

How 5 Billion Got Left Behind

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By Jeffrey E. Garten

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2004-08-02 - It's high noon for global trade negotiations. Since the breakdown of talks in Cancun, Mexico, last September, Supachai Panitchpakdi, the director-general of the World Trade Organization, has tried frantically to get what is called the Doha round back on track. He has flown more than 250,000 kilometers, including making six trips to Africa and four to Latin America and the Caribbean. He has implored top officials in the United States, Europe and Japan, and all over the developing world, to return to the negotiating table.

By July 31 we will know the outcome of his efforts. That's the deadline for producing a road map to guide the negotiations to an end. If agreement isn't reached this week, the combination of the U.S. presidential election and the installation of a new European Commission in November—both of which could lead to policy reviews and new chief negotiators—could sap all the momentum and jeopardize the very future of the WTO and all it stands for. Unfortunately, even if the negotiators agree to move forward, the ultimate results are apt to fall short of Doha's loudly proclaimed goal: to give developing nations a greater share and say in global trade.

Whatever happens this week in Geneva, at best the Doha round will look pretty much like its predecessors—a deal cooked up in the back room between Washington and Brussels with their narrow interests in mind and a few crumbs offered to poorer nations. For example, nothing currently on the table would significantly lower U.S. and European Union agricultural subsidies and barriers to imports of developing-world food and industrial products, certainly not to the extent those countries require.

More important—and much less noticed—is the fact that very little will be done to give such nations access to cheap generic drugs, or to lower the obstacles to migrant workers seeking jobs in the developed world, or to further open rich markets to the competitive maritime shipping and construction industries of developing nations. The cards will still be stacked in particular against the 50 very poor countries such as Haiti, Zambia, Nepal and Cambodia, all of which need extra-special trade assistance.

To be sure, Western trade officials would see any result as better than outright failure. And most of them would say that the place to get at real development issues is not in the WTO, where developing countries are required to engage in reciprocal bargaining, but through foreign aid and organizations like the World Bank.

They are badly mistaken. Development is the most urgent global challenge of the century. It can no longer be walled off from other international negotiations, be they related to trade, investment, communications, transportation, counterterrorism, commerce in illegal narcotics—you name it. *Everything* should now be about development.

Consider: of the 6 billion human beings on earth, the richest billion earn 80 percent of global income. Of the remaining 5 billion, half earn less than \$2 per day and half are under 25. Hundreds of millions of new jobs will need to be generated to keep this population from a social implosion that would create an economic and moral catastrophe. Such a state of affairs would also lead to massive national-security problems for the United States and Europe.

It would be one thing if the lives of the 5 billion poor were uniformly improving. True, in China and some other Asian countries there is cause for some optimism. But more generally, U.N. statistics show something else: no improvement in poverty rates in the 50 poorest countries; 8,000 people infected by HIV/AIDS every day, with the epidemic crippling not just Africa but potentially Asia; billions of dollars in shortfalls in foreign-aid disbursements relative to commitments from rich countries; environmental deterioration nearly everywhere.

And what the statistics don't show is that rich nations are not prepared to open their markets to developing countries because they aren't taking the necessary steps to help their own citizens cope with the impact on their jobs. What will be needed is a 21st-century safety net for workers in wealthy societies. Every country has its own system, but in the United States this would mean, at a minimum, portable pensions, portable health insurance, more extensive transitional unemployment insurance, better assistance for job retraining and a major overhaul of secondary education. Suffice it to say we're light-years away from all this.

So let's hope that the next few days will bring an agreement among trade officials in Geneva. Without a clear agenda, the WTO's 147 members will have little incentive to engage in the tough concession-swapping needed to reach a deal. Completing the talks

could take a year longer. But let's not fool ourselves into thinking that if victory is proclaimed, it will be anything close to what is really needed. Doha is still being called the "development round," but real development is not on the table.

Garten is dean of the Yale School of Management.