

I was wrong about trade

Our aim should not be to abolish the World Trade Organisation, but to transform it

A few years ago I would have raised at least two cheers. The US government, to judge by the aggressive noises now being made by its trade negotiators, seems determined to wreck one of the most intrusive and destructive of the instruments of global governance: the World Trade Organisation. A few years ago, I would have been wrong.

The only thing worse than a world with the wrong international trade rules is a world with no trade rules at all. George Bush seems to be preparing to destroy the WTO at the next world trade talks in September not because its rules are unjust, but because they are not unjust enough. He is seeking to negotiate individually with weaker countries so that he can force even harsher terms of trade upon them. He wants to replace a multilateral trading system with an imperial one. And this puts the global justice movement in a difficult position.

Our problem arises from the fact that, being a diverse movement, we have hesitated to describe precisely what we want. We have called for fair trade, but have failed, as a body, to specify how free that trade should be, and how it should be regulated. As a result, in the rich world at least, we have permitted the few who do possess a clearly formulated policy to speak on our behalf. Those people are the adherents of a doctrine called “localisation”. I once supported it myself. I now accept that I was wrong.

Localisation insists that everything which can be produced locally should be produced locally. All nations should protect their economies by means of trade taxes and legal barriers. The purpose of the policy is to grant nations both economic and

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political autonomy, to protect cultural distinctiveness and to prevent the damage done to the environment by long-distance transport. Yet, when you examine the implications, you soon discover that it is as coercive, destructive and unjust as any of the schemes George Bush is cooking up.

My conversion came on the day I heard a speaker demand a cessation of most forms of international trade and then, in answering a question from the audience, condemn the economic sanctions on Iraq. If we can accept that preventing trade with Iraq or, for that matter, imposing a trade embargo on Cuba, impoverishes and in many cases threatens the lives of the people of those nations, we must also accept that a global cessation of most kinds of trade would have the same effect, but on a greater scale.

Trade, at present, is an improbable means of distributing wealth between nations. It is characterised by coercive relationships between corporations and workers, rich nations and poor. But it is the only possible means. The money the poor world needs has to come from somewhere, and if our movement rejects trade as the answer it is surely duty-bound to find another.

The localisers don't rule out all international transactions. As Colin Hines, who wrote their manifesto and helped to draft the Green party's policy, accepts, "Some long-distance trade will still occur for those sectors providing goods and services to other regions of the world that can't provide such items from within their own borders, eg certain minerals or cash crops". To earn foreign exchange from the rich world, in other words, the poor world must export raw materials. This, of course, is precisely the position from which the poor nations are seeking to escape.

Raw materials will always be worth less than manufactured products. Their production also tends to reward only those who own the primary resource. As the workers are unskilled, wages remain low. Every worker is replaceable by any other, so they have no power in the marketplace. The poor world, under this system, remains trapped in both the extractive economy and – as a result – in its subordinate relationship to the rich world.

Interestingly, Hines's prescription also damages precisely those interests he seeks to protect. To earn sufficient foreign exchange to import the goods they cannot produce themselves, the poor nations would need to export more, not less, of their natural wealth, thus increasing their contribution to climate change, soil erosion and the loss of biodiversity. His policy also wipes out small farmers, who would be displaced from their land by mechanised cash-cropping.

A still greater contradiction is this: that economic localisation relies entirely upon enhanced political globalisation. Colin Hines's model invents a whole new series of global bodies to impose localisation on nation states, whether they like it or not. States

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would be forbidden, for example, to “pass laws that diminish local control of industry and services”. Hines, in other words, prohibits precisely the kind of political autonomy he claims to promote.

But above all, this doctrine is entirely unnecessary. There is a far better means of protecting the environment while permitting the poor nations to develop, and this is to demand global trade rules which introduce two kinds of fairness.

The first is to permit poor nations, if they so wish, to follow the routes to development taken by the rich. The founding myth of the dominant nations is that they built their wealth through free trade. In truth, almost every nation which acquired its wealth independently did so (apart from by plunder and piracy) either by protecting its new industries from competition until they were big enough to fend for themselves, or by stealing other countries’ intellectual property. They discovered the virtues of free trade and global patents regimes only once they had acquired their economic dominance. Having done so, they now insist on world trade rules that explicitly forbid other nations from following their own route to development. Fair trade rules would force the rich nations to open their borders, but not, until they have achieved a certain level of economic development, the poor ones.

The second kind of fairness would involve extending the rules currently applied by the voluntary fair trade movement to all the companies trading between nations. To acquire a licence to trade internationally, a corporation would have to demonstrate that its contractors were not employing slaves, using banned pesticides or exposing their workers to asbestos. It would also have to pay the full environmental cost of the fossil fuel it used. This would ensure that low-value, high-volume goods, such as fruit and vegetables, would no longer be flown around the world. But it would also ensure that the poor nations which currently export raw materials would instantly become the most favoured locations for manufacturing: it takes a lot less fuel to ship a consignment of aluminium saucepans than it does to transport the bauxite from which they were made.

So let us campaign not to scrap the World Trade Organisation, but to transform it into a Fair Trade Organisation, whose purpose is to restrain the rich while emancipating the poor. And let us ensure that when George Bush tries to sabotage the multilateral system in September, we know precisely which side we are on. #

George Monbiot’s book, The Age of Consent: A Manifesto for a New World Order has recently been published by Flamingo.