

# The worst of times

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The rich world's brutal diplomacy is worsening the plight of poor nation. The first of a three-part series on trade

**T**he world is beginning to look like France, a few years before the Revolution. There are no reliable wealth statistics from that time, but the disparities are unlikely to have been greater than they are today. The wealthiest 5% of the world's people now earn 114 times as much as the poorest 5%. The 500 richest people on earth now own \$1.54 trillion – more than the entire gross domestic product of Africa, or the combined annual incomes of the poorest half of humanity.

Now, just as then, the desperation of the poor counterpoises the obscene consumption of the rich. Now, just as then, the sages employed by the global aristocrats – in the universities, the thinktanks, the newspapers and magazines – contrive to prove that we possess the best of all possible systems in the best of all possible worlds. In the fortress of Camp Delta in Guantanamo Bay we have our Bastille, in which men are imprisoned without charge or trial.

Like the court at Versailles, the wealth and splendour of the nouveau-ancien regime will be on display, not far from the stinking slums in which hunger reigns, at next week's world trade summit in Cancun in Mexico. Between banquets and champagne receptions, men like the European trade commissioner Pascal Lamy and the US trade representative Robert Zoellick will dismiss with their customary arrogance the needs of the hungry majority. There we will witness the same corruption, of both purpose and execution, the same conflation of the private good with the public good: *le monde, c'est nous*. As Charles Dickens wrote of the ruling class of that earlier time: "the leprosy of

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unreality disfigured every human creature in attendance.”

The unreality begins in Mexico with the World Trade Organisation’s statement of intent. It will, its director general says, ensure that “development issues lie at the heart” of the negotiations. The new talks, in other words, are designed to help the people of the poor nations to escape from poverty. In almost every respect they are destined to do the opposite. Every promise the rich world has made the poor world is being broken. Every demand for the further expropriation of the wealth of the poor is being pursued with ruthless persistence.

Take, for example, the issue of “tariffs”, or taxes on trade. A new report by Oxfam, published today, shows that the poorer a nation is, the higher the rates of tax it must pay in order to export its goods. The United States imposes tariffs of between 0-1% on major imports from Britain, France, Japan and Germany, but taxes of 14 or 15% on produce from Bangladesh, Cambodia and Nepal. The British government does the same: Sri Lanka and Uruguay must pay eight times as much to sell their goods over here as the United States.

This happens for two reasons. The first is that the poorer nations can’t fight back. The second is that, without taxes, the poor would outcompete the rich. The stiffest tariffs are imposed on goods such as textiles and farm products, in which the weak nations possess a commercial advantage.

The current trade talks were launched with the promise that tariffs would be reduced or eliminated, “in particular on products of export interest to developing countries”. The deadline for producing an agreed text for the Cancun meeting was May 31. Because the rich nations have blocked every attempt to agree upon the wording, nothing has been produced. Instead, last week the European Union, the US and Canada submitted a new paper. It proposes that the poorest countries must do the most to cut their trade taxes. Bolivia and Kenya must reduce their tariffs by 80%, the EU by 28% and the US by just 24%. It appears to be a calculated insult, designed to prevent any agreement on this issue from taking place.

Nor has any progress been made on farm subsidies. In 1994, the rich countries agreed that they would phase them out, if the poor countries promised to open their markets to western corporations. The poor nations kept their promise, the rich countries broke theirs. The new round of talks is supposed to lead to the “phasing out [of] all forms of export subsidies”, and a negotiating text to this effect was meant to have been produced by March 31. Again, the promise has been broken, and again the poor have been told that only if they grant the rich world’s corporations even greater access to their economies, farm subsidies will come to an end.

But the powerful nations, while refusing to address the demands of the poor, press

their own claims with brutal diplomacy. They now insist that the “development round” be used to force nations to grant foreign corporations the same rights as domestic ones; to open their public services to the private sector and to invite foreign companies to bid to run them. What this means, as nearly all the big multinational corporations are based in the rich world, is a rich world takeover of the poor world’s economy.

Lamy and Zoellick and the governments (such as ours) they represent must know that these demands are impossible for the weaker countries to meet. They must know that the combination of their broken promises and their outrageous terms could force the weaker governments to walk out of the trade talks in Cancun, just as they did in Seattle in 1999. They must know that this will mean the end of the World Trade Organisation. And this now appears to be their aim.

Subverted and corrupted as the WTO is, it remains a multilateral body in which the poor nations can engage in collective bargaining and, in theory, outvote the rich. This never happens, because the rich nations have bypassed its decision-making structures. But the danger remains, so the EU and the US appear to wish to destroy it and to replace world trade agreements with even more coercive single-country deals. The narrow path campaigners have to tread is to expose the injustices of the proposed agreements without assisting the rich world’s underlying agenda by demanding that “the WTO has got to go”.

But eventually, as in France, there must be a revolution. It is likely to happen only when there is a globalised crisis of survival: a worldwide shortage of grain, for example (like the deficit which followed the bad harvest of 1788) or – and this is currently more likely and more imminent – a shortage of fossil fuel. In previous columns I have suggested some of the means (such as a threatened collective default on the debt) by which this revolution can take place. Until the nouveau-ancien regime has been overthrown, and Lamy and Zoellick and their kind are (metaphorically) swinging from the lampposts, the rich, like the aristocrats of France, will devise ever more inventive means of dispossessing the poor. #

**Next week:** *How do we best support the demands of the poor world?*