MEDIA AND GLOBALISATION: CREATING ENVIRONMENTS OF CONCENTRATION AND COMMERCE

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Nothing will be done anymore, without the whole world meddling in it. (Paul Valery, quoted in Lesbourne, 1986)

Introduction

Globalisation is a phenomenon that continues to flourish and has impact on local realities. In addressing globalisation, the link to the worldwide trend towards the increasing interconnectedness of people, goods, places and capital is a clear one. The vision of an era of global media seems becomes significant when changes in other spheres of human societies are taken into consideration. The last two decades of the 20th century were marked by the fall of the Berlin Wall, the advancement of new media technologies and the collapse of the physical, virtual and institutional barriers, which had kept people apart. We live today in an increasingly borderless world where we confront contradictions and inconsistencies as we make a great effort to integrate global movements in our daily activities on one hand, and strive to uphold individual and regional identities on the other. As we perform our daily activities, we search for information and knowledge and it is in this light, the debate on media and globalisation and the directions in which it could develop to bring about social and intellectual advancement is an imperative one. The manifestations of globalizations are varied and emerge in economic interdependence to global patterns of consumption and commercialization — the ever closer trade relationships among nation-states, the growing number of transnational corporations; the development of ICTs, internet and discussions on e-commerce and e-governance; the worldwide spread of SARS and global health problems; as well as global ecological problems.
Globalisation has induced changing media contours in our living environment and these developments can be interpreted in various ways. When stories were first told, they emerged from homes, communities, rituals, mythologies, legends and imageries constructed in specific cultural contexts. These stories were significant in the socialization of societies into roles of gender, class, vocation and lifestyles. The story-telling process that used to be homemade and community-based went through a dramatic change with the advent of the mass media. In today’s information technology societies, much of the story-telling process is primarily mass produced and is largely market driven. The production of media content is no longer innocent, natural and transparent — the complex and manufacturing process of making stories in the media is now controlled by several conglomerates that work to sell specific ideas and products. The cultural environment that is present now is one where the media pervade our homes and our minds with selected views of human experiences that enable communities to build identities in terms of gender, class, ethnicity — to build a sense of selfhood and how to conform or contest the dominant systems of norms, values, practices and institutions.

This article begins with a discussion on globalisation, which has become a central feature in all media developments. The discussion then gives attention to two emerging concerns within the discussion of media and globalisation: the rise of concentration and commercialisation. By way of conclusion, the discussion proposes the need for media literacy in the public interest as a critical strategy that will respond to citizenship and enhance editorial independence, content diversity and programme quality.

Approaching Globalisation

As noted at the outset of this discussion, it was noted that globalisation in general emphasized the increasing interconnectedness of people, goods, places and capital. In the arena of politics for example, there is a breaking down of differences between domestic and foreign affairs and the boundaries of nation states is further blurred with modern transport and new media technologies like satellites and mobile phones. Production, consumption, money and labour as well as the expansion international trade and transnational corporations are supported with the growth of computer technologies and rapid exchange of information. The increasingly globalised technologies of communication are linked to culture as satellites; telecommunication networks and broadcast media collapse time and space to represent ideas, images and meanings on social relationships and people’s social experiences.
The concept of globalisation has been examined carefully by many scholars like Giddens (1990), Featherstone (1990), Ferguson (1992), Servaes (2000) who have drawn attention to the possibilities of people identifying themselves with cultural attachments and associations that go beyond those of the nation; the emergence of cultural and commercial symbols that are seen as large and worldwide that permeate our living environments and the possible decline of the nation as a political, economic and cultural force.\footnote{Cochrane and Pain\footnote{}} advance three perspectives in framing globalisation:

* **Hyperglobalists** - that refer to a world increasingly dominated by a single global market, where the status of the nation-state is diminished, while there is a rise of a single world order, government, and global mass media. The underlying economic base is seen as an integral part of globalisation. Many see the impact of globalisation as a fait accompli; but among them are pessimists and optimists. The pessimists warn of the perpetuation of dominance of major economic and political interests and the widening gap between the rich and poor countries. The optimists stress that the authoritative state power will give way to individual autonomy and the market principle. New Media technologies, global and cultural communications are seen as engines that will drive development and progress for contemporary societies.

* **The skeptics** - that assert that there is nothing new about the globalisation phenomenon. Globalization is understood as distinct from internationalization in that it invariably evolves from the breaches of control of nation-states. This perspective propounds that internationalization is in fact the current trend since economic policies and regulation emanate from nation-states and their respective regional trading blocs, rather than through top-down global coordination of a single world economy. There is concern about the cultural impact of international flows of information and entertainment programmes, mainly from the West and the widening gaps between North and South nations.

* **Transformationalists** - that recognize that the world is much closely wired up and that the process of globalisation will reshape modern societies and world order. This perspective points out that all social, political and economic movements are intricately linked at both local and international levels and that the media role and impact is a complex one that has to be scrutinized at various levels.

The three perspectives outlined above provide a useful framework for a better understanding of the complexities and opportunities when talking about the media. As more and more people live in mediated environments, it is important for contemporary societies to understand that media play a significant role in connecting the local known contexts of interaction.
with similarities and differences that take place in many parts of the global environments. In the following section, I focus on two major challenges that we have to confront in talking about media and globalisation.

**Changes in the media scenario: media concentration**

The most popular television shows among foreign countries in the 1990's were 'Baywatch' and 'Xena - The Warrior Princess'. In the entertainment sector, audiences of the world tune in to increasingly common media materials that come from United States. MTV is present in many parts of the world and has versions in Chinese, Japanese and Spanish. The proliferation of global news channels like CNN, CNBC and BBC also hide the problematic experiences of media — as witnessed in the reporting of the Iraqi war this year, where the processes of selection, agenda-setting and interpretation sought to justify the interests of a number of groups in 'doing war'.

The issue of media concentration is important one as the media scenario in many parts of the world are owned and controlled by a small number of holdings. In several countries, the most important newspaper owners have access to the quality newspaper market as well as to the popular press. In the U.K. the quality paper, The Times and the tabloid The Sun belong to one organization. In Europe, small marginal papers have been taken over by the large press holdings that are closely linked to governments.

There has also been an increase in private and commercial television stations and pay TV channels. In Malaysia, Zaharom observes that an air of misplaced optimism prevailed with the introduction of new commercial television stations as it was thought that there would be greater media freedom and the production of a variety media contents. The increase in the channels, Zaharom has asserted, has resulted in greater state intervention and domination of the mass media industry as well as the production of programmes that support the status quo rather than question the existing order.

The growth of new communication technologies further supported the new trends within the advertising industry, where preferred growth strategies, such as the formation of trusts and strategic alliances and the business logic have furthered concentration process. According to Meier and Trappel, when profitable companies have reached their national growth limit, they engage in diversifications into related businesses in other countries. It is not uncommon to see the publishers, for example, entering the broadcast market, which give substantial impact on media concentration.

Market dominant corporations tend to influence public news, information, public ideas, popular culture and political attitudes. The link between the same corporations and the government is consolidated precisely because
the media can influence their audience’s perceptions of private and public life.

Meier and Trappel\textsuperscript{11} warn us of the following trends in media concentration:

* Market power expands to political power, where the economic strength of media conglomerates develops and these institutions becomes powerful in the societies.

* Issues related to media concentration are avoided in public debates and the media do not generate any public opinion on the potential risks and threats of media conglomeration.

* The media concentration favours big, highly integrated media corporations where privatization and deregulation stimulate the concentration of ownership.

* Media concentration leads to a reduction in the number of information sources and to greater uniformity of content.

The development of new technology has led to an increase in the number of media channels and media contents, yet if the structures underpinning the production, the buying and selling and the distribution of programs remain in the hands of a few conglomerates, the channels and medium will be dominated by narrow interests. The changes in the media scenario would not mean a step forward if the media operate primarily to serve market ends and political goals.

**Media and Global Commercial Culture**

The link between media concentration and commercial culture is an important one. When the media were first developed, it was organized to serve public interests and to help support the development of countries. The state power sought to maintain political or religious control. Market power for the early media wanted to break this political and religious power held by the state to advance individual freedom of expression and this was seen as a positive value in the broad movement towards democracy, but, this did not thrive well as the quest for profit began to gain more prominence than a more active political participation in societies. Instead of bringing a range of representative political and social views, and the support for national and civic projects did not emerge strongly in societies.

Current developments in the media settings in many parts of the world like Europe and Asia are now spurred on almost exclusively by commercial motives and private investment. This is seen in the development of cable, satellite, digital television, multimedia and interactive media and in the Internet. The valuation of big media groups is increasing and resulting in
cross-media ownership where for instance, many larger American media firms like Disney, Time Warner, Turner Broadcasting have gained some ground in the expanding European media scene. There are now marked changes in the media, particularly in the broadcast media where market freedom has given rise to commercialism and the pursuit of profit. This is seen in the form of large-scale, low-cost and budget production and distribution aimed at the new working class.

While some countries experienced commercialization that stimulated depoliticisation, many other countries had to grapple with commercial media and the development of large-scale capitalist industries. Effective policy actions in response to commercialization in many parts of Europe have maintained some goals that serve public interest. McQuail has identified four key features that make a great effort to protect cultural and educational values:

* The inclination to protect a public sphere for debate and information and to enhance rights of access and protection for diversity;

* Favouritism for the national language and culture with regard to audiovisual production and distribution;

* Maintaining and enforcing public accountability for issues that are of public concern;

* Private monopoly growth is limited by restricting cross-media ownership.

While many countries in Europe have responded with cautionary measures with regard to commercialization, the scenario in most parts of Asia has been one that embraced commercial models of media management that are aligned strongly with government interest groups. In countries like Thailand, Malaysia and Singapore, the state has intensified the allocation of its economic arm to the private sector and at the same time strengthening its ownership and control over public media organizations. Not surprisingly, since television must rely on advertising revenue as its major source of income, policies on production and programming have been slanted to favour the advertisers targeting the consumer market. The aspiration to enhance the communication needs of the people did not gain much prominence. Zaharom observes the increasing use of television as a medium for the ever expanding consumer society in Malaysia with the emergence of teleshopping slots and the rise in business-oriented programmes. He argues that there is a very unhealthy alliance between transnational media companies and the local ruling elites where Malaysian television has
succumbed to the profit motive and disregarded other priorities of communication.

The contention here is the logic and spirit of commerce, which pursues profit as the primary goal and denies the other purposes of communication. Many broadcasting systems that served public interests have been diminishing while private organizations, which served the private interests, gained significance because wider global markets were available. In many countries, including Malaysia, it is also recognized that public service broadcasting systems are thinking more about surviving and perhaps even prospering in the new global scenario. The admission of advertising as a major source of finance for public service broadcasting is not seen as a controversial issue anymore.

We are confronting a situation today where most of the media content and commercials, specifically television programmes from western countries sell models of affluence, style and value. Commercials are embedded in the media content and there is a growing increase of advertiser-supported content production, which responds to diversity in a skewed manner as it seeks to target specific audiences with their products. Television, for example is seen as an effective agent for colonizing minds as it occupies an important place in homes and provides large amounts of entertainment that shapes our understandings of our daily experiences and our relationships with people from other parts of the world. The media bombard the people with ideas that urge them to think of themselves as individual units who require commodities.

From Consumers to Activists

There is much interest in the new media world that we are living in today where we are in the midst of an era of economic expansion and the formation of a global village. These developments in turn, are having a dramatic impact on our daily activities. We are increasingly surrounded all sorts of images and messages that that are being generated by computers, CD-ROMs, Internet, cellular phones, cable and satellite television, videodiscs, video-conferencing, online newspapers, digital radio and other wireless and fiber optic technologies. These new media also equip us to perform digital shopping, banking, e-commerce, tourism and travel services, e-governance, communication, chatting, electronic mail services, research and smart studying.

Today’s world sees people hearing to music, reading magazines, watching television, connecting to the World Wide Web and there is a commonality
the formation of interdependent popular culture in a global world. The meanings, messages and images generated by the media generate commercial culture and urge people to think of themselves as individuals who in need who require commodities to become who they are, as private competitors for plenitude in interpersonal and economic markets. The media are important shapes of our perceptions and ideas and inform daily decision-making. The ubiquitous presence of the media demands an educational response that will impart the ability to increasingly understand the complex language codes (print, visual, audio, spatial) in the media.

It is here that the role of media literacy and media research is important if we wish to preserve a public sphere for debate and information and to enhance rights of access and protection for diversity. Since the media plays a vital function in the life of the individual and of society, learning in societies should also encompass use of media, as one should have the ability to understand as well as to generate multiple modes of transmitting different codes and meanings. The focus on media literacy is important because most of the communication and media artifacts underpinned by the commercial motives are conveyed in complex and pleasurable ways that inform many communication and cultural activities in both the private and public sectors in many parts of the world. While media literacy movements aimed at developing citizenry are active in United States and Europe, they are still in embryonic stage in many parts of Asia, including Malaysia.

The concern here is initiating projects that equip learners with skills and competence that engage learning as part of social practice and as an area of critical awareness for questioning the media and the representations that are taken as obvious order of things or as 'common sense'. It can also be referred to as the understanding of how media texts that are part of daily lives help us to construct knowledge and make sense of the world around us. It is concerned with how messages are put together, by whom, and in whose interests, and with how to construct messages that are similar to as well as different from current conventions. Hidden in these problematic experiences are the processes of selection, agenda setting and interpretation, as the students will now engage with the language of the media and the ways in which the media construct reality, opinions, ideas, images and sounds.

The study of literacy cannot be detached from learning about life — it is linked to engaging learning as part of social practice. Educationists like Baynham (1995), Fairclough (1992) and Masterman (1985) have urged for investigating media as part of critical literacy that involves the integration of listening, speaking, reading, writing, critical thinking and
numeracy. It also includes the cultural knowledge, resources and facilities developed at the home and school settings that enable a speaker, writer or reader to recognise and use language appropriate to different social situations. Appropriating critical literacy to media experiences will engage learning as part of social practice and educate media audiences in the critical skills needed for a ubiquitous, commercially overwhelming media environment. The development of critical literacy does not refer to the learning about facts on language grammar and vocabulary of the media only but also a process by which we come to understand much more fully than before the nature of their own experiences as users of media.

Appropriating critical literacy to media experiences can be referred to the understanding of how media texts that are part of our daily lives helps us to construct knowledge - this is concerned with how messages are put together, by whom and whose interests and with how to construct messages that are similar as well as different to current conventions and practices. This is also about creating active people who would command some degree of urgency in deciding what positions they would accept, reject and negotiate when they encounter media. While we cannot dismiss the growing power of commercial culture and the concentration of media that is profit motivated, we cannot also ignore the possibilities of social groups to take an active role in reconstructing the social understanding of global media and global societies. It is important that we understand how our lives and our daily experiences are mediated through the media, so that we can unveil these interpretations and create more complete and fulfilling lives.

END NOTES


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p.2

WTO’S COLLAPSE AT CANCUN

Dato’ Khor Eng Hee

Datuk Khor Eng Hee was a principal Malaysian negotiator in the Uruguay Round from the preparatory stage in 1985 to its mid-term review in April 1989. He was Malaysian Permanent Represent to the UN Office in Geneva and Malaysian Representative to the International Organizations based in Geneva including the GATT. Apart from other duties and positions as a diplomat, he was Chairman of the Board of Governors of the International Atomic Energy Agency, Head of the Malaysian Delegation to the 2nd session of the UN Conference to convert the United Nations Industrial Organization or UNIDO into a Specialized Agency, in the late 1970s, Head of the Malaysian Delegation to some G 77 Ministerial Meetings in late 1970s and early 1980s, and a member of the Malaysian Delegation to other international conferences, e.g. Non-Aligned Movement, including the 37th session of the UNGA. His last post was Malaysian Ambassador to Argentina with concurrent accreditation to Chile, Paraguay and Uruguay. He served as the Malaysian member to the Asian Eminent Persons’ Group to review the Colombo Plan and the Malaysian member to a Joint ASEAN-EC Eminent Persons’ Group to review ASEAN-EC co-operation.

The 5th Ministerial Meeting of the World Trade Organization (WTO) convened to review and decide on the progress of the Doha Development Agenda Round ended on 14th September 2003 without any outcome except to instruct the General Council to meet at the level of Senior Officials in December to continue the negotiations. This decision was contained in a 6-paragraph statement issued by the Chairman at the conclusion of the Meeting. The statement did inform that the Meeting made considerable progress but there was no official report to show what this progress was. Is this mere rhetoric? The daily summary report by the WTO Secretariat at best provided a picture of major differences still prevailing among members in all the areas under negotiations. The only fair conclusion one could make is that there was no forward movement to what prevailed prior to the Ministerial Meeting.

The situation is now subjected to various interpretations. It also prompted various reactions. However, reports by some NGOs show that much was

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1 A good evaluation of the Ministerial Meeting is given in the paper called "Missed Opportunity In Cancun" by Caritas/CIDSE.
wrong with the way the Meeting or negotiation was conducted at Cancun over certain key issues such as the Singapore Issues. Some 80 countries were reported to have formally objected to the inclusion of these issues into the agenda of the Doha Round. Under the rules on decision-making in the WTO Agreement (Article IX.1) or the requirement for explicit consensus, such overwhelming objection plainly constituted a decision to reject the Singapore Issues as agenda for negotiation. The Chair should have made a ruling to that effect at Cancun. This oversight, whether deliberate or not, reflects poorly on the person of the Chair and on the organization. It is another episode that adds up to the tainted image that is already with the WTO, namely, one of being undemocratic and prone to manipulation.

The press generally described the Ministerial Meeting at Cancun as a failure. The Mexican Foreign Minister chairing the meeting was reported to have spoken of dire consequences for world trade. There was as reported by the press an outburst of temper by the Chairman of the US Senate Finance Committee against those who took a stand in opposition to US interests. He issued certain threat. The Minister leading the Malaysian delegation gave a retort, as she was much involved in putting up the position of developing countries.

Some among the press described the failure as resulting from a show down over the so-called Singapore Issues between developed nations and developing member countries. It was also due to a deadlock over agriculture; on one side, the United States and the European Union, and on the other side, a coalition of developing countries called G 21. Others tried to put the blame equally on both developed and developing countries. The latter were told that they stood to lose the most in the collapse and that they were making a serious mistake to cheer over the event. The NGOs were put on the carpet for incitement among some African countries over agriculture. Some in the western press forecast of grave consequences for poor countries should the Doha Round fail because of what happened at Cancun.

The Economist in 20th - 26th September issue quoted a World Bank report of some US$500 billions economic gains coming from the Doha Round of which 60% would go to developing countries. Similar tempting forecast was made of the Uruguay Round. Its assessment is that the failure

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2 Singapore Issues is a common term used to refer to 4 trade-related areas: namely trade and investment, trade and competition policy, transparency in government procurement and trade facilitation proposed by the European Union at the Ministerial Conference held in Singapore in 1996 as agenda for negotiations in the new round of negotiations.
“sprang not from principle, nor even from intellectual calculation, but from cynicism, delusion and incompetence”. It is not clear to whom such strong words are directed. Perhaps to poor countries as these are taken from the paragraph in its leading article that warns of serious mistake on the part of these countries to cheer about the collapse.

Another article called Special Report on the Doha Round of the same issue made some interesting observation. It noted that the failure went further than miscalculation on timing. This happened because of intransigence and brinkmanship by both rich and poor countries, irresponsible and inflammatory behaviour by NGOs. Its view is that any one among the members can hold up any aspect of negotiations, and the WTO’s requirement for consensus thus makes it virtually impossible for the trade body to be reformed.

**WTO’S PURPOSES**

The WTO is very much in the world’s spotlight not just because of the bad news at Cancun, Seattle earlier or what some in the western press try to make out of it to impress poor countries of grave consequences, following failure in negotiations. It is useful to go back to the rationale of the organization’s establishment at a time of crisis at as at Cancun or when it strays from its purposes. The trade body was formed at the beginning of 1995 as the institutional framework to manage and administer the outcome of the Uruguay Round, and in addition, to be a forum as they may decide for the members to deal with other matters relating to their multilateral trade. As the name suggests it is the world trade body wherein member countries co-operate to promote sustainable economic development through trade with a priority for the needs of developing countries. The means or modus operandi to achieve these purposes is through trade negotiations leading towards progressive liberalization and mutually advantageous arrangements.

As a mission and on paper these are noble aims as they represent international co-operation on trade for development. Developing members are comfortable with negotiations towards progressive liberalization, especially when one purpose of the organization acknowledges the need for positive efforts to allow them to secure a share in world trade commensurate with their development needs, and that in negotiations they are given special and differential treatment. Partly for these reasons more and more countries have joined the organization and many are waiting to be admitted. The total membership is about 148 of which more than two-thirds are developing countries.
There is a fundamental difference, however, in the perspective with which member states look at world trade. To developing countries it is the means towards social and economic growth and development. Some economics in East Asia including ours have shown that an export-led growth is a viable proposition. The success has inspired other third world countries to adopt similar approach. To major developed powers, however, world trade is more than a means to raising living standard. It is also a strategic concern bearing on their national security. Their pursuit in the trade body essentially is political. Japan, a country with little material resources except for the people, is perhaps the earliest after the last world war to have adopted such a strategic standpoint vis-à-vis world trade for national survival and progress. This difference in outlook influences negotiations in the trade body.

**WTO’S UNDERCURRENTS**

Very soon after its establishment, unfortunately, the general perception is that the WTO is tainted with a reputation for manipulation, lack of transparency, and other undemocratic practices. The outcome of the Uruguay Round is considered by many developing member countries and a number of observers to be imbalanced. It was much due to behind the scene bargains among the trade majors, particularly between the United States and the European Union, and among other the so-called Quad members. For example, the Punta del Este Ministerial Declaration did not specifically include the formation of an international trade institution as an agenda item for negotiations. The assumption was that the practice of the GATT would continue to manage the results of the Uruguay Round as in previous 7 rounds. The idea of the WTO arose some time after the mid-term of the negotiations basically from behind the scene and as a surprise to many participants from developing countries.

The problem of transparency has plagued the trade body from the time of the last round with regard to the manner negotiations have been conducted. An increasing number of people, particularly in the Third World now realize the great stakes in their economic and social well being that the negotiations, euphemistically called trade talks, can bring about. Many feel that they are being shut out of the conference hall when important decisions are being taken at critical juncture, and being compelled to accept the outcome of which they have little say. Much also takes place behind the scene of negotiations among the Quad members.

Delay inevitably dogs the steps of the negotiators. This is perceived as a deliberate tactic used by some major players to drag negotiation up
to the very final end and only in the wee hours of the morning after long, sleepless and exhaustive night sessions. The press reported of the readiness of the EU Trade Commissioner to drop some of the Singapore Issues at very late hours at Cancun, and if this were true, it would be indicative of such negotiating style. They hope to exert the most concessions from the other participants with this brinkmanship. The Green Room consultations, very much used to finalize the results and where only small and selective representatives are invited to attend, have characterized the negotiation process in the trade body from the time of the GATT.

There is a dichotomy, or double standard as some will say, in the operation of the trade body. On one hand Ministerial Declaration to launch a round inevitably professes special and differential treatment for developing countries in keeping with the objectives stated in the Preamble of the WTO Agreement. This commitment is made at the highest political level of the trade body. For example, the Doha Round is also called the Doha Development Agenda Round to stress its intention to cater to the development needs of these countries. Some call it a carrot. On the other hand, once negotiations get under way certain developed member countries assert hard to press for their interests and positions. This has happened in the Uruguay Round. In the heat of negotiations, or for other reasons, the positions of developing members are shunned aside. If poor countries resist as at Cancun, threat and unethical manoeuvre would come into play.

An increasing number of non-governmental organizations (NGOs) often called the civil society around the world in both developed and developing nations have awakened to the injustice and inequities that are perpetuated against the weaker members in the name of trade liberalization. They now follow the proceedings of important meetings in big number and press for their views to be heard in the conference hall. What some of them give of the picture about the organization and of its outcome where these

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3 Green Room consultations refer to the select and restrictive informal consultations used by the Director General of the WTO Secretariat to reach agreement on difficult issues under negotiations. The group is chaired by the Director General and to which some 23 heads of delegations, such as the US, the EU, Japan, a few other OECD countries and developing countries, attend by personal invitation of the Director General. Green used to be the colour of the room in the Secretariat building where the consultations are normally held. The Green Room consultations have a Ministerial counterpart when the Ministers meet as at Cancun. I was invited by Arthur Dunkel, the then Director General of the GATT Secretariat to attend the consultations during the Ministerial Meeting held in Punta del Este in September 1986. Since that time the Malaysian Ambassador / Representative to the trade body has been an invited, except for a brief period, after I left Geneva for another posting. Our Minister of International Trade and Industry is a veteran of the Green Room Consultations, and I may add, a highly respected one at that. A good account of this process in decision-making is given in a paper entitled "WTO Decision Making: A Broken Process" by the Institute for Agriculture and Trade Policy.
impact on third world countries is a contrast to the positive account that one hears from a number of scholars, observers in certain developed nations and some from the western press. This development is unheard of in previous trade negotiations in the era of the GATT until about the end of the Uruguay Round. However, the activities of the NGOs are vociferous, an unnecessary intrusion and more a liability in the view of some in the press.

POLITICAL CROSS CURRENTS

What do these events in the WTO inform and portend? One has to consider the question against the background of international political developments, the changes taking place in the world economy due to advances in information and communications technologies, the rise of new growth centers in Asia and the place of trade in these developments. As economic supremacy in the geopolitical sense and trade competition become preoccupation in international relations post Cold War, the trade body is much about economics, law, technicalities, bargaining, disinformation and brain-washing as about politics. But politics, i.e. the search for advantage and power, runs through all these. The ups and downs in the organization basically reflect the political cross currents in the contemporary world.

There is a North-North dimension where the struggle is for economic advantage and supremacy among the economic powers. To some of them it is about national security as well. This view of trade took shape when many people in the United States as if of a sudden in the late 1970s and the early 1980s realized the country was falling behind Japan in a number of industries and in trade, such as the automobile and semiconductors to name a few examples. When Japanese entrepreneurs bought over some of their prized assets such as the Rockefeller Center in New York, the Pebble Beach Golf Resort and etc the horrors of economic competition reached the home front as never before. It looked like the visit of the Black Ships in reverse.

There was a hue and cry among certain section of the public over what they saw to be foreign takeover of some of their patrimony. For years the country has been involved in quarrels with the European Community over protection in agriculture and subsidies for the Airbus. Interesting names such the chicken war, the pasta war, and etc. marked the tensions in this episode. There were burgeoning trade deficits with Japan and other European countries. Trade with countries like Japan consisted more of US exports of raw materials and imports of manufactured products, regarded by some in the country of something akin to the pattern of trade of colonial territories.
Many in the US awakened to the situation with great shock. The general opinion was to put the blame partly on the GATT for its ineffectiveness. The genesis of the Uruguay Round must be seen against this background. As early as 1982 the United States was already calling for a round of trade negotiations, and later to press for inclusion of trade in services and protection of intellectual property rights. The WTO came about largely as a result of the US drive to establish new set of rules for world trade. It is the demandeur to use the parlance of the GATT.

There is a North-South version of this tussle where many in the West view the emerging economies in East Asia with apprehension and as a potential threat. There seems to be too many Japs in the making for their liking. The imagery of the flying geese as some Japanese scholars try to depict the situation is far too innocuous. Some in the West started to call these economies “tigers”. The use of economic ideology, namely the virtues of free trade and economic liberalization, to win the mind of the political leaders becomes a useful psychological weapon to discourage any would-be followers in other parts of the Third World.

In this pressure for trade and other economic liberalization, something of an obsession, and indeed a phenomenon, within the last two decades or so, an increasing amount of literature is being churned out about various issues relating to trade and their liberalization and what such liberalization plays to create economic growth for poor countries. The impetus comes from the United States. The European Union and Japan join the act. This is one reason why new acronyms and names keep coming out of the trade negotiations. In the Uruguay Round we have trips, trims and gats. At its beginning there was also fog. Somehow along the way the name disappeared among the mist. Now we read in the world press, not just Malaysian newspapers, of Singapore Issues. What these new issues amount to, in addition to the traditional GATT preoccupation with market access and other border barriers, is the demand of the trade majors for a level playing field in world trade. The WTO is put in the spotlight partly to emphasize its pivotal role.

WORLD BANK, IMF & WASHINGTON CONSENSUS

The GATT as a trade body and until the last round was not given the attention that the WTO is receiving. The World Bank and the International Monetary Fund have perhaps more trade experts in their employment within recent years than what you can find in the WTO and the United Nations Conference on Trade and Development or UNCTAD. Research institutions in certain developed nations such as those in the United States
and the Secretariat of the OECD are equally busy with issues in the trade body. The Bretton Woods Institutions write much on the theme of the Washington Consensus, i.e. to promote trade and economic liberalization based on market fundamentalism. They are just as quick to write about and to promote new issues as these are introduced into the trade body. Consultancy firms with specialists on trade issues increase in number in the US to advise pressure groups how to promote their respective areas of interest or concern into the trade body.

Officials in the WTO Secretariat, perhaps to their chagrin, cannot match up to their counterparts in the World Bank and the IMF in this regard. This is not to say that there are no economists in the World Bank who look at trade and economic liberalization in a different light. Joseph Stiglitz, formerly Senior Vice President in the World Bank, stands out as a good example of people who have a different perspective and who advocate a different tack. What happened, he was eased out of the World Bank for heresy. The award to him of the Nobel Prize for Economics is perhaps a vindication of the righteousness of his approach.

It has been for some time now that economists in these two institutions have been advocating that trade and other economic liberalization is a win-win situation. It is not a zero sum game they say. The static theory of comparative advantage has been a favourite concept to push for this line of policy for more than half a century. The term Washington Consensus arose in the early 1990s to capture such an economic approach. Countries seeking assistance from the IMF are required to undertake trade and other economic liberalization as part of the conditionality before any loan can be dispensed with. For two decades or more a number of countries in Latin America, and other regions, one after another, have been obliged to adopt such an economic approach in their policy programmes for recovery.

The pressure, manipulation, delay, frustration and excruciation that accompany negotiations in the trade body since the Uruguay Round, for which Seattle and now Cancun are the latest examples, fly in the face of advocates who preach a win-win situation. If win-win were the case, it would be one of the biggest ironies of our times as liberalization exercise had become one of the most difficult subject matters confronting diplomats, even the Heads of Government of G 7 as near the end of the Uruguay Round. The reality is what Cancun, Seattle earlier, and the Uruguay Round before, are disclosing. Trade negotiators are called trade warriors by some authors to imply the big battles that are being fought. The major protagonists in the Uruguay Round were the United States versus the European Union over agricultural trade much like in previous rounds and between developing countries and developed members over most of the issues.
In fact, developing countries in Latin America, Africa and Asia have undertaken liberalization in their respective economy for about two decades, a few on their own steam as well, such as Malaysia. The liberalization compared to what developed nations have done in the same period is relatively by far surpassing. The latest and best example is China. This country has become a powerhouse in manufacturing as a consequence after about 20 years of opening up to global markets and foreign investments. Its growth rate is among the highest in the world. National income has doubled in about this period. Its success story is provoking intense consideration and debate among certain Indian intellectuals of where their economy stands in such circumstances and what approach the country should now adopt.

The overall picture in the Third World, unfortunately, is not encouraging. Many in Latin America are suffering from an illusion as economic recovery, stability and growth continue to elude most of them. A few of them have gone repeatedly to the IMF for help. Poverty line increases despite the IMF prescription. The overall social and economic situation in a number of countries is aggravating and unprecedented. In fact there is a backlash as certain political leaders with different economic inclinations have been voted into power. African countries as a group have seen their share of world trade going down despite these years of opening up their economy. For a number of them the pattern of trade has hardly changed. Many still depend on two or three commodities for exports. Many have also gone to the IMF for assistance. Where are the billions of US dollars of gains in trade and economy that some economists have forecast from the Uruguay Round as going to developing countries? The sudden financial collapse that nearly destroyed economies in East Asia in 1996-1997, after years of hard work and consistent export-led growth rate, has exposed the grave danger that economic liberalization, especially capital liberalization, can bring about.

The kind of economic liberalization that the World Bank and the IMF advocate, has not brought about the kind of impact and recovery expected, one main reason being that it was carried out without due regard for appropriate improvements in the institutional foundation or a recognition that without the necessary industries trade and other economic liberalization served little meaning. This is a view that is becoming to prevail among an increasing number of economists and observers. There is also an acknowledgement that there are winners and losers in trade liberalization.

Development efforts in essence call for a paradigm shift in the mindset and working habits of the people concerned. These are issues that only the authorities and people involved can better deal with. Trade and other
economic liberalization have an important role in such a change, no doubt about that. This should be done according to the capabilities of these economies to compete in world markets. This is a gradual and progressive process as envisaged in the GATT and the WTO Agreement, not done with a great dose as what some major economic powers demand. Economies in East Asia have gone about their liberalization in a progressive manner. Compete poor countries must if they want to advance in the world economy under present day globalization but at the pace and approach that they are confident with.

In certain sense what the Washington Consensus and their advocates do is a battle for the heart and mind of the people, reminiscent of the way the Cold War was fought at its height. The main support is their press media. The struggle here is sometimes cast as one of Western capitalism versus Japan-type capitalism where the government plays a pro-active role in economic development. Scholars and economists pushing this view seem to forget that Western industrialization began much at the back of government support. There is a precedent in the history of industrialization. It is not that developed economies such as the United States or members of the European Union are suddenly aversive to government intervention in the economy. In the areas of agriculture, space, defense, research and development, for example, the US Administration is very interventionist. The Airbus is another example of government intervention in the development of air transport in Europe apart from agriculture. These are areas about which very few countries can match them and most of these remain outside liberalization. It can also be said that their economies are as much regulated as some among developing countries.

Japan turns up to be a very good student. It is also very good at what some economists in the US call industrial targeting. Because of such a strategy in such sectors like the automobile, steel, electrical and electronic industries Japanese rose to be formidable competitors in the early 1980s. A number of Asian economies in turn adopt the Japan model in their plan. The notable achievements of the Republic of Korea and Taiwan further enhance the viability of this model. They have become great competitors in a number of trade sectors as well because of their emulation of Japan. The rationale of Malaysia' Look East Policy is much motivated by these good examples. Nevertheless, the opponents to the Japan model were fast in jumping into the financial crisis of East Asia in 1996-1997 to vindicate the righteousness of their view. Economies in the region are up on the rise again, providing the biggest economic growth area in the world economy. Their rapid recovery must be proof that what they have been doing with their economy has been basically correct while no doubt certain mistakes have been made.
WTO & NGOs

Contrary views about world trade, economic liberalization and the WTO can now be found in a number of non-governmental organizations such as Oxfam, the South Centre in Geneva, the Third World Network, renowned economists such as Joseph Stiglitz, etc. apart from efforts of UNCTAD Secretariat to support the interests of developing countries in trade negotiations. More developing countries are coming up with their own viewpoints about work in the WTO as well as making their voices heard. The Internet has become a useful medium to convey different perspectives and views that for quite some time used to be one-sided. The failure of the IMF-type approach in a number of countries has prompted an intense review by the governments concerned as well as by a number of scholars about development economics.

Many of the NGOs seem to serve as conscience of the world. They have become a feature about the WTO whenever something exciting takes place in the trade body. Some in the western press have a completely different view about them. The World Bank is becoming vocal in its view of the grave damage done to developing countries by agricultural subsidies used by developed economies. I am not forgetting the views expressed by political leaders in a number of developing countries, one of the earliest are those ably uttered by our Prime Minister. Here the thrust is one for caution about the rush towards trade and other economic liberalization. Being politicians these leaders are much alive to the political forces behind the pressures. Some of them know full well what is good for their economy and not necessarily what some outsiders try to preach. They know as well that their entrepreneurs will require certain government protection to build up their sinews before they face global competition within their home ground and in world markets despite the hype about free trade.

These leaders are equally aware of the rapid changes now taking place in the global economy, particularly the great changes exerted by information and communications technologies, the growth of East Asian economies as a world manufacturing hub, the rise of India as a software giant, an inspiring example, and the imperative that their business enterprises have to compete with the best in the world if they want to survive and succeed in the current phase of globalization. Their big challenge is how to fine-tune the balance between opening up their markets and economy and the continuing need to accord protection to nascent industries. Another dilemma is how to ward off pressures exerted in the trade body by some of the economic powers to serve their own ends rather than the common good.
In the early 1980s the US provided the biggest impetus to change in the GATT. It is currently running another huge trade deficit, many times what it suffered in the early 1980s. Current accounts also run into record deficit. The severity of these economic problems is many times worse than that prevailing in the 1980s. Another round of debate is engaging politicians and scholars about this situation and how their leadership stands in the world. Pressure groups are working hard on Congressmen to demand changes again in world trade and the trade body bears the brunt. They want the WTO to take in, apart from the Singapore Issues before Cancun, labour, environment and some, human rights to rectify what they see to be unfair trade practices among its trading partners in developing countries. These issues are not yet before the agenda. They will come. Whether or not such issues will cross the threshold of consensus in the WTO Agreement is another matter.

Some in the western press nicely put the demand, reformation of the trade body. Unlike such observers and some academics, US political leaders do plain talking about what they seek. They make no bone that they want US standards to be the norms in the trade body in areas they consider important to strengthen their trade and to take care of the deficits. In the early 1980s these mainly were services and intellectual property rights protection. Having got these in the Uruguay Round they want more. In their view low standards in poor countries are giving these countries an undue advantage in trade. Japan used to be the main target but for different reasons. Now it is China. The other emerging economies in East Asia are not far behind. It is a two-prong approach, trade and exchange rate.

The WTO thus becomes the focus as these various forces impact on its daily work as much as it is an agent for some of these forces. Members try to work their respective way to create advantage or to defend their position. In the heat of this struggle the purpose of the organization to give poor countries a priority is either forgotten or perverted. This is one reason why NGOs have risen to be a factor in trade negotiations. Some in the western press, however, have a different way of interpreting the situation. Their advice out of Cancun in a nutshell is, poor countries should better listen and comply, if they want what is good for them.

BIAS FOR MAJOR ECONOMIES

Trade negotiations in the forum are highly political as a result. The thrust of trade and other economic liberalization that economic powers want to make out of the WTO amounts to undertaking commitments,
consisting of rights and obligations. For most developing countries these rights mean little in practical terms but not the obligations. As they have found out from the Uruguay Round these can be burdensome and a liability despite the so-called special and differential treatment. The outcome of the last round was imbalanced against third world countries. Michael Finger, formerly of the World Bank, was perhaps the first to demonstrate the situation. Some of the obligations tie down the hands of developing countries with regard to their flexibility to take an independent approach to social and economic development.

Negotiations towards trade and other economic liberalization favour major economic powers with huge domestic markets, namely the United States, members of the European Union and Japan when the economic might of such economies is brought to bear on developing countries. The WTO’s modus operandi of negotiation through exchange of reciprocal concessions provides leverage to these economies as a start. In cases of trade dispute even when the dispute panel decides in favour of a developing country and allows the latter to take retaliation against a developed economy, in most cases this has little impact. This may not be the case if it is the other way around. Imagine what damage a major country could do to a developing country’s trade if it were allowed such retaliation. The operation of the trade organization as practised so far has a bias in favour of major developed economies. Politics often supersedes economic sense in the negotiations and the outcome is not necessarily a win-win situation. It can be inimical to the interests of developing economies. The situation becomes gloomier if one were to add the manipulation and other undemocratic practices that are associated with the trade body.

Developing countries play a small role in world trade. Their domestic markets are miniscule compared to those of developed economies. Emerging economies have just begun to establish a foothold in world trade and that partly due to the role of foreign multinationals in their economies. Compared with those of major developed members trade barriers used by them do not have the same adverse effect on world trade and economy. To ask them to bear with developed nations the same obligations towards reduction and elimination of trade barriers is unfair in this situation even when their fulfillment is allowed to come in by stages. This is because eventually, e.g. in 10 years in some cases, their obligations will reach the same level as those of developed members while they continue to remain developing countries. The trade body is also about international cooperation among rich and poor countries, and with a pledge by the rich to help the poor. When inequity that tips against the poor becomes a feature of such a cooperation the set up is fundamentally wrong. Oxfam has worked hard to convey this message. There are not that many trade experts and observers who take such a view of the trade body.
Developing countries including China are on a learning curve with regard to winning world market share, in trade liberalization and what that means. The initial success of some in East Asia in world trade comes about partly as a result of foreign investments that have gone offshore of their home countries to take advantage of the benefits that many in the Asian region are now offering. Globalization is compelling many multinationals and other entrepreneurs to go abroad to such economies to establish a niche in manufacturing or services to stay competitive. The phenomenon of what we see in the number of investors venturing to China is not one of charity. The drive is to establish competitive edge by using the abundant, cheap, disciplined and skillful labour readily available in that country and to tap its huge domestic market as the country and the region grow. Jobs are lost in home countries as these investments leave for China. The US is not the only country getting the impact. Asean is reinventing itself to meet this challenge. It is finding different ways to work with China and other major countries in Asia for the common good.

Economies in East Asia have still a long way to go to obtain a reasonably high standard of living. A large part of China for example remains poor despite its achievement as a manufacturing powerhouse, currently located along the coastline. Greater efforts are still required and the government continues to play an important role. They are comparatively new players in the game in world trade. On the other hand the multinationals of developed economies in the West have been foraging for resources and markets since the first European power ventured into the Far East in the early 16th century to look for spices and to take the trade into their own hands. Japan is a latecomer.

Major developed nations have better human, financial and organizational resources at the back of their call in their participation in the WTO. They have trade experts and well-experienced negotiators to support their positions at the negotiating table apart from the accumulated and broad knowledge of their entrepreneurs of world markets in various fields of businesses and industries. Their positions in the negotiations are a concerted combination of these various resources. At home senior officials in the capital stand ready to use the full weight of their diplomatic forces on any would-be recalcitrant. Crow bar diplomacy has been coined to describe one method used by the US to prize open another economic power.

Developing countries on the other hand are generally poorly organized and equipped. Is it any wonder that their stance is largely one of facing an onslaught of demands to open up their economies, despite the fact that such demands are equally made on all other member countries, one largely
reactive, and at the end of the day of finding themselves on the losing end of the bargain. Will such contrasting resources and capabilities in negotiation bring about a win-win or a fair outcome? Do not these abilities provide undue advantage to developed economies at the negotiating table and on the playing field?

On the surface the Cancun Ministerial Meeting failed because the Trade Ministers of some 148 countries gathered there could not agree on a number of trade issues in the Doha Development Agenda Round, particularly on the so-called Singapore Issues relating to government procurement transparency, trade and investment, trade and competition policy and trade facilitation. Agriculture has for many years remained a very difficult issue for most countries and this has been another problem area. One thing clear is that subsidies and other government protection by developed nations have for long done grave injury to world agricultural trade and the losers have been poor countries.

One has to appreciate that the Meeting was held at the mid-point of the progress of the current round. Pressures and tensions have been building up as a consequence. A number of factors created the impasse. The Ministers were given a task that their trade officials in Geneva could not achieve over months of hard bargain. They had an impossible dateline. There was a clear decision to exclude the Singapore Issues into the negotiation agenda for the Doha Round yet for reason only known to him, the Chair at Cancun was not prepared to make a ruling. The matter now goes back to Geneva like a yo-yo to be taken up by the General Council when it meets at the level of Senior Officials. Constitutionally these Officials have no authority to make a decision on the matter. It has to be referred back to the Ministers at a Ministerial Conference.

**UNSAVOURY CONFERENCE PRACTICES**

One feature that the NGOs have noticed is the kind of manipulation that goes on in trade negotiations. It is a common practice for the powerful members to manipulate, to cajole and to pressure the government at the capital when they run into a deadlock or unhappy with their negotiating partners at the table either in Geneva with regard to the WTO or New York with regard to the United Nations or the Security Council. Nevertheless, conference diplomacy at the international level is conducted on set parliamentary or conference procedure. The Chair and the Secretariat servicing such conferences are expected to be an fait with the practice and procedure, the latter to guide the Chair whenever he is in unfamiliar
ground. One important rule is that the Chair is neutral about position on issues under deliberation even when he is duty bound to guide the proceedings to a successful conclusion. If he cannot be impartial he should step down and let another colleague take over the Chair.

One unsavoury practice that has been reported is the conduct of negotiations by the Chair of the General Council. For Cancun the Chair could not produce an agreed draft text for the Ministers to deliberate. He came out with a text in his own responsibility and apparently endorsed by the Director General of the WTO Secretariat. Such a measure, if true, runs directly counter to established conference procedure and democratic practice at international conferences. Participating countries cannot be expected to accept a draft that is not the direct result of their positions, deliberations and compromises. Such a draft must emerge from the floor to follow established conference procedure. The approach used is the antithesis of the norm. It is certainly not the way to reach a consensus.

This breach has happened at Seattle and at other subsidiary bodies in the organization. This unparliamentary practice can only go on at the expense of the credibility of the organization and the head of the Secretariat. It sours the atmosphere. It provides easy pretext for countries that do not want any outcome. It encourages grandstanding. When a conference collapses because this is a contributory factor responsibility falls on the Chair and the Secretariat that services the meeting.

The WTO seems to be a class by itself with extraordinary practices. Another example is the appointment at Cancun of the so-called “Facilitators” to chair negotiations in specific trade areas under the Doha Round and personally appointed by the Chair of the Ministerial Meeting, and responsible only to the Chair, in consultation perhaps with key participants. They were not elected by the delegations, as would be the normal case for such office bearers in an international conference. This practice seems acceptable to all participants. These negotiations were called “informal consultations” and participation was open-ended to all participants. But there have been complaints by NGOs that this was not so. The Chair of the Ministerial Meeting depended much on the facilitators to achieve consensus on the specific issues to which each was assigned and to report to the full meeting of the result for transparency. “Facilitators” have no official status. What they achieve and report likewise carry no status that can be carried forward, particularly when nothing concrete could be put down in words and print. Thus what the concluding statement of the Chair says about considerable progress being made in Cancun is just rhetoric without substance.
THE GREEN ROOM

The so-called Green Room Consultation has become a hallmark of what observers claim to represent the kind of undemocratic practices going on in the WTO. The GATT Director General started this practice in the preparation for the last round but it was generally tolerated by the membership as a whole for most part of the round. No more now. The Uruguay Round has exposed the danger to a number of countries, particularly developing, of such a small and selective form of negotiations and way of reaching agreements. Agreements in the trade body carry commitments in the form of obligations and rights and often couched in difficult legal and technical language. There are two primary areas where commitments impact in the home economy. Trade liberalization calls for major adjustments of the economy. Where it is made in the form of legal constraints on domestic economic policy, it limits the freedom of economic activities that the government can plan for. If what the observers complained about were true, it would be difficult to understand how the Chair of the Green Room Consultations could expect some delegations to accept such implications when they were not present to give their view and position. If there were any attempt to wreck a consensus, such delegations would be among the first.

SINGAPORE ISSUES

New issues such as those called the Singapore Issues, particularly trade and investment and trade and competition policy, can have very serious implications on their freedom to pursue an independent course of social and economic development. Nothing illustrates this negative aspect of the negotiations clearer than the agreement to proscribe local content as a requirement relating to foreign investment. This was an essential policy instrument of many developing countries including some rich countries to jump start industries. This prohibition originated from the demand of the US and other developed countries jumped into the bandwagon in the last round. Trims so far serves this purpose.

The exercise of the Organization of Economic Cooperation and Development or OECD in the early 1990s to conclude a Multilateral Agreement On Investment (MAI) is indicative with regard to the objectives of developed economics for such a multilateral agreement. The primary motivation is to obtain for their enterprises rights of free entry, free exit, establishment, most favoured-nation treatment and national treatment without any concomitant obligations on their part towards the host government concerned.
In one stroke of the pen an agreement of this sort could make meaningless what developing countries aimed to achieve in their social and economic development plan. Many of their policy measures aimed at building up indigenous industries either by their own steam or with foreign cooperation (e.g. with incentives) would be nullified or proscribed once a MAI-type agreement came into play and became an integral part of the WTO. Even with a MAI-type agreement it is doubtful that small economies can be guaranteed that foreign investments will come in to open up factories and establish industries. Developing countries might as well forget about pursuing any national development plan, particularly to build up indigenous industries in such circumstances. This is where there is a worry about sovereignty. Would such an arrangement be mutually advantageous? Developing members have become wise to the implications of proposals of this nature. They have rejected in the inclusion of the Singapore Issues like investment for good reasons.

There is a report that the European Union Commissioner concerned at Cancun has tried to link continuation of negotiation over agriculture with adoption of the Singapore Issues by developing countries. Anyone familiar with the negotiating history over agriculture will know that the Uruguay Round has already agreed on the manner by which the matter is taken up in the trade body. Agricultural trade, a vital sector for most countries, stands on its own track as an issue for negotiation that is an on going exercise by agreement reached in the last round. To any fair-minded participant in the WTO or observer, any attempt at this linkage becomes highly unethical especially to create a deadlock for tactical purpose, even if the move was tactically one to create an impression of an impasse.

It is said that EU subsidies on cattle amount to about US$2 per head per day. When this subsidy quantum if true is considered against the fact that poor people in Africa and Asia in their millions have only a per head income about US$1 per day, the attempt at linkage would become repulsive. To dedicate the trade body as it is done in the Preamble of the WTO Agreement in giving a priority to the development needs of poor countries and to acknowledge the need for effective efforts towards this end in the face of such maneuvering would be double talk.

There is no provision in the WTO Agreement about what manner negotiations should take apart from what the Preamble says of members entering into reciprocal and mutually advantageous arrangements to reduce tariffs and other barriers to trade, and elimination of discrimination. The GATT 1994 provides guidelines about reduction of tariffs in a negotiation. The trade body has inherited a good record of past experiences on the matter. It is, however, mainly up to the participating parties to decide
whether or not there should be any linkage in any trade areas or whether there should be one single undertaking linking all areas under negotiations. Normally these issues will be decided at the Ministerial Conference launching the round.

NGOs such as Oxfam have risen to challenge unfair practices in the WTO and world trade. This is an issue that becomes a rallying point for many of them. It is simply mind-boggling that the practice of the Green Room consultations can continue despite protestations from a number of WTO members over these few years. Developing countries that have been complaining about injustice in the trade body should not be a party to such restrictive closed-door proceedings. They should add their voice to the protests of their colleagues who have been shunted out for no valid reason other than their presence makes the negotiation unwieldy.

FAILURE AT CANCUN, CONSENSUS, AND ITS MEANING

Can developing countries be blamed as culprits for failure at Cancun as some in developed countries including their press take such a view? Is there justification for the kind of threat now coming from the Chairman of the US Senate Finance Committee or manouevre to link agriculture with the Singapore Issues? Is the argument convincing coming reportedly about the Japanese telling Ministers of developing countries that they need a multilateral agreement on investment if they want to attract foreign investment? Should poor countries better listen to their developed counterparts if they want what is good for them as some in the western press advise? When matters are reaching a crisis point because of serious differences among the members, any observer wanting to understand the situation should look at questions such as those posed above against the purposes and functions for which the WTO is established.

The trade body unlike the GATT has an institutional framework or a constitution. Decision by consensus is a requirement under the framework. It is only when no decision can be arrived at by consensus, that voting is called for. The WTO Agreement, Article IX.1 provides the rules on voting. However, as explained in the footnote to the Article, a single member, present at a meeting where a decision on a matter is before a body of the organization concerned, can block a consensus by making a formal objection to the decision. Consensus here is pertinent when it comes to proposal for new issues to be included as parts of the organization. One of the WTO's functions is that it may be the forum for further negotiations among its members in matters concerning their multilateral trade relations, apart from those accepted as outcome in the Uruguay
Round, and to serve as the framework to carry out the results of such negotiations. The required decision is by consensus at a Ministerial Conference. This is the provision for reform to borrow the word from the press. However, consensus as defined in the Agreement is highly stringent. It needs only a single member to nullify or destroy a consensus, if he is present where the decision on a matter is before a body and formally objects to the decision.

Consensus, as it is meant to be, is inclusive and thus a slow-going process. It requires a structure that allows a series of consultations and exchanges of views among the members to take place. Trust, mutual respect and camaraderie among participants provide the lubricants towards the road to consensus. Leadership of the Chair and assistance from the Secretariat and its impartiality to clarify difficult issues at hand are important prerequisites. Old practices of the GATT that run counter to the way will not hold.

Trade rules arrived at in the WTO carry legal rights and obligations. This is much unlike the functions of many other international organizations. These rules normally come about as a result of negotiations among the member countries at rounds of trade negotiations such as the Uruguay Round and now the Doha Round, apart from the exchange of concessions on tariffs and other border barriers to trade. They also come about as a result of demands for new issues to be added in the negotiations. It is a fact of life in any organization that when major partners ask for new rules, it is with the purpose of using them towards their advantage. As preparation for the Uruguay Round has shown these demands were initiated by their multinationals to serve their particular trade interests in a number of trade areas. Multinationals in these countries meet regularly to maintain a concerted and combined interest on the progress in the WTO and as pressure groups on their authorities.

Market access is becoming less of a problem as trade barriers because of tariff reductions taken in the 8 rounds of trade negotiations except in the area of agricultural trade, tariff peaks in certain developed nations and comparatively still high tariffs in a number of developing countries. As border barriers to trade are becoming less important because of progressive liberalization, the negotiation strategy of certain developed nations such as the US is increasingly aimed at internal economic policy, e.g. where possible to proscribe commercial and industrial policy measures they no longer need but still important to developing economies, industrial targeting by emerging economies and any would-be followers. The main argument from developed economies and their economists is that such measures are trade distorting. Political leaders in poor countries have bigger problems
than trade distortion to worry about when they undertake such measures to improve the economy or to redistribute income. The trend of negotiations in the WTO is rule making.

CONCLUSION

As the press reported one important factor in the failure at Cancun seems to be a showdown between developed nations on one side and developing countries on the other over the Singapore Issues. When differences among negotiating parties manifest in such a form serious difficulties lie ahead. The development if true will show that there is an incipient North-South divide. Once this becomes entrenched in the WTO negotiation process, woeful sides the organization. One is reminded of the years of stalemate at the United Nations Conference on Trade and Development. The organization could well do without the sort of division among the members as the press reported of the event at Cancun. Apparently conduct of the negotiations was partly at fault. The trade body could not operate in such a situation. It would not be acceptable to the outside world and the political masters at home.

Recent developments in other international organizations show what certain major powers can do if they find themselves frustrated by others in the pursuit of their ambitions. Here they may try to strengthen regional trading arrangements. They may create more bilateral free trade agreements with individual countries. However, such options are no substitutes for a multilateral approach in trade. They can play complementary role. They are second best to use other words. Regionalism or bilateral free trade agreement cannot create better conditions for wealth and growth than what a world trade body like the WTO can provide, particularly in present day globalization. The politics in the trade body and among some of the major members is such that none could predict with certainty how the scenario would develop. The event at Cancun did create an air of uncertainty something similar to the GATT before the Uruguay Round. Pessimists would say, this is bad for world trade.

Trade rules made in the trade body form the basis of the world trading system. Rules, according to principles of law, are meant also to protect the weak, and provide justice. However, if these are lopsided against the trade and economic interests of poor members when the WTO is meant to give them a priority in the matter, the resulting outcome is one of blatant injustice. Once this is part and parcel of the trading system injustice is institutionalized as a norm. Developing countries are aware of the situation. No sensible people can expect them to accept such a working condition
in any international organization. Gratuitously in rule making in the trade body they find it easier to reach common position and to unify to face the hard line of some developed countries.

There seems to be no easy answer to the deadlock over the Singapore Issues. The Doha Round is stuck because of this impasse and would not move unless this is resolved. The General Council meeting at Senior Officials' level is asked to take over what the Ministers at Cancun could not bring about. The Ministers at Cancun were asked to achieve what officials in Geneva could not. This might look to outsiders highly confusing, like passing the buck or worse, the trade body going around in a circle.