

Michael Moore, *A World Without Walls: Freedom, Development, Free Trade and Global Governance*

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## THE RINGMASTER OF DOHA

First Seattle, now Cancún: how should we understand the current crisis of the wto? According to the *Economist*, poor countries have been the losers in the latest breakdown of global trade-policy talks: the agenda agreed at Doha in November 2001, and due to be taken forward at Cancún, was centred on development. The us was far from unhappy to see the negotiations collapse and has been energetically pursuing its own bilateral and regional trade agenda instead. On this view, the wto's failure to advance towards further multilateral agreements points not only to a fracturing of the global trading system but to the likelihood of increased domestic pressures for American protectionism. An alternative perspective would see the emergence of the G20 caucus at Cancún and its refusal to kowtow to the us–eu interpretation of Doha as an opportunity for a decisive shift in the balance of power in world-trade relations—though only if developing countries continue to pull together.

The fixer—if not the architect—of the Doha Declaration was the then Director-General of the wto, Michael Moore. Shoe-horned into the post in September 1999, just weeks before the debacle at Seattle, Moore's key tasks were, firstly, to pull together a fresh consensus on global trade policies, binding on its members. And secondly, to oversee the accession of several new states; crucially, China. This account of his three-year sojourn at the wto—though blustery and often evasive—nevertheless provides some useful, if inadvertent, insights into the actual operations of power and hegemony within the world's youngest multinational institution, and its advantages and drawbacks for global capital.

Since the 1980s, public policy in the West has been increasingly correlated around the core neoliberal agenda—deregulation, privatization,

flexibilization—although not the elimination of agricultural subsidies or lifting of restrictions on the cross-border movement of labour. Not only Reagan, Thatcher and their successors in the us and uk, but Centre-Left parties and governments across Europe, Japan and Australasia have coalesced around the same programme. To a remarkable degree, any policy that might constrain the freedom of international capital has been delegitimized in the name of an imperative of global competitiveness and efficiency—a Gestalt shift from a multi-dimensional model, in which loyalty, stability and protection against systemic instability were given relative priority, to a more uni-dimensional one that celebrates exit, competition and the opportunity to profit from risk as guiding principles. Institutional, Keynesian and development economics—previously flourishing approaches—have been pushed to the margins by the new doctrine, which is presented as a universal science of human behaviour; resting upon the epistemological assumption that, in the words of Clinton’s Treasury Secretary, Larry Summers, ‘the laws of economics are like the laws of engineering. There is only one set of laws and they work everywhere’. The common good can thus best be advanced by the global implementation of these laws, and developing countries legitimately pressed into agreements that intrude deep into their domestic arrangements, confining their policy choices to free-market ones.

This normative consensus has been internationalized largely through multinational economic organizations such as the IMF, World Bank and wto. These essentially political institutions are operated as a condominium by a small number of prosperous states—the us pre-eminent among them—with the aim, not of conquering other countries in order to extract tribute, but of establishing rules and procedures to reinforce their own economic, political, cultural and military predominance. Over the past decades the MEOS have increasingly redefined their agendas towards the deep restructuring of countries’ domestic social and economic arrangements—rather than stopping at discrete projects, in the case of the World Bank; or at macroeconomic variables, in the case of the IMF; or at national borders, in the case of the GATT/WTO. They justify the intrusion on the grounds that the neoliberal agenda is the only correct direction for developing as well as developed economies.

The evidence, of course, is far from convincing. The three agreements that emerged from the Uruguay Round in 1996—on intellectual property (TRIPS), investment measures (TRIMS) and trade in services (GATS)—demonstrate how, in the name of open markets and mutual benefit, the system is being rigged even more strongly in favour of the advanced capitalist states. TRIPS is essentially a massive *protection* agreement for firms and other patent- and copyright holders in developed countries, ensuring them large net flows of royalties and fees. TRIMS and GATS, between them, list virtually all the industrial and technology policies used by East Asian governments to nurture

indigenous firms and industries, and then declare the vast majority of them illegal. Although the agreements are worded to suggest a balance between the rights and obligations of developed and developing countries, closer scrutiny shows that, for the advanced capitalist world, their rights are enforceable but their obligations are more open ended; while for developing countries, the opposite holds. The TRIPS agreement specifies that the developing countries will enforce 20-year minimum patent periods over a wide range of products; if they fail to do so they can be taken to the WTO's dispute-settlement mechanism and are likely to lose. The mechanism has real teeth—punishments can include quite severe restrictions on offending states' market access. The developed countries, meanwhile, agree in principle to 'transfer' their technology; but they are unlikely to be penalized through the dispute-settlement mechanism should they neglect to do so.

Established in 1947, within the framework of development economics, the GATT had legitimized a relationship of non-reciprocity that was supposed to aid a catch-up between core and periphery—the idea of 'special and differential treatment', in which developing countries' increased access to markets in the advanced world were not matched by reductions in their own tariff protection. When the WTO was created from the GATT in 1995, differential treatment was redefined as merely allowing developing countries longer adjustment periods in which to implement neoliberal policies. There is little scope under WTO rules to permit a range of development strategies, such as state assistance to new firms and industries that are trying to establish themselves in the face of competition from mature producers elsewhere. The net effect of these policies is likely to 'pull up the ladder', making it more difficult for developing countries to catch up with the prosperity of the advanced world.

How is it, then, that these countries have come to sign up to such punitive agreements? Unlike the IMF and the World Bank—famously run on the 'one dollar, one vote' principle—the WTO operates on an ostensibly more democratic consensus model, in which the voices of individual member states are given equal consideration. As Moore puts it:

The WTO system is built upon the rule of law and respect for the sovereign equality of nations. Ultimately, it is an open, rules-based multilateral trading system, based on democratic values. It is the most democratic international body in existence today . . . No one is forced to sign our agreements. Each and every one of the WTO's rules is negotiated by member governments and agreed by consensus . . . Because no decision is taken unless all member governments agree, effectively every country—from the largest to the smallest—has the power of veto.

In reality, of course, as the process of his own instatement as Director-General at the WTO's Geneva HQ suggests, some states are a great deal more

equal than others. In parallel with Annan's appointment at the UN, Moore was the Clinton Administration's candidate, initially opposed by large numbers of WTO member states who had been promised that, after Renato Ruggiero, the next DG would come from a developing country. But as Moore explains, 'WTO ambassador Rita Hayes from South Carolina, a skilful politician and diplomat with strong contacts in the Senate and White House, was very supportive. I would not have got the job without her'. His attraction for the White House seems clear. Born in 1949 in Whakatane, New Zealand, Moore worked as a meat-packer before clawing his way up through Labour politics to become a strongly pro-US Trade Minister in Lange's government; and, for a few weeks, Prime Minister—leading Labour to disastrous defeat in the 1990 election, as the country plunged into recession following Lange's shock-therapy neoliberalization. American trade officials had evidently noted him as a useful bruiser with a populist manner.

For as Aileen Kwa points out in her useful Focus on the Global South study, 'Power Politics in the WTO', far from being 'rules-based', it is the organization's very lack of formalized internal structures that helps to serve the interests of the powerful. In the manufacture of the global consensus by which the WTO operates, silence is taken for agreement. Bullying, arm-twisting and bribery can be useful tactics in producing closed lips. With no formal provisions surrounding the drafting of documents, agendas can legitimately be stitched up by a select few, behind the closed doors of the famous Green Room, and presented as a *fait accompli*. No rules govern the conduct of meetings—allowing Charlene Barshefsky, US Trade Representative, both to chair the talks and lead the American negotiating team at the 1999 WTO conclave in Seattle, for example. Moore's talents would find an obvious home here. Read against the grain, his book confirms Kwa's findings of an institutionalized regime of intimidation, marginalization and outright coercion to ensure that the Quad countries (US, EU, Japan and Canada) get what they want.

In forging an agenda for a new round of trade talks, Moore's first task—'through hard work, aggression and more than a little arrogance on my part'—was to break down the resistance of the African and Asian trade ministers who had rebelled at Seattle against the US and EU's retention of massive farm subsidies. One tactic was to lard the Draft Declaration with talk of development—the word occurs 63 times in the 10-page document—while quietly inserting the new issues (rules on investment and competition policy) that the West wanted. Another was to find a site relatively free of the protesters that had made Seattle look, in Moore's description, 'like the bar scene from *Star Wars*', with the official opening delayed for half a day while Kofi Annan and Madeleine Albright were imprisoned by demonstrators in a hotel across town. The Qatari trade minister's offer of the Doha conference centre was, unsurprisingly, 'very attractive'.

Equally important was the practice, described by both Moore and Kwa, of going over the heads of wto ambassadors at Geneva—often highly educated in the technical nuances of trade issues—to put direct pressure on their governments. As one delegate explained to Kwa, ‘If the us phones my capital, they won’t say, “There’s this boy, he’s trying to change TRIPS for the good of his country”. They’ll say, “There is this boy, working against the interests of the us, infringing on the good relationship between the us and ———”.’ Critical wto ambassadors were increasingly targeted in the run-up to Doha, with permanent pressure exercised on domestic governments for their removal.

Africa was the main focus of Moore’s attention. Key trade ministers—Erwin in South Africa, Boutros Ghali in Egypt, Bello in Nigeria, Biwott in Kenya—were courted for their cooperation. He particularly applauds the wisdom of inviting a group of African leaders to the G8 summit in Genoa: ‘A turning-point. They supported our objectives’. The coercion came with promises of sweeteners. As Kwa reports, the Tanzanian trade minister, coordinator of the Least Developed Countries Group, received constant telephone calls in the weeks prior to Doha criticizing his ‘no new issues’ stance. Moore, according to one delegate, took to phoning ministers at home at the weekend to pressure them for cooperation. A week after Trade Minister Simba had expressed his ‘sense of happiness’ at the final outcome, Dar es Salaam received \$3 billion in debt relief from the IMF.

The murderous attacks of September 11 were, of course, very helpful in forging the consensus at Doha, two months later. Moore, with us Trade Representative Zoellick and eu Trade Commissioner Lamy, toured developing-country capitals to insist that the new free-trade round would be a blow against Al-Qaeda—and that objectors would be considered as renegades in the war on terror. Once gathered at Doha, as Moore recounts, the trusty lieutenants went to work:

The wise and experienced minister from Brazil, Celso Lafer, South Africa’s Irwin [sic], Egypt’s Boutros Ghali and Nigeria’s Bello worked the African caucus. Kenyan minister Biwott explained to the African, Caribbean and Pacific caucus that the waiver decision was good news . . . I was able to move around friends and coalitions I had spent the previous two years cultivating, to point out where their interests were addressed.

The developing countries had resolutely objected to the inclusion of the new Singapore issues (investment, competition, etc.) in the Draft Declaration. But the text, as one Third World delegate explained to Kwa, had a magical quality: ‘We would make objections, but these would not appear’. A Green Room was carefully selected by the French Deputy DG, Paul-Henri Ravier, on the grounds that it was not too large. Only 23 countries could be squeezed

in to attend the drafting sessions there. The Declaration, when it finally emerged, contained the Singapore issues. Erwin played a crucial role in talking a joint ACP–LDC–Africa Group meeting through the reasons why they should accept it, nevertheless. Since such groups have informally agreed to operate on the principle of unanimity, it is easy enough for one country's representatives to block the rest—and for the us, or other G7 states, to 'buy' one or two of these to act as their agents to prevent the group reaching a collective position. Faced with one member's intransigent opposition, the group does not expel that country and move on, but falls into disarray—as happened at Doha. In the final session, Moore sat beside the Qatari trade minister, the ostensible chair, instructing him on who should speak; the unmistakable Antipodean tones—'Don't give him the floor!'—echoing loud and clear through a serendipitously live mike. Thus was consensus achieved.

The formula brutally pushed through at Doha notably failed at Cancún. Talk of development turned out to be just that, while Europe, the us and Japan have shown no signs of eliminating the subsidies to their farmers that allow them to dump grain, sugar, cotton and other commodities onto world markets at a fraction of the cost of production. Best of all, from the Quad countries' point of view, wto rules now prevent developing countries from protecting themselves and their farmers. Only if the us and others start to make the link between their trade policies and the blowback effects on the stability of their societies—between the increase of subsidized us corn exports to the Philippines, for example, and the growth of communist and Islamic fundamentalist guerrillas on the island of Mindanao, home to two-thirds of the Philippines' small corn farmers—does this seem likely, in the short term, to change.

But if the outcome of the Doha Round appears to be deadlock, what of Moore's second key task? While the front cover of *World Without Walls* shows a giant *papier-mâché* puppet of the author with a sign around its neck proclaiming 'Michael Moore starves the poor', the back is adorned with a photograph of Moore and the Chinese trade secretary Shi Guangsheng, waving their brimming champagne flutes in celebration of China's accession to the wto. The crucial negotiations, Moore notes, had already taken place on a bilateral basis between Beijing and Washington, signed in 1999. Here, China agreed to a deal 'far in excess of expectations—and in excess of the requirements of many members of Congress'. The us would retain extraordinary provisions for tariffs to defend its domestic market against what was loosely defined as a 'surge' of Chinese imports, whereas China would concede to a brutally swift dismantling of protection for local farmers and manufacturers and vastly increased freedoms for foreign firms and financial services. Moore has nothing but praise for the Chinese negotiators at Geneva, who were infallibly 'pleasant and professional' as they acceded to far

more stringent demands than those imposed on other countries—an *annual* Transitional Review Mechanism, extended over at least a decade, compared to the normal four- or six-yearly audit, for example. While extolling the size of the new market now opened up to Quad countries' goods and services, Moore's language betrays the coercive nature of the deal. With China in the wro, market liberalization will be 'irreversible'. The reforms are now 'locked in', and wro commitments can be used 'as a lever' against those resisting the new policies. Other states can now bring their complaints about China to the wro dispute-settlement mechanism, whose decisions can be stringently enforced. Here lies the organization's real success.

Moore is relentlessly upbeat about the beneficial effects for developing countries in opening their markets—'the evidence is overwhelming'. So much so, that there is no reason to wait for reciprocal opening by developed countries: 'We need to remind ourselves that unilateral trade liberalization is good in itself, and that if others do not reciprocate with their own reductions of trade barriers, there is a case for nations to unilaterally "go alone".' Fortunately, 'more and more, developing countries have come to see protectionism as a self-inflicted wound'.

In common with the great majority of economists who prescribe unilateral free trade for developing countries, Moore thinks in essentially static terms. The switch from a 'protected' to an 'unprotected' economy is Pareto efficient—some could be made better off without anyone else suffering. Free-trade advocates admit that, in the real world, there are 'transitional' costs—people thrown out of work, not yet re-employed in the expanding sectors; but insist that 'trickle down' will work for them in the end. The problem is that an economy—most economies—can get stuck in the transitional phase. Often the alternative to protected, inefficient employment is not unprotected, efficient employment but no employment at all. At the same time, IMF and World Bank structural-adjustment packages require governments to strip away social protections for those unable to find work—and with them, the possibility of the winners from trade liberalization compensating the losers. Together with the wro agreements, they prohibit the use of protection or subsidies as part of any industrial strategy to stimulate new activities beyond those that might occur in free-market conditions. This is a recipe for slower growth, higher poverty, higher unemployment and higher crime. But in a world of nominally sovereign states, the costs can be left to national governments to handle, while the metropolitan countries get the benefits of open access to developing-country markets, without having to bear colonial costs. This is the 'post-imperial' empire.