

Will a Phoenix Rise From the Ashes of Doha's Collapse?

By Sophia Murphy and Carin Smaller

The complete collapse of talks at the World Trade Organization (WTO) this week was surprising only in its suddenness. While the WTO's most powerful members play the blame game in the media, the real reasons for the negotiations' demise lie in fundamental mistakes made more than five years ago, when WTO members agreed to the Doha Agenda in November 2001.

The WTO will regain its relevance only when its members acknowledge that free trade is not a substitute for development policies. Free trade has undermined the livelihoods of working people and farmers around the world, but particularly in poor countries. What the Doha negotiations and their collapse have exposed are the long-standing divisions in how countries view trade as a tool for development and economic growth.

These divisions were clear as far back as the conclusion of the historic Uruguay Round in 1994, which created the WTO. Those agreements committed poor countries to make significant changes in their domestic laws to comply with trade rules they did not properly understand at the time. The rules proved complicated and expensive to implement. Promised financial support from rich countries did not materialize or focused exclusively on compliance rather than helping poor countries use the rules for their own priorities.

In Seattle in 1999, WTO members met to agree on an agenda for a new series of trade agreements. Rich and poor countries once again found they had very different ideas of what was needed. Poor countries wanted stronger mechanisms to address development concerns, including access to affordable food, stable markets for the commodities they export and guarantees that existing trade preferences would not be eroded without adequate compensation. Many countries also wanted fundamental changes to some of the existing rules, for instance on intellectual property rights protection, to ensure access to affordable medicines.

Rich countries led by the U.S., meanwhile, were still pushing trade deregulation as the engine of development. Pharmaceutical companies, service industries, and transnational agribusiness all pressed rich country governments to pursue an agenda of deeper tariff cuts, especially for the largest of the emerging developing economies.

Seattle ended in failure when poor countries refused to go along with the rich countries' agenda. Two years later in Doha, in the wake of September 11, rich countries were more circumspect, careful to talk more about development and less about their ambitions to further deregulate global competition and invest-

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ment. The result was the “Doha Development Agenda,” full of fine-sounding promises for poor countries. But almost immediately the Doha Agenda lost that visionary gloss. It quickly became clear that the big players at the WTO, still the U.S. and the EU, had not really heard the demands of poor countries.

In the last year, research by the World Bank, the UN, and a variety of independent think tanks consistently confirmed a vast literature of documented empirical experience: most of the projected benefits of trade deregulation pass the poorest countries by altogether, and in rich and poor countries alike, these trade reforms create winners and losers.

The WTO has failed largely because it is simply not equipped to address some of the most fundamental issues that all countries struggle with, including the need to generate sufficient, stable, well-paying jobs; to ensure access for all to an adequate and affordable diet; and to diversify sources of foreign exchange to avoid shocks to government finances.

The collapse of talks is an opportunity to set a new course. It is a chance for rich countries to rebuild trust with poorer countries. It is a chance for the WTO to rethink its role in the multilateral system. Governments need to make the WTO work cooperatively with UN institutions, looking to integrate trade into long-standing obligations to respect and promote human rights, to protect and rehabilitate our polluted planet and natural resources, and to end the scourge of poverty.

To have a future, governments need to refocus the WTO on its founding objectives, particularly full employment and sustainable development. Trade cannot operate in a vacuum. The world urgently needs multilateral institutions that are capable of complicated decisions, that involve other institutions in their work and that are cognizant of other obligations, from human rights to environmental protection. It’s up to WTO members to decide whether the WTO will be one of those institutions.▣

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