

On Friday night and Saturday, November 26th and 27th the International Forum on Globalization (IFG) held a Teach-In at Benaroya Symphony Hall in Seattle on the subject of Economic Globalization and the Role of the WTO. The following is a hypertext transcript of Martin Khor, fourth speaker in Friday night's event discussing "The Multiple Impacts of Economic Globalization". He was introduced by the Acting Director of the IFG, Jerry Mander. In the real player recording of this available on the web, the following begins at 1 hour, 15 minutes, 8 seconds and runs up to 1 hour, 49 minutes, 41 seconds.

The ratitor *urges one-and-all* to join the IFG. It's Board of Directors and Associates comprise a unique and unparalleled-in-the-life-of-our-time collaboration of research, intelligence, and concern, magnificently articulated by scholars, writers, academics, scientists, farmers, geneticists, businesspeople, and lawyers. By joining this collective, we support the further expansion of life's needs and thus become more infused with the energy to serve and honor all the life expressing itself throughout our planetary home.

The order form for the cassette tape recordings of this entire Teach-In is available at <http://www.ifg.org/tof4.html>. **They are magnificent**. Martin Khor's essay, "How The South Is Getting A Raw Deal At The WTO" from the new publication by the IFG, *Views from the South*, is also highly recommended. *Everyone* is urged to purchase these resources from the IFG. Listen to the tapes multiple times, study and scrutinize *Views From the South*, learn what they articulate, share with your friends. The information in these publications is *extremely valuable!!!*

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## On What the Plot is For Seattle

Martin Khor speaking at the Seattle IFG Teach-In  
11/26/99

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It's always very difficult to introduce Martin Khor because I run out of superlatives. It's almost impossible to over-state the important role Martin has played with almost everybody here on the platform and many of us in the audience as well, the IFG, among other of the movements that have been battling these trade agreements and free trade and globalization. He's the man we've always turned to, since I've known him for seven years now, to help us grasp the latest arcane plots and Machiavellian schemes emerging from global trade bureaucracies. And he always understands them, that's what's so amazing. Martin is President of the Third World Network with offices in Malaysia as well as Africa, South America and Europe, and he's become an indispensable advisor and organizer among Third World NGOs and some governments as well. He's the director of the South Centre, an inter-governmental body of Third World countries which relates to development-trade issues and has been a Director of several U.N. agencies on development and the environment. And like many others here on the stage, he's a Board Member of the International Forum on Globalization. Martin Khor.

Thanks very much Jerry. I suppose that was an invitation to me to tell you what the plot is for Seattle. As my other friends before me have told you, and I'm sure you've told yourself, we are at some kind of a crossroads. Because on two big issues that we never imagined we could have such impact on so fast, we have made a lot of progress. Maybe not final victories, but certainly a lot of progress.

One of them was on the MAI: such great outpouring of outrage against this secret plot to colonize the whole world through an investment agreement. When the citizens of the U.S., of Canada, of Europe, of India, of Malaysia, of *all* the countries found out about this plot -- and I think it was our friends in Canada, I think it was Tony Clarke and Maude Barlow who put it on the Internet and we all could see the MAI for ourselves, the actual agreement on the MAI itself, there was this spontaneous fight against it. Now the Organization for Economic Cooperation and Development (OECD) has decided to bury that agreement.

The *Financial Times* ran a story that due to internet communications between the NGOs they sank the MAI. But others said that was to over-credit the NGOs. That it was some disagreements among some governments and it wasn't really the NGOs. But I was at a seminar recently in the United States and a speech was made by the Secretary General of the OECD, the man who actually presided over the MAI. He confirmed actually at that seminar that of *all* the factors that led to the collapse of the MAI, the most important factor was the outpouring of public outrage.

Someone asked him, How do *you* know that that was the main reason? He said Well I know because when I went to *all* these countries and spoke to all the prime ministers urging them to resuscitate the MAI they said, No my public will not take it. So it was the public protest by all of you that really sank this MAI. It shocked them, it shocked the companies and I'm sure it shocked all of you.

Of course now we are in another big battle that probably none of us thought would have taken off so fast and that is the battle on biotech. The big biotech companies are foisting their genetic engineering on all of us. In a few years, so much protest, so much street demonstrations, so much consumer preference, demonstrations that we don't want to eat this kind of food and so on, that the companies are now reeling. The biggest industry of the future, the profit source of the American and European countries of the next century, suddenly are looking at their profits vanishing as the consumers and farmers begin to reject genetic engineering.

So you can applaud your selves but don't applaud too soon because comes the next mother of battles, that's the WTO. If the MAI and biotech are on road, the WTO is the one that is now going to occupy our attention, well at least for the next one week and hopefully for many years after that.

There is this slogan, I think it was cooked-up somewhere in Brussels, probably by Lori Wallach, "No New Round, Turnaround." Now that has caught on. In Geneva I heard some of the diplomats themselves whispering No new round, turnaround.

There were something like forty or fifty young people who somehow bust into the WTO building -- with the kind of wire locks that you lock your bicycle on so people won't steal it -- and they went and locked themselves to the beautiful staircase of the WTO. So as you enter this beautiful antique building called the WTO there is this *big* staircase at the center of the WTO, the pride-and-joy of the building.

One day the diplomats came in, I happened to be there too, and there were these eight people with their necks stuck to the railing. They were tearing pieces of paper that they had picked up. Everybody was in a panic because these young people also had friends who had climbed onto the roof with some banner saying, "WTO Kills People, People Will Kill WTO". Somehow they also managed to lock all the doors that led into the WTO compound so the diplomats and the staff were trapped, their cars couldn't move out.

So some of us went to ask these young people, What are you fighting about? Some staff members came down to shake their hands and say what is this all about? They responded, We just know that you kill people and that people don't like you.

But what was interesting was some of the diplomats, after talking to the young people, they actually were whispering among themselves saying, You know I feel like these young people, I feel like protesting myself. This is very interesting because *within* the official circles of the WTO *itself* we are now seeing a lot rumbling and a lot of grumbling.

Today I read either in the *USA Today* or the *Seattle Times* a quote from the Jamaica Ambassador to Washington. He used these magic words: "It is time for us to review, repair and *reform* the WTO." Now why is that so exciting? Because this was *our slogan*. I think we cooked it up somewhere in Brussels as well. It's time to repair, review and reform the WTO and now the diplomats are saying it themselves -- *some* of the diplomats. I haven't heard Rita Hayes saying it yet -- she is the Ambassador of the United States to the WTO. This mood hasn't quite contaminated her as yet.

So we are almost there. You may have heard that the Geneva negotiations have broken down. This is very strange and very worrying to the diplomats. Diplomats like to prepare everything and then when they come to Seattle hopefully their ministers will look at the sites and then the document is there for them to sign. It's a kind of ceremonial thing. And now the ministers have nothing in front of them -- they have nothing to sign.

They *have* a document. That document is dated 19 of October that was about six weeks ago. That 19 October document is about forty pages long and comprises the essence of proposals made by different countries, each proposal contradicting the other violently. They are put in what is known as square brackets. In the official language when you put it in a square bracket it means there is no consensus and it's just a view that somebody has put forward. They were hoping to remove the square brackets by compromising among themselves and they did not succeed. So three days ago the talks broke down and *all* the square brackets have remained and they have brought it forward to Seattle where hopefully 130 ministers will somehow miraculously remove the square brackets in three days in between wining, dining and so on.

So you are almost there but not quite there because in the chaos they may pull the rabbit out of the hat. I've heard the President is coming himself to preside over that kind of a ceremony of pulling the rabbit out of a hat. Yesterday I think he saved one of the turkeys from extinction. I saw it on television. And he may save the Seattle Declaration from extinction as well. [Someone in the audience calls out "Another turkey".] Another turkey.

What are all the disagreements about? What is it that the U.S. or the E.U. wants? What is it that the developing countries don't want? This is on the part of the governments I'm talking about -- I'm not talking about us. The European Union wants to expand the powers of the WTO. They want to have new agreements in the WTO on investment (it sounds familiar) and on competition policy.

In the WTO I've learned they practice what George Orwell called double-speak. When they say something they mean the opposite. So when they say "competition policy" you think, That's good, that will dismantle Microsoft. But they don't mean that. When they say we want to have competition policy what they mean is that they want to have monopoly. So this is the double-speak. I'll explain that a little bit to you.

They want to expand the WTO into the area of government procurement. They want to have a new round of industrial tariff cuts, reductions in industrial tariffs. And they want to have "coherence." Coherence meaning the WTO must unite with the IMF *and* the World Bank so that they have a single policy where they can influence one another. If this country doesn't follow the IMF policy then the WTO will give them a whack. If that country doesn't follow WTO policies the IMF will say No new loans for you. This is known as "coherence" in the jargon.

That's very bad of course, because if you have all these new things in the WTO it would expand the powers of the WTO many times more than what now exists and that is very bad news. It's bad news because the WTO, firstly, is dominated by a few powerful countries until today. Don't believe in the WTO being a democratic institution. It *could be*. But it is not.

Secondly, there is a very strong enforcement system in the WTO. If you do not follow what you have signed, you can be taken to court in the WTO -- which they call a panel -- and when the panel rules against you because you have *not* followed your obligations, trade sanctions can be put on you. This is the secret of why Europe and the United States have made the WTO their favorite son. Not even their favorite daughter, just the favorite son. That is because they can make use of this favorite son, to whip the developing countries into shape, legally bind them *forever* into particular *kinds* of policies from which they can never escape.

You might think the World Bank and IMF are very bad because they will impose structural adjustment policies on the developing countries. But when you get out of that, or when you quarrel with the IMF or World Bank, or the U.S. Senate quarrels with the IMF, the IMF secretariat can change its policies. Or you can get out of their clutches because you have already escaped from external debt.

But if you come under the WTO rules it is there forever. Whichever government comes into power in your country you have to follow the WTO rules. So the WTO is forever. This is the secret of why they are dumping *all these new issues* into the WTO. In order to make sure that they control the world's economy.

The third reason of why issues are put into the WTO is that the principles of the WTO lean in favor of liberalization, by which is meant the opening up of markets that have previously been closed -- particularly the markets of the developing world. This is why the E.U. wants to put *all* these new issues into the WTO.

The other reason, of course, is that they don't want to liberalize their agricultural sector. They are very much subsidizing their agricultural products and cheap European products are flooding into the markets of the developing world. American products as well. But the Americans are willing to fight the E.U. on that because their subsidies are lower than European Union subsidies. So what the Europeans are saying is, If you want us to discuss agriculture seriously in the next two-three years, you also have to allow us to discuss *all* these other issues as a bargaining tool.

What about the United States? The U.S. is not very keen on investment. It doesn't want competition policy because it feels that if it has investment then the American NGOs are

going to shout and yell in Seattle. Secondly, they don't want the European Union to be able to escape their commitments in agriculture. They don't want to want to water-down the Agriculture Agreement by putting in other issues. But the Americans really are aiming to *sign* an agreement in Seattle on government procurement. What they call Transparency in Government Procurement.

This is a very dangerous agreement because until now, if a government were to spend money either on a pencil or in building a big dam, the government is free to do so any way it wants. It is not under the rules of the WTO. But the United States and Europe want government procurement to be *integrated* into WTO rules so that in the future if a government were to spend money on anything, except wages, it would have to open up the market to foreigners the same way as it does for locals. Just as in the MAI. That is going to increase the powers of the WTO *many* times because government expenditure is bigger than trade for many countries. In many countries, imports may only be 10% of their total economy but government expenditure may be 30% of their economy, or *three times more* than the present WTO powers. So you can imagine how tremendous it would be if the WTO were to take on procurement as well as investment.

Another issue that the U.S. will try to get agreement on in Seattle that will be of interest to us is on biotechnology. The U.S. *plus* Canada *and* Japan have put forward a proposal that a biotech working group be created *in* Seattle. Or that the Agriculture Agreement should also consider biotech products in agriculture. The secret of why the U.S. wants to do it is in their proposal there must be rules in the WTO that are transparent, that are predictable, and that are *timely*, as well as based on science.

As I said this is all double-speak. "Timely" means that if you don't decide by a certain period to allow a trade measure in relation to biotech coming in, you must then allow the product to come in. We give you twenty days. If the twenty days have passed, the product has an absolute right to enter. This is known as "timely."

"Science-based" means you must have conclusive evidence that it is totally dangerous. That is "science-based." If you say Potentially it may have dangers because millions of people may die in the next ten years, due to the Precautionary Principle they say that has nothing to do with science. This is something that also has to be looked at. The proposal was shut down in Geneva by about twenty countries but it will rise again in Seattle because that is the big push.

What are the developing countries talking about? They have for the first time united to *some* degree -- it's not a unity of *all* the developing countries but a great number of them -- and they are saying *very* interesting things. The first thing they are saying is that although trade liberalization was meant to promote economic growth and development, what we have found in the last five years is that the Uruguay Round Agreements that we signed have *not* benefited the developing countries in general and many of them have suffered. This is something which they are now saying for the first time.

Secondly what they are saying is that the Uruguay Round Agreements are now damaging the national economies of developing countries and that thirdly, we have to change those agreements. Now this sounds to us like what we have been saying in terms of *Turnaround*,

turnaround the WTO.

Firstly, what they are putting forward is, you will hear this word in Seattle in the next few days: "problems of implementation." So the word "implementation", to them, is turnaround to us. When they say implementation it means turnaround. Two problems of implementation. The first is that the rich countries have *not* implemented what they agreed to and here are some examples. In the Textiles Agreement they were supposed to liberalize and allow more textile products to come in from the developing world because the developing countries *have been* subsidizing the rich countries by agreeing to have quotas imposed on their textiles. But in the last five years there has been no increase in textiles exports to the developed countries because of a trick in the calculation of which products have to be liberalized and so on. So this is one.

The second is that non-tariff barriers have been put on products from the developing countries. By non-tariff barriers is meant, for example, anti-dumping measures. You say that a country is selling its product too cheaply and you impose an anti-dumping measure. It takes three years before a decision is made and in the three years the product is blocked from coming in. Then the country is found to be innocent. When the country is found to be innocent you impose a *new* anti-dumping measure on the same product on a different ground. Therefore the product is unable to come in. These are known as non-tariff barriers.

The third is that agricultural subsidies are still very high and because of that cheap agriculture products are able to enter into the Third World and Third World products are unable to come to the north.

Finally although there are provisions in the WTO to give special treatment to developing countries -- these are known as "S and D", Special and Differential treatment -- they have *not* been fulfilled by the developed countries.

So these are some of the reasons why the developing countries feel that have *not* benefited and they have been short-changed. On the other hand, there are problems of implementation that the developing countries face by *their* having to implement their own obligations of the Uruguay Round. In agriculture, for example, many of these countries find that they have to cut off the measures they have used in the past to block the entry of cheap food products and they have to reduce their tariffs in the next many years. This may threaten the livelihood and the viability of small farmers in developing countries.

One African Minister was said to have visited the WTO which then sent him to the Technical Aid Division and he said What is this Agriculture Agreement that my Trade Minister signed a few years ago? They said, Yes Minister, this is what it's all about. And when the Minister looked at the Agreement and it was explained to him, the Minister said I didn't know what we signed, this is *terrible* -- this is against the Agricultural Policy of my country. And the technical man said, Sir, we know, this is your policy, this is the agreement, and these are the reforms you have to carry out. All worked out for you -- that's what we are here for, to "serve" you. The poor Minister read what he had to do and he said, No no no no no no, this is not only against the agricultural policy of my country it is against the *constitution* of my country. [Applause.] I wish you didn't clap yet because, the WTO man said, Sir, we have the constitutional amendment worked out for you.

So you see this is what the WTO is. Many countries sign without their knowing and now they technically advise you on how you have to change your country's constitution.

The developing countries are now asking that the Agriculture Agreement be changed, so that, only for developing countries, a Special and Differential treatment -- their food products *should* be exempted from import liberalization and that they should continue to be able to subsidize their small farmers. I think that is a reasonable request that they are making but it has been turned down so far by the United States and Europe.

Now on other agreements, just two very short examples, because I'm sure other speakers will be talking on them, in the TRIPs agreement on Intellectual Property Rights local companies in the Third World will no longer be able to do what the Americans or the Europeans did when they were poor. That is, to learn from the technologies of others and to internalize it and then to be able to develop one's own technology. That would now be banned under the TRIPs agreement.

Then we have, of course, the whole issue of biopiracy and Article 27.3(b) that allows for the patenting of life. I just want to say that the African countries in particular have put forward a proposal that there be a review of this Article which has already been mandated, and that in the review it should be clarified that *all life forms should not be allowed to be patented*.

I must say that I think the Americans and Europeans were shocked when that proposal came out because it was done in a very professional way and although it came out in the WTO by the Africa group, a lot of the credit has to go to Professor Tewolde who I think is sitting somewhere -- there; he is the Chairman of the Africa Group in the Biodiversity Convention, another forum, who has argued more strenuously and determinedly in the Biodiversity Convention bringing it to life and that spirit has also infected the developing countries now in the WTO.

If you get the document of October 19, which will be before the ministers when Seattle begins, you will find that there is a paragraph there, that was put in by the Africa Group, that we must clarify that there be *no patents on any life form or any processes that produce life forms*. Now *that single sentence*, probably is the *most important sentence* in that *whole declaration*. Of course it will be opposed totally by the United States as well as by Europe but it is something that we here should recognize and support fully. Even if they don't succeed here the battle will continue in the next three years. And we are very happy that Tewolde is here. He will be inside the hall I am told and I'm sure that he will *infuse* that hall with that kind of No Patents On Life spirit.

The final point is on this issue called Transparency and Participation. There will be a big push, especially from Uncle Bill, who I'm told will be here for the whole week. And he will talk about "civil society," "participation," he will debate with us, he will say "transparency," "I want you to come into the WTO," and so on, "we want participation and democracy" and everything else. That's rather hypocritical. If he was here I'd like to debate with him. It's hypocritical of the United States because, a few days ago at a press conference we were talking with Rita Hayes (the Ambassador from the U.S. to the WTO) and she was saying, 'Here we work on consensus in the WTO.' It sounds nice, "consensus."

But *how* do you get consensus? Consensus is actually a form of pressuring countries so they agree to what the U.S. and the E.U. want. That is the meaning of consensus. And Rita said -- everybody is very informal and they call each other Rita and of course here we'll say, Excellency, Miss Hayes -- she said, 'The United States will never agree to a *vote* in the WTO. Never never -- Our Congress will never allow it.' There is *no voting* in the WTO. Because if there was voting, the United States, horrors, might not *get its way*. In other words, Democracy is dangerous to the sustainability of the WTO.

Most of the real discussions in the last few weeks have gone on in a small group of countries that were selected by the Director General. This was not mandated by the General Counsel. Nobody knows *how* the small group was chosen, or *who* they are, or *what* they are talking about. And yet these were the people who were doing *all* the negotiations while the majority of the Ambassadors were not invited. They were very angry. They even wrote a letter, eleven of them wrote a letter to the Director General protesting. Stating that, 'You say that you need to negotiate in a small group because of efficiency. Efficiency is no excuse for exclusion and for the lack of democracy.'

So there is no real transparency and participations *even within* the WTO. And you are likely to see this in Seattle. Most of the ministers will be talking and making speeches. But the real negotiations will go on in little rooms where a few countries are invited. Who they are, what they are talking about nobody will know. And maybe on the last day, a document will be produced in which *all* the ministers will be asked to Please accept, otherwise tomorrow at the press conference we will have nothing to report to the journalists. Then they say transparency is what we go to the NGOs and offer them in terms of website information on the WTO documents as well as symposiums that we will organize for the NGOs to talk to the ministers.

If you look at the program of the symposium for the NGOs on the 29th of November you will find hardly any reputable NGOs being invited to speak. WTO officials asked my advice. Which NGOs should we invite? For example from the United States? I said, 'Invite Ralph Nader. Even Bill Clinton recognizes and respects Ralph Nader.' Who doesn't respect Ralph Nader? But is his name on the agenda? No. Who will be chairing part of that meeting? Something called the National Wildlife Federation and the World Wildlife Fund. I have nothing against them. But where are the NGOs representing *us*? They are not being invited to the podium.

The kind of transparency and participation which is being offered are, more information and more symposiums, but *no* real participation not *only* for us. Not *only* that the parliamentarians are not really invited, but even the ministers and the senior officials *themselves* -- the majority of them -- are *not* invited to the real negotiations.

So we have before us, in the next few days, a historic event. Either they will cook up a consensus in four days. World record, but it is certainly within the capability of Bill Clinton -- he's a very capable person -- it could be. Or, there really will be no new round and turnaround. We the citizens may have *some* influence on that. It depends on the messages we are going to put forward when we go on the streets and when we talk to the media. A lot of it will depend on what happens inside there irrespective of us.

But let us spend the next four or five days exchanging information and analysis among ourselves, trying to influence as much as possible, showing the world that we care and because we care we are protesting. And then spend the next few years really fighting. Either fighting the WTO or fighting for a better WTO *if* that is possible. Thank you very much.

Tape recordings of IFG Teach-Ins are produced by Maria Gilardin's TUC Radio. As Maria explains, "When looking for a name, I came across a pilot's handbook and found the acronym TUC, an aeronautical term. 'Time of Useful Consciousness' is the time between the onset of oxygen deficiency and the loss of consciousness. These are the brief moments in which a pilot may save the troubled plane."

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