before the election window closes, American and European trade negotiators pressured other governments for more concessions to present a package that was politically palatable. But trade deals benefit mainly big businesses because, by design, they increase the profits of private companies rather than protect the public interest. And it's precisely this surrender of popular sovereignty over our economies to narrow corporate interests that led to today's crises in fuel, food, and finance.

Fuel prices, not to mention floods and fires, are on the increase everywhere because the way we energize our economy has been governed largely by global corporations that profit from our addiction to fossil fuels. Concerns about energy security and climate change should compel us to shift supplies rapidly to sources that are socially stable and ecologically sustainable. Yet WTO's proposed Energy Services agenda would have deepened our dependence on oil by opening new markets for companies like Halliburton while restricting what governments can do to encourage an energy transition. Mandelson's comments appear ignorant of how expanding WTO's powers over energy policy would necessarily foreclose options for governments currently engaged in UN climate talks, which aim to reduce global emissions of greenhouse gases.

Food riots around the world followed the recent rise in energy demand, despite warnings that the US and EC mandates to boost biofuels production would force limited farmland into production of fuel rather than food. Agriculture reform remains at the heart of Doha, though few expected it to help feed the hungry. That's because any deal would have conditioned US and EU cuts in export subsidies to developing nations' opening their markets more. Not only could this make food even more expensive for poor nations, but past market-opening measures have directly destroyed domestic food production in poor countries, leading to shortages in local supplies.

Financial markets have failed spectacularly to self-regulate, causing the foreclosure of over a million American households. No one knows where it will end as companies continue to sort out their losses on mortgage-backed securities and other financial instruments whose complexity not only eluded government regulators but also engulfed the very investment banks and hedge funds that invented them. Amazingly, at a time when we should be strengthening global financial governance, the US and EU were pressing other nations to agree to a Doha deal that would liberalize financial services even further. US trade negotiators (who wanted to force all nations to treat foreign financial services companies the same as domestic ones) seemed way out of step with Congress' new provisions to prevent offshore tax evasion by requiring Americans to use only companies under US regulations.

Pathway to a new paradigm

The most prudent course of action now would be for each nation to review current trade rules (for Americans, under our next Congress), and then replace those we find harmful to the public interest with new ones that are democratically debated, not only by the US but also by our trading partners. We need a new set of rules developed by a new round of talks that place public interests before private. Remember that international economic governance was originally under the General Assembly's Economic and Social Council when UN Charter when it was signed in 1945 in San Francisco; reclaiming that history is one way to ensure that global economic relations, and particularly the tools of trade policy, help not harm all people as well as our planet.

In the meantime, global cooperation outside of the WTO must intensify to address the crises in fuel, food, and finance.

Fuel faces a real revolution as public outcries about climate change and energy security are already being priced into today's market. Governments recognize the need for urgent global action on climate and mandated in Bali that the UNFCCC conclude a new set of agreements by the end of 2009 in Copenhagen. The scientific imperative of shifting to ecologically sustainable and socially stable energy supplies within a few decades requires new global rules on finance and trade. Not only public finance but also private investment must be channeled to low-carbon alternatives. And any climate agreement will also have to relate to world trade rules. For example, the world needs new rules, overriding WTO's if necessary, to finance the transfer of clean energy technologies to poor countries in ways that ensure affordability while still rewarding innovation.

Perhaps nowhere is a cooperative approach to international relations more necessary to guarantee our survival than the transition away from fossil fuels. Nor is there a more pressing roadtest for the United Nations' recently adopted Declaration on the Rights of Indigenous Peoples, where the world's 160 million indigenous peoples who depend on tropical forests could face billions of dollars in inward investment from "offsets" by polluting countries. Applying indigenous rights, such as free, prior informed consent, self-determination, subsistence, spiritual, and other core principles, provides a rights-based framework to blaze a path toward a new paradigm in how our global institutions honor the earth and its original peoples.

Climate, at least, has a global decision-making process underway whereas other crises like food and finance have as of yet no place to be comprehensively addresses; such spaces need to be created by civil society pressure.

For food, no global policy process now exists to address today's crisis, as evidenced by the non-impact of the recent UNFAO summit, and the non-enthusiasm current World Bank initiatives are getting from groups who feed the hungry. Still, some comprehensive initiative could be launched to unify the global groundswell of efforts to change WTO rules, revive international commodity agreements, adopt fair trade and organic standards, and create other international instruments to support small scale, sustainable farming and food systems.

Financial regulation remains the ominous black hole in global governance. There is need for much more than mere "cooperation" by national authorities. Everyone knows finance drives all policy decisions yet nothing meaningful exists to govern financial flows globally, private or public. Global justice will be present only when capital, wherever it may go, is held accountable to universal rights. But as the credit crisis and mortgage meltdown continues to spill over into global market turmoil, civil society is once again caught flat-footed in the midst of today's crisis. Somehow, as we scale up our responses to today's emergencies, we must simultaneously create new capacities within civil society to inform and inspire a systemic shift in public opinion about governing global finance.

Solving today's crises requires a paradigm shift from competitive to cooperative relations among nations and peoples. Global civil society has harnessed enough power to counter the expansion of the global corporate agenda, but can it unify around some of the strategic opportunities, such as the climate process, to balance global governance and create new international instruments to protect universal rights?

Such are the pathways now opening up before us. The political moment in history demands we go on the offensive to propose our own alternatives. Indeed, another world is already arriving ...

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