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ECONOMICS, ECOLOGY AND THE ENVIRONMENT

Working Paper No. 40

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Expressed by Pressure Groups and by Less
Developed Countries**

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Clem Tisdell

A CHINA/WTO PROJECT PAPER

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Clem Tisdell[†]

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Abstract

GLOBALISATION AND THE WTO: ATTITUDES EXPRESSED BY PRESSURE GROUPS AND BY LESS DEVELOPED COUNTRIES

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The WTO and other Bretton Woods institutions are widely seen as facilitators of the process of economic globalisation, a process which has been underway for many centuries but which has accelerated since World War II. The role of the WTO, and other organizations, in this process is currently generating considerable social conflict. This article outlines the views of pressure groups from more developed countries about the role of the WTO in economic globalisation paying particular attention to concerns about labour and environmental standards. The views of trade union and labour bodies, of business organizations, farmers and environmentalists, principally from higher income countries, are presented. To some extent, labour bodies, environmentalists and trade-protected farmers appear to have formed a political alliance. In considering the views of developing countries, particular attention is given to the 'official' position of India in relation to the WTO. India opposes the introduction of labour and environmental standards into the WTO agenda and now appears to hold a position akin to that of many business organizations, except that it deplores economic globalisation as an inescapable evil. India is being wooed by administrators of Bretton Woods bodies to take a more prominent role in their agendas. But it is doubtful, if the views of the Indian Minister of Commerce are any indication, whether India will be able to provide effective political leadership to developing countries because increasingly it has the appearance of being handmaiden of Western capitalist interests supportive of a narrow traditional form of economic rationalism. It is possible that China may be able to provide that leadership after it joins WTO but this will depend on its development and support for an appropriate global social philosophy which might be anchored on the notion of sustainable development. But given that China itself is undergoing considerable variation in its social and economic philosophy, the future leadership role of China for the developing world is unclear.

**GLOBALISATION AND THE WTO:
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DEVELOPED COUNTRIES**

1. Introduction

The process of economic globalisation was already underway centuries ago and was accelerated initially by European discoveries of new trading routes and of new lands which began in the late 15th century e.g. the voyages of Vasco da Gama and of Christopher Columbus. Today, however, we are more aware than ever that the world is becoming a global village from economic, cultural and environmental points of view. Some welcome this change whereas others are concerned by this process which undermines local cultures and communities and threatens the traditional roles of national states.

European imperialism was a major driving force behind economic globalisation for almost 500 years but in the second half of the 20th century it was increasingly replaced by the free market forces of capitalism bolstered by international institutions e.g. IMF, GATT, World Bank, stemming from the Bretton Woods Conference. According to neo-Marxists, we have entered, since World War II, a phase of neo-colonialism or neo-imperialism (cf. Tisdell, 1987; see, for example, Frank, 1978). The changes which are occurring are capable of stirring deep emotions, as the violent demonstrations in Seattle on 30 November – 3 December, 1999, on the occasion of the so-called Millennium Round of the WTO indicate. Demonstrations appear to have been stirred by a variety of motives – some were demonstrating because their economic self-interest was at stake e.g. US trade union members, whereas others had more idealistic communal reasons to demonstrate such as environmental concerns. In turn, developing countries expressed negative reactions to calls to restrict international trade to improve conditions of work and to fulfill environmental objectives. Nevertheless, LDCs had criticisms of the WTO and concerns about the economic globalisation process. So a tangled skein of concerns and counter-concerns has emerged.

The main purpose of this essay is to identify these concerns and to consider their economic basis. The main focus will be on environmental apprehensions but other anxieties will not be entirely ignored. Consideration will be given to misgivings raised in higher income countries by various political pressure groups – unions, business organizations, farmers and environmentalists and the views of LDCs about economic globalisation and WTO will be considered. In doing so, it needs to be recognized that views of the economic interest groups and pressure groups identified are by no means uniform e.g. different types of labour may have different interests and labour from different countries may have conflicting interests.

2. Globalisation and WTO: Objectives of Special Interest Groups in Higher Income Countries

Trade Unions and Labour Bodies

The American Federation of Labour and the Congress of Industrial Organizations (AFL-CIO) has been in the forefront of these calling for labour and environmental standards to be incorporated in rules governing international trade, a position which GATT and WTO up until now have systematically opposed. In his testimony on March 23, 2000, before the Senate Finance Committee on US Trade with China and China's Accession to the WTO, John J. Sweezy, President of AFL-CIO, opposed China's entry to WTO and stated "President Clinton was correct when he told the World Trade Organization [at its November 1999 Millennium Meeting in Seattle] that labour and environmental standards ought to be incorporated in the rules governing the trading system. China's unchecked accession to the WTO will work against those goals directly and indirectly" (http://www.aflcio.org/publ/test_2000/tm_0323.htm, p.2). In his testimony early (January 28, 2000) he stated that

"The administration has made a grave miscalculation of the costs and benefits of bringing China into the WTO under the terms of the recently negotiated treatment. The American people support trade, but strongly believe that trade agreements must protect workers rights, human rights and environmental protections. The proposed US agreement with China does not reflect these values" (http://www.aflcio.org/test_2000/tm0128.htm, p.1).

It is pertinent to note that President Clinton was not alone in wanting to have environmental concerns addressed by the Millennium Round of WTO. In fact, after much debate, the G-8 Summit of the largest industrial countries plus Russia held in June 1999 at Cologne called for full integration of environmental concerns into the Millennium Round. von Moltke (1999) points out that this decision was reached after acrimonious debate and reflects the political realities of these countries. He goes on the claim that politically governments in North America and Europe are bound to have to press for environmental considerations to become a part of the trade regime of WTO. It is, therefore, pertinent to note that a degree of agreement prior to the Millennium Round was reached by the major industrial countries on the need to incorporate environmental considerations in the rules of the WTO.

In comparison to the AFL-CIO, the Australian Council of Trade Unions (ACTU) has been relatively mute on economic globalisation and the policies of the WTO in relation to international labour standards and environmental protection. Nothing of significance was found on the ACTU website about these matters.

Even RENGO, Japanese Trade Union Confederation, appears to have taken a much stronger stand on these matters by as early as 1997. For example, as a part of its action policy, it stated

“A fair principle should be established as a rule of globalisation through the full respect of basic human rights and basic trade union rights. For this, RENGO will seek introduction of social provisions for the full application of basic labour standards in trade agreements. At the same time, RENGO will demand that the WTO and APEC set up permanent bodies to monitor observation of basic international labour standards and to reflect union views in their activities” (RENGO, 1997, p.2). It wants international bodies, such as the WTO, to take into account environment, child labour and problems of equality in trade matters.

The Korean Confederation of Trade Unions has been particularly active in opposing further trade liberalization by the WTO. Its criticisms have been on a wide front. For example, KCTU claims

“ The WTO, founded on free market ideology, is accelerating further liberalization and market opening up, without any consideration for democracy, human rights, environment, and cultural diversity. If this trend is not stopped, all achievements of democracy and social progress, achieved by the struggle of humankind over the centuries, will be reduced to nothing” (Korean Confederation of Trade Unions, 1999, p.4).

The International Confederation of Free Trade Unions (ICFTU) appears more moderate and reasoned in its views than the AFL-CIO and various other labour bodies. Its views might form a basis for a long-term compromise between conflicting international interest. The ICFTU position is summarised as follows:

“The ICFTU and the associated International Trade Secretariat (ITS) believe that the WTO talks in Seattle must incorporate a range of issues including strengthened provisions for preferential treatment for developing countries and for internationally-recognised core labour standards and environmental clauses. An assessment is needed of the effects of trade liberalization on economic growth, income and wealth distribution, respect for human and democratic rights and the ability of countries to pursue their own social and economic objectives” (ICFTU, 1999, p.3). From this statement, it can be concluded that the main objectives of the ICFTU is for trade preferences for developing countries, core labour standards and environmental rules to become a part of the regime of the WTO. It is not at all clear if these are objectives also of bodies like the ACTU, in Australia.

While Australian trade unions, as a whole, appear to have been less vocal than many of their counterparts in other higher income economic countries, Australian labour has been affected by increasing international competition as well as by a more competitive environment in Australia. Job security appears to have been reduced and labour has to be

more mobile and flexible to retain employment. The influence of unions in the Australian market place appears to have declined.

National labour bodies in calling for restrictions on trade in cases where labour and environmental standards (or other standards) are flouted may well be acting in the perceived self-interest of the majority of their members. They may believe they are doing this for the following reasons:

Lax environmental or labour standards offshore may

- 1) attract direct foreign investment to offshore countries with low standards and this might well be investment which would otherwise have been made in the home country; and
- 2) result in lower-priced imported products in competition with domestic supplies.

This all reduces the demand for domestic labour, wages and employment opportunities. Just how large such effects would be is, however, uncertain – they could be small.

There is little doubt that free international trade in products promotes equalisation of factor prices as suggested by the Samuelson–Stolper factor equalization theorem (Stolper and Samuelson, 1941; Samuelson, 1948; Tisdell, 1982, p.589). Some types of labour (mostly those in greatest as supply, probably unskilled labour or labour with little skill) can experience falling real wages or unemployment as a result of increasing liberalization of trade, although relatively scarce factors globally are likely to gain. In the very long-term it is, however, possible that all factors of production, including all types of labour, will gain, *if* global economic development can be sustainable. There is, unfortunately, a high risk that this development will not be sustained for environmental reasons. For example, increased greenhouse gas emissions tend to go hand in hand with economic growth based on current technologies, and strong sustainability requirements needed to maintain economic growth may be violated (Tisdell, 1999).

Business Organizations

Business organizations represent diverse constituents so not all have a common position in relation to economic globalisation, WTO, the environment and international labour issues. If the ACTU has been muted in relation to WTO, by contrast the Business Council of Australia has not been. In fact, it made a submission to the WTO prior to the Millennium Round firmly rejecting the type of position championed by the AFL-CIO and seemingly supported by the major industrial countries. It submitted that this “round of WTO negotiations should reach agreement on the elimination of barriers to goods trade and the substantial liberalisation of services markets. The negotiation should create new frameworks for the liberalisation of investment markets and the harmonisation of competition policies in accordance with basic criteria. Attempts to change the basic mandate of WTO to make it an enforcement agency for environment, labour or other non-trade policies should be firmly rejected” (Business Council of Australia, May 18, 1999, p.1).

The Business Council further argues in its submission that attempts to have the WTO take account of environment and labour issues represent “a dangerous detour from the WTO principles that have worked for more than half a century to ensure that trade takes place in accordance with comparative advantage” (p.4).

It is unclear how representative the views of the Business Council of Australia are of business in more developed countries because it is difficult to access the websites of a number of international business organizations.

Certainly the view of the Australian Business Council is by no means one universally held by business organizations. For example, at a World Trade Organization High Level Symposium on Trade and Development held 17-18 March, 1999, the Federation of German Industries claimed that “the spreading of environmental management systems is a key issue, and advocated the use of a the life cycle approach and life cycle assessment” in relation to international trade (International Institute of Sustainable Development, 2000, p.9). This seems to suggest that trading systems should tend to favour products

facilitating recyclability and so on. On the other hand, the United States Council for International Business (USCIB) “cautioned against an overemphasis on the precautionary principle as it undermines sound science”. (International Institute for Sustainable Development, 2000, p.8) although it did not claim that no use might be made of the principle in international trade. Similarly, the National Association of Manufacturers “said that multilateral trade rules must not allow the use of unilateral trade measures or sanctions for environmental purposes” (International Institute of Sustainable Development, 2000, p.4) but did not rule out the possibility of multilateral measures, e.g. to enforce international environmental agreements or conventions.

Observe that those manufacturers which already have high environmental standards are likely to find it to be a competitive advantage to have trade restrictions imposed on exporters who do not comply with such standards. The position of German industry should be assessed in this light. Life cycle considerations already have a high priority in Germany.

Nevertheless, some opponents of WTO see the WTO as an instrument of the interests of big business, especially multinational companies, and some even suggest that a type of conspiracy exists between multinationals and the WTO. In some ways, this is rather ironic. During the period of inward-looking economic policies popular in the 1950s and 1960s, multinational companies were said to advocate protectionism so they could shelter behind tariff walls and appropriate extra profits or rents as a result. Now they are said to be the prime advocates of economic globalisation. How are these points of view to be reconciled? Maybe they cannot be, although it is possible some multinationals are now keen supporters of economic globalisation and the policies supported by the WTO.

The most efficient and economically aggressive multinationals probably have most to gain, at least initially, from economic globalisation. The enhanced global competition, and greater economic pressures brought about by globalisation is likely to see weaker multinational competitors fall by the wayside. Furthermore, large domestic companies in previously highly inward-looking economies, such as the Indian, are likely to succumb to

international competition if they are not competitive or to be taken over by more competitive multinational companies. This seems already to be occurring in India. With global business mergers and business failures brought about by increasing international market competition, business concentration appears to be on the rise. For example, Tiffen (2000, p.20) mentions in The New Internationalist that “the power of a very few global corporations is growing. Some financial experts predict there will soon be no more than four or five dominant companies in each market sector”.

Farmers

Farmers in high income countries are divided about freer trade and the role of the WTO. In general, those with a comparative advantage in agriculture and little protection, such as members of the Cairns group of countries, want freer trade, reduced subsidies for agriculture, particularly export subsidies.

On the other hand, some of the more industrialised countries or regions (such as Japan and the EU) seem to be reluctant to support free trade in agricultural commodities. According to Keith Rockwell (1999, p.4) of the WTO,

“Many agriculture producing countries worried about the impact of more imports, stress the importance of ‘multifunctionality’ of agriculture and the need to preserve farms for the reason of environmental protection, food security and rural society”.

The failure of the Seattle Round not only has its roots in US electoral politics but also in the political division between US and Canada on one hand and Europe and Japan on the other. According to Halle (2000, p.2) “a rift of geological proportions had developed between the US and Canada on one hand and Europe plus Japan on the other. The former insisted on the eventual elimination of export subsidies; the latter insisted on recognizing the many functions played by the agricultural economy beyond the production and distribution of commodities.”

The failure of the WTO Millennium Round is a significant blow to the US and the Cairns Group, of which Australia is an important member, because much progress has yet to be made in agricultural trade liberalisation. But Halle suggests that the US and the Cairns Groups are largely to blame for the failure. He claims:

“Their single minded persistence in regarding agriculture as just another provider of commodities, and large-scale agricultural production as the fastest road to wealth, ended up alienating a wide swathe of opinion. The fact that most of these countries are the key promoters and users of genetically-modified crops and most resistant to efforts to prevent or at least label these, greatly increased suspicion and resentment. So, too, did their blanket dismissal of all contrary opinion as masked protectionism” (Halle, 2000, p.2). In these circumstances, the Cairns Group and USA could not muster any support from NGOs e.g. environmental groups. In several respects this is unfortunate for Australia because it is not a major grower of genetically modified crops, even though it has not made its long run position clear in relation to GMOs. On the other hand, farmers groups from a number of industrialized countries practicing considerable agricultural protection were able to form political alliance with labour bodies and environmental NGOs.

Environmentalists – Green NGOs

As a whole, ‘environmentalists’ are doubtful about the ability of economic globalization combined with freedom of trade and investment to foster an improved environment. They fear the likelihood of environmental deterioration, possibly resulting in environmental disaster. Many believe that the economic growth expected to be unleashed by a liberalisation of global economic conditions, encouraged by WTO and other Bretton Woods organizations, will prove to be unsustainable (cf. Tisdell, 2000).

Their second concern is about the narrow focus of the WTO in relation to trade and environmental issues. With minor qualifications, the WTO steadfastly refuses to permit environmental considerations to be used as a reason to restrict trade with a country breaching environmental ‘norms’. A similar rule applies to products produced in violation of labour ‘norms’. Only when abuse of the environment in the process of

production leaves some trace in the product of the exporter (and presumably when this trace could be injurious to buyers or consumers) do legitimate grounds exist for trade discrimination (cf. Cole, 2000).

This issue is tied in with another major one. It is increasingly recognized that many environmental problems are of global concern and have global impacts. Hence, many nations have become signatories to international environmental conventions and protocols in recent years, including the Kyoto Protocol on greenhouse gas emissions. However, in most cases, there are no mechanisms for the enforcement of such international agreements. Several environmental NGOs, believe that it should be possible to use trade restrictions or sanctions to enforce international environmental agreements. There is definitely a need to address more effectively the question of unenforceability of international environmental agreements. It is widely believed, for example, that the Kyoto Protocol will not be adhered to by developed country signatories (cf. Dore and Guevera, 2000) and developing countries are not restricted in their emissions by the Protocol. Consequently, international environmental agreements may be flouted without any punitive action against violating nations.

According to Halle (2000, p.3) labour and environmental movements are most satisfied with the Seattle WTO failure, and “their alliance and their power certainly contributed to bringing this juggernaut to a halt”. This is not their first success. Using the internet and other means they have, in Halle’s view, derailed the Multinational Agreement on Investment and “NGO activism has turned around public opinion on GMOs putting companies like Monsanto and Novartis in trouble.”

Labour bodies in higher income countries, environmentalists and morally concerned NGOs, as well as some farming groups from non-Cairns Group nations, have formed a powerful alliance. They are ready to extend their wrath to all institutions supporting the globalisation of economic rationalism, including the IMF and World Bank. They have tried to woo the support of developing nations but with limited success. While some may

see these groups as latter day Luddites, they are a social force to be reckoned with and not all of their anxieties can be ignored or rejected as unreasonable (cf. Tisdell, 2000).

3. Views of Developing Countries about Economic Globalisation and the WTO

While the apprehensions of labour bodies and environmentalists from higher income countries about economic globalisation and the WTO did not strike a sympathetic chord with most developing countries, they had their own concerns. We shall concentrate here on the reaction of India, which is also a reaction against the G-8 nations, especially the attempts of President Clinton representing the US to have environmental and labour issues considered by the WTO in Seattle.

India was represented at Seattle by Murosooli Maron, Commerce Minister. According to The Times of India, 3 December, 1999, “India was unimpressed, and convinced that the attempt to bring labour and environmental concerns into the trade debate was a protectionist objective to deny market access to products from developing countries”. “We will not accept anything which dilutes our cost advantage in international trade” (Dash, 1999, p.1). Maron said later. India is firmly opposed to linking trade and non-trade issues.

The Telegraph India reporting on 1 December, 1999 on the demonstrations in Seattle stated:

“Several trade ministers, particularly those from developing countries, felt that the demonstration was stage-managed by Clinton to press his demand to include labour standards and environmental protection into the WTO agenda. Developing countries have been opposing this, fearing this would legitimise protectionism” (p.1).

The developing countries, such as India, seem to be in consensus with the position of the Business Council of Australia and presumably that of many multinational corporations. Nevertheless, most developing countries are concerned about their inability to influence the decisions of WTO and its lack of transparency.

Dr Claude Martin (1999, p.2), Director General of WWF International, reported on this aspect as follows:

“Perhaps the most serious problem concerns the very legitimacy of the WTO. It is dominated by a few powerful countries whose idea of ‘world trade’ is conditioned by their own interest, so that the nations of Africa, Latin America and the Caribbean feel they have no chance of having their concerns heard. Negotiations take place in closed sessions involving no more than 20 or 30 delegates from the 134 states represented, with the rest sidelined in so-called ‘working groups’. Small wonder that the excluded countries complained so vehemently in Seattle, the Organization of African Unity leading the way with an unprecedented attack on WTO’s lack of transparency and a threat to reject any statement that might come out of the talks”. With numbers in the WTO already large and many additional country’s lined up for entry, it is likely to be difficult to organize a workable satisfactory participatory scheme for its government.

Just how representative the Indian view is of those of developing countries is difficult to say but the political attitude of many developing countries towards economic globalisation have changed considerably since the inward economic approach of Pandit Nehru and Nkrumah which were bolstered by their fears of neocolonialism.

It is apparent, however, that the present ‘official’ views of India are at most only partially shared by African countries. In particular, a wide range of African NGOs continue to express concern about the globalisation process and the marginalisation of Africa, as the following excerpts from the “African NGO Directive form for UNCTAD IX” indicates. These are extracted from “Africa: NGO UNCTAD Statement” pp. 1-2, at <wysiwyg://9/file:/a%7C/Africa%20NGO%20UNCTAD%20Statement.htm>:

“The current system of globalisation and liberalisation has had devastating effects upon African economies. Our countries have been pushed backwards into increasing debt, de-industrialisation, agricultural decline, environmental degradation, poverty and deepening inequality. Those worse affected, such as

children, youth and women, are already at the margins of society. Financial and physical resources continue to be drained out of Africa. Its marginalisation is both a product of an inequitable international system and of factors internal to African economies and politics.

We oppose a system which places growth above all other goals, including human well-being, and which undermines national economic development and social security. We see that system creates incentives for capital to externalise its social and environmental costs. It over-exploits and destroys the natural environment and encourages the unsustainable use of resources. It turns social services into commodities out of reach of the poor, generates jobless growth, derogates the rights of workers and undermines trade unions and other democratic rights.

This global system has resulted in an ever greater concentration of power and control over resources into the hands of relatively few transnational corporations and financial institutions. This process has exacerbated inequalities within and between countries, actively encouraged competition for investment and financial resources, and discouraged regional cooperation and integration amongst African countries. However, we affirm that globalisation and liberalisation are not irresistible processes but are the product of human agencies and can therefore be influenced and changed . . .

. . . African countries have for many years already been subject to such liberalisation processes through the imposition of structural adjustment programmes (SAPs). The neo-liberal economic paradigm makes our governments unresponsive to our basic economic and social needs, forces open our economies to the advantage of external traders and investors and makes African countries ever more dependent upon the richer industrialised countries and their transnational corporations. Our countries are being recolonised, and the responsibility of our governments to us is being replaced by their responsiveness to the needs and interests of TNCs and their home governments.”

Many more recent statements of concern from Africa exist. These indicate the Africa Civil Society NAM statement (available at wysiwyg://3/file:/a%7C/Africa%20Civil%20Society%20NAM%20Statement%2C%201.htm) on the occasion of the XII Summit of the Non-Aligned Movement in 1998 which states on pp. 3-4 that:

“Increasingly, in the name of globalisation, employers are guilty of social, wage and eco-dumping [misdemeanor], all of which foster social insecurity, poor health and poverty.

Global resources – production, distribution and exchange – therefore need to be shaped in such a way that they are fair to the people – both workers and consumers. The profits of the global market must be used for the benefit of the world community, not an isolated and irresponsible few.”

India has shown itself to be opposed, of late, to linking trade and non-trade issues in the WTO agenda, in particular linking trade with labour and environmental issues. Mr Maron the Indian Minister of Commerce believes that the economic globalisation is now a necessary evil because developing countries can no longer live in isolation. Nevertheless, he is not entirely consistent in his view that WTO should confine itself to narrow trade issues and leave non-trade issue “to be properly addressed by the appropriate international institutions who are more competent and better equipped than WTO” – the standard attitude of the WTO administrative body, possibly the Australian government, and some business organizations. He suggests, as reported in The Business Age, 11 January 2000 p.17, in The Asian Age, that the system of world trade should be fair and just and that “if developing countries are to be part of the world economy we should be given enough opportunity to prepare for it”.

The recent views of the Indian Government have struck a responsive chord with supporters in the US of structural adjustment policies. Jeffrey Sacks has suggested that India ‘lead’ the next WTO round and flattered India by maintaining that :”India has a larger role [to play] in global governance and the country could be a formulator of global

policy for world institutions like the World Bank and International Monetary Fund” (The Statesman, 12 January, 2000, p.11). Nilanjan Banik (2000) of the Rajiv Gandhi Institute for Contemporary Studies, New Delhi, suggests that in post-Seattle WTO negotiation, India should follow an aggressive as well as an opportunistic line. But it seems that India is already following an opportunistic line. Its representative has, for example, expressed opposition to any curbs on trading in GMOs. Given its opportunistic stance, however, it is difficult to see how India can provide as much leadership of developing countries as it did in previous times for the Non-Aligned Group of Nations. China may have an opportunity in the future to fill the leadership vacuum which has emerged in the developing world in relation to global issues.

Nevertheless, it is by no means apparent that China will be able to fill this vacuum. To do so, China would need to develop or support an appropriate and appealing social philosophy, which might be (but need not be) based on the notion of sustainable development. Support for market-dominated capitalist-type policies would probably be to little avail. However, China may be in a cleft stick as far as this matter is concerned because it appears to have largely abandoned socialist principles in favour of market-dominated and capitalist-like economic mechanisms. It is increasingly marching down this road, supposedly for pragmatic reasons. So there are fewer and fewer signs of ‘socialism with Chinese characteristics’, and these signs can be expected to diminish further once China joins the WTO. Unemployment, income inequality, holes in social safety nets and unequal access to education and health services are escalating (Tisdell and Chai, 1998) and causing some social turbulence which may grow.

China appears to be heavily committed to maintaining its economic growth and further market-oriented and capitalist-like reforms are seen as the most promising strategy to achieve this. In particular, it is trying to press ahead with state enterprise reforms and is likely to use its entry to WTO as a lever for further reforms in this area. But China may be on the tiger’s back. It is being driven more and more down the capitalist road and increasingly abandoning socialism in its quest for economic growth.

According to Zhang (1998), the Chinese Communist Party (CCP) is cumulatively forced to seek economic growth to support its legitimacy as the ruling party. Because the CCP has adopted a pragmatic economic approach, it is becoming increasingly difficult for the CCP to claim legitimacy on the basis of socialist principles and philosophy, and is substituting economic growth as an alternative; an alternative which can only be achieved some believe by closer convergence of its system to a capitalist market-dominated one. Hence, an appealing global social philosophy which would enable China to secure moral leadership of the developing world has yet to emerge, and may not do so in the foreseeable future. But it may be wise (yet at the same time difficult) for China to seek a middle-path both for its own political stability and in order to provide longer-term leadership in the developing world.

4. Overview, Discussion and Concluding Comments

Table 1 summarises the views of the pressure groups considered above about whether the WTO should allow for environment norms, labour norms and provide more concessions to LDCs in its prescriptions for global trade and commerce. As can be seen, the views of the IFCTU are probably the most likely to achieve compromise in a bargained outcome to the current conflict (crisis) as far as WTO and other Bretton Woods institutions are concerned.

Table 1
Summary of Views of Pressure Groups about whether WTO Should make Greater Allowance for Environmental Norms, Labour Norms and LDCs in its Policies

Group	Environment Norms	Labour Norms	Concessions for LDCs
Labour bodies			
ICFTU	4	4	4
AFL-CIO	4	4	8(?)
Business organizations			
Business Council of Australia	8	8	?(8)
Federation of German Industries	4	(?)8	(?)8
Farmers Groups			
Non-Cairns minus US	4	(?)8	?
Cairns plus US	8	8	8
Environmentalists			
Most	4	4(?)	4
LDCs			
India	8	8	4
Industrialised Countries			
G-8 Governments	4	4	?

Note: This table is purely indicative and cannot capture fully differences in views and their complexities

It seems that Bretton Woods institutions are finding it more difficult to deal effectively with global economic issues. This is partly because there are no effective mechanisms to integrate global economic objectives and global environmental concerns. Although it is now generally accepted that economic and natural systems are interdependent, most global institutions cling to the view that these matters can be compartmentalized. Consequently, we have several Bretton Woods institutions, conceived to deal with international problems of more than a half a century ago, promoting world economic growth with comparatively little regard for its environmental and other consequences.

They prefer to leave the consideration of side-effects to more specialised global bodies which in many respects have turned out to be ‘toothless tigers’. However, this ‘ostrich’ technique is unlikely to work for much longer because of the social groundswell generated, particularly in more developed countries.

In January 2000, Mr Michael Moore, Director-General of WTO, visited India to discuss with India the agenda for a new round for WTO after Seattle. On this occasion, he quoted an OECD report that predicted world economic growth would be significantly boosted by further trade liberalisation and developing countries would benefit most – “India’s GDP would grow by 9.6%, China’s by 5.5% and sub-Saharan Africa by 3.7%”, he said (The Business Age, p.17 in The Asian Age, 11 January, 2000). But he made no mention of the sustainability of such growth and its possible environmental consequences. Nevertheless, he did promise that WTO would be restructured to increase transparency and openness and that he was seeking submissions on its restructuring.

It seems that the WTO has not yet taken steps to address sustainability and environmental issues effectively. According to Halle (2000, p.6) “Seattle made it look clear that WTO commitment to sustainable development remains almost wholly theoretical. There is still much work to be done in looking at real sustainable development impact of existing WTO agreements and practices, not to mention new agreements.”

Halle suggests one of the problems faced by WTO is that it is unclear about the goals which trade liberalization is intended to promote. He suggests that the end purpose of trade policies should be to promote sustainable development and that WTO should articulate this end-purpose. While this seems reasonable in principle, there are also problems – the term sustainable development is frequently imprecise and has a variety of interpretations, this objective could be used to support special interests given its lack of clarity and may generally muddy the waters. Nevertheless, such a goal could provide a basis for a holistic approach to trade liberalisation and economic globalisation and is worth further consideration.

As the world becomes increasingly globalised, systems of world governance are coming under increasing pressure. The economic and social power of nation states is being eroded and international institutions have not yet shown themselves capable of effectively addressing widespread concerns and fears about global changes in the economic, social and environmental spheres. The most recent evidence of social unrest were demonstrations (both violent and peaceful ones) on 17 April 2000 in Washington on the occasion of meetings by the IMF and World Bank with finance ministers from the world's richest nations. The Courier Mail (April 18, 2000, p.22) commented "anti-globalisation protestors who claim the institutions' policies hurt the poor and destroy the environment, tried unsuccessfully to block financial leaders from meeting yesterday, but vowed to try again". The conflict is not likely to disappear quickly.

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