



Lori's War

Meet Lori Wallach, leader of the anti-WTO protests in Seattle. Find out who she is, how she works, and what she plans to do next.

Not many people have heard of Lori Wallach. But millions of people around the world saw the results of her work in organizing massive protests against the meeting of the World Trade Organization (WTO) last November in Seattle. In 1997, many people were similarly ignorant about the Multilateral Agreement on Investment—a set of rules about international investment then being negotiated by representatives of the world's largest economies in the Organisation for Economic Co-operation and Development. But after Wallach and her collaborators started their campaign against the treaty, many government ministers came to wish that they had never heard of it either.

These are just two of the battles that the 36-year-old Wallach has won in the war she has been waging for more than a decade against what she disdainfully calls “the system of corporate-managed trade.” While most of her Harvard Law classmates were making the big money at white-shoe investment banks and law firms, Wallach started her career working with Public Citizen, the public interest group founded by consumer advocate Ralph Nader. While lobbying the U.S. Congress on consumer protection issues, she realized that many of her legislative causes conflicted with the international commitments that the United States had undertaken as a member of the General Agreement on Tariffs and Trade, the international body then in charge of setting and enforcing the rules governing trade among nations. This realization led her to focus on reforming trade's

rules and institutions and, eventually, to become the director of Public Citizen's Global Trade Watch.

Wallach is widely regarded as an intelligent, well-informed, and media-savvy political organizer. She is also highly controversial. One senior WTO official told *FOREIGN POLICY* that dealing with her is nearly impossible because "her criticisms and attacks on the WTO constitute a subtle blend of legitimate concerns, deliberate or partly deliberate misinformation, and populist rhetoric." Her supporters instead view her as an indispensable leader with a unique vision.

Wallach's achievements illustrate the dilemmas and opportunities created by globalization. While she crusades against the current system of international trade and investment, the sharp drops in the costs of communication and transportation produced by technology and economic liberalization have dramatically increased her influence and effectiveness. Her informal, decentralized, and nonhierarchical network of committed activists has proven more nimble and effective than the bureaucratic, centralized, and unwieldy institutions that she opposes. Indeed, even as globalization has endowed some nations and organizations with unprecedented power, it has also allowed the emergence of leaders like Lori Wallach, who do more than just talk about bending the will of these powerful entities—they succeed in forcing them to change their ways. Recently, *FOREIGN POLICY*'s editor, Moisés Naím, sat down with Wallach to have the first of what we hope will be many dialogues with people you may not know but should. What follows is an edited and abbreviated version of their conversation, which took place on January 24, 2000.

THE MAKING OF A GLOBAL ACTIVIST

Moisés Naím: Tell us about some things that are not in your curriculum vitae—things that are not well known about you, that can help us understand who you are.

Lori Wallach: Well, I guess one thing that's relevant when I think about how I got here is that I grew up in a small town in northern Wisconsin, as one of the only Jewish kids for about two hours in any direction. Fighting for one's principles became a necessity the moment we went to school and started getting picked on for being Jewish. My father was in small business, and my grandfather came here fleeing the Nazis and really sort of started over from scratch.

I think my upbringing gave me a combination of what Ralph Nader calls an early learned scrappiness from just defending myself, and the notion of being able to accomplish almost anything you really feel is worth fighting for. I remember, at one point, coming home after a fight at school, and my mom said, kick your enemies and pick your friends; no one should feel neutral about you. Your friends should love you, and your enemies should think you're a major pain.

MN: What about your education?

LW: After a public high school education, I went off to the East Coast to Wellesley College and Harvard Law School. One influence there was the impact of some knock-down-drag-out fights at Harvard with our classic Chicago School-line-economics dean, Bob Clark. If I wasn't already heading in a progressive direction—and I was—that really did it.

MN: How would you describe yourself politically? Do you have an ideological moniker that you feel comfortable with?

LW: I would describe myself as progressive.

MN: Does leftist . . .

LW: Well, I think I generally would be seen, yes, as left on the political spectrum, but progressive is very different from liberal, and liberal in the U.S. meaning of it. A progressive outlook puts a higher value on process issues that have to do with power and equality, and accountability, and is more suspicious about big everything. Liberals just think government always is the answer. Progressives are likely to criticize government for getting too big, a media entity for getting too big, a private company for getting too big.

MN: Are people who think of you as a Luddite wrong?

LW: Yes, I would not say Luddite is the right description. Ned Ludd's issue was technology as a phenomenon that he wanted to turn around, smash, stop. My issue is not that there won't be global trade; there will be global trade, in fact, some of it's very good. The question is, under what terms? It's a false dichotomy to say it's either this way or no trade. Describing me as a Luddite suggests that because I criticize the status quo and its outcomes, all I can recommend is breaking up the current economic system. That's baloney. What I'm saying is, this way ain't working, it's one choice, it's not inevitable, it was the wrong choice, it can be transformed into something that works.

MN: What are the high points in your career? Can you point to three

moments when you savored victory and felt good about what you were doing?

LW: Well, one great moment, certainly, was the failure of U.S. fast-track legislation in Congress in November 1997, when ultimately we achieved what we had not been able to achieve in the case of the North American Free Trade Agreement (NAFTA). Congressional district by congressional district, we had built permanent, educated movements of people who were not willing to take any more NAFTA expansion, any more of fast track.

And as important as winning that battle was realizing that the better part of a decade of grass-roots organizing—very tedious, painstaking, district by district, small town by small town, educating rooms of people, 50 at a time—had actually come to critical mass.

Another very important time was when we found out that the Organisation for Economic Co-operation and Development (OECD) had pulled the plug on the Multilateral Agreement on Investment (MAI), a deal that was negotiated largely in secret, and was 90 percent done, when we heisted it out of the OECD's copy rooms, scanned it into our Web site, and made sure the whole world knew it existed.

The third great moment was in Seattle. The time of all times was to see so many Americans educated enough to take time off and come to Seattle on their own dollar, with all of the chaos and confusion of trying to find a place to stay, simply to have their own word. It wasn't the actual announcement that the trade round was stalled, but rather to see that years and years of work had resulted in 40,000 educated people dropping everything to say, "No more of the same."

MN: What about low points?

LW: Certainly one of the key down periods was the year and a half I spent in the very early '90s, going to Geneva to meet with officials on the General Agreement on Tariffs and Trade (GATT). At that point, I was not much of an activist or organizer, but much more a policy wonk and trade lawyer with my reams of paper explaining how to change the draft text of the technical barriers agreement, to add due process into the dispute resolution agreement, and any number of other, if you will, reformist proposals that were promptly sent by paper airplane out the door right after me. There was no openness, and the level of arrogance was amazing. As disheartening as it was, it was also a motivating factor for an enormous amount of political organizing.

MN: Has there been any moment in which the media has depicted you in ways that have hurt you, your feelings?

LW: I mean, there have certainly been stories that haven't been flattering, to say nothing of pictures. But that stuff doesn't really get me unless I think it's going to affect my effectiveness. I mean, sticks and stones may break my bones, but screw 'em. On the other hand, what was really disheartening was, during NAFTA, to see the special-interest deals, and the insider trading, and to realize that we really had to bolster even more our congressional-district-by-congressional-district organizing. That was a very good lesson.

MN: Why can you now claim the influence to stop a new round of world trade talks when your previous trips to Geneva to persuade the GATT staff to make minor reforms were fruitless? What has empowered you?

LW: Two things. First, I would say 70 percent of it is the actual track record of NAFTA and the World Trade Organization (WTO). Second, the years and years of work, to make ourselves politically organized and relevant.

MN: What about the Internet?

LW: It's a tool like anything else. The real organizing for the "No New Round Turnaround" campaign culminating in Seattle was face to face. It's people I've been meeting with three to four times a year, from around the world, since 1992.

MN: So you think you could have achieved almost the same outcome without the Internet?

LW: Well, the Internet certainly made it a lot easier, and faster. For instance, when we were working on the Uruguay Round in 1992, we finally liberated a copy of the text. It was on Christmas Eve; I got someone to take it out of the copier room at the GATT headquarters, put it on KLM. They flew it to Dulles International Airport, outside of Washington; I drove to Dulles, I drove back to Capitol Hill. I sent it to the Kinko's copy shop on Pennsylvania Avenue, they made me 30 copies, I ran it to Federal Express—because it was Christmas Eve—and I sent it to my coalition partner in Japan, who also was responsible for getting it to Thailand, just as the guy in Malaysia was supposed to get it to Indonesia, and the person in France should have gotten it to Spain and Portugal, etc., all by mail. So there was this whole *meshugas* of trying to mechanically make copies of an 800-page text and mail it, at \$50 a pop. It took a week and a half before anyone had it in their hands, by the time all the running around and Christmas happened.

MN: Contrast that with the experience with the OECD's Multilateral Agreement on Investment.

LW: The text came in a brown paper bag. I will not say anything more detailed about how we got it, and we scanned it onto the Internet.

MN: Came to whom?

LW: Public Citizen. It was delivered by a stork. It was not supposed to be liberated; it was secret, had been secret for three years. We scanned it into a computer, cleaned up the text, and had it turned around and posted on the World Wide Web, with, by the way, our analysis, because while other people were scrubbing the text, I was explaining what it meant—and we had the whole thing out in about three days, and the whole world got it.

REWRITING GLOBALIZATION'S RULES

MN: Let's move on to your worldview. If all of your efforts, and those of your colleagues, were successful, how would the world be different from the way it is now?

LW: There would be a global regime of rules that more than anything create the political space for the kinds of value decisions that mechanisms like the WTO now make, at a level where people living with the results can hold the decision makers accountable. Right now, there are decisions, value-subjective decisions, being shifted into totally unaccountable, international realms where, if the decision is wrong, there's no way to fix it. If the decision makers are self-interested, and as a result themselves need to be changed, there's no way to change them.

MN: Who should make the rules about international trade?

LW: Those kind of rules should be made at a level where people who are going to live with the results can hold decision makers accountable. So, for instance, I believe, as do many of my colleagues, that India can have a rule that says no patenting of critical basic medicines. As long as they don't give intellectual property protection to domestic producers of those goods, they should be able to treat imported goods the same way. It's their decision.

MN: Mike Moore, the head of the World Trade Organization, says that he detects "a potentially dangerous rise" in isolationist nationalism. That, for example, there is the need to have some homogeneity in the world trading system. He says: "The setback faced by the WTO has far-reaching consequences, which go beyond the multilateral trading system and should be a concern to all international organizations."

Lori Wallach's Global Impact

The last major pieces of trade legislation approved by the U.S. Congress were the North American Free Trade Agreement in 1993, creating a trade and investment region among Canada, the United States, and Mexico, and the General Agreement on Tariffs and Trade Uruguay Round in 1994, which created the World Trade Organization (WTO). Wallach and her global coalition opposed these initiatives and were defeated. Since then, however, she has played a leading role in three campaigns that achieved major victories.

"Fast-track" trade authority was finally shelved in November 1997, after almost four years of White House dithering over whether to propose the legislation or not. "Fast track" is the legislative legerdemain under which Congress allows the president to negotiate trade agreements that are then voted on without amendments. Without it, the White House has no guarantee that lawmakers will not seek to change the terms of trade agreements reached after lengthy trade talks.

Negotiations were taking place among the nations belonging to the Organisation for Economic Co-operation and Development (OECD) on the **Multilateral Agreement on Investment**, which proponents called the new world constitution on the rights and rules of investment. Opponents obtained a copy of the draft agreement and placed it on the World Wide Web, launching a public campaign that led, in some countries, to parliamentary hearings and initiatives that eroded governmental support for the agreement. Shortly afterwards, the OECD countries failed to reach an accord and decided to table the issue. Corporate and political leaders still insist on the need to establish rules to protect investments, but there is no sign that negotiations will be relaunched.

The WTO planned to launch the so-called **Millenium Round** of trade talks that would encompass issues including agriculture and trade in services during a four-day meeting (November 29-December 3, 1999) held in Seattle. But public protests, including marches and street riots, delayed the opening ceremonies and poisoned the atmosphere. The talks broke down. Many see the Seattle events as a symbol of the beginning of a backlash against free trade and globalization in general. In February 2000, the WTO announced that it had decided to launch a new round of trade negotiations scheduled to begin this spring.

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LW: Well, but to challenge your basic principle, the diversity that you see as a lack of homogeneity, and thus somehow identify with nationalism—we see that diversity as a result of democracy, as a blessing. The United States is nuts about cancer. So our food safety regulations have this benchmark of zero risk of cancer. Europe, on the other hand, for who knows what historical reasons, worries about genetic birth defects.

MN: What are the implications of this difference for international trade?

LW: The United States allows additives and colors that are banned in Europe. They have no risk of cancer, but they could give you a three-headed child. In Europe, they are drinking Diet Coke that has a bunch



“Between someone who actually got elected, and the director general of the WTO, there are so many miles that, in fact, he and his staff are accountable to no one!”

of stuff that will give you, theoretically, according to the U.S. rules, cancer, but they don't care as much. It's their decision, it's their life. And similarly, if India believes, at its stage of development, that it is more important—as, by the way, the United States did in heisting European technology when we were a

developing country—to take care of the health of its people, and thus have access to pharmaceuticals, as a principle more important than protecting the intellectual property rights of foreign pharmaceutical companies through compulsory licensing, then it should have the right to do so. That's a democratic decision in which governments, which can be elected and replaced by the people who will live with the results, are the ones setting priorities aimed at those people's needs.

MN: You're referring to the idea of democratic deficits in multilateral organizations, namely, that these organizations are run in ways that you say lack democracy, transparency, accountability, and so on. Some people argue that nongovernmental organizations (NGOs) like yours also have a democratic deficit—that you also lack democracy, transparency, and accountability. Who elected you to represent the people in Seattle, and why are you more influential than the elected officials, or, for that matter, the appointed officials, from elected governments?

LW: Who elected Mr. Moore? Who elected Charlene Barshefsky? Who elected any of them?

MN: They were appointed by democratically elected governments.

LW: Between someone who actually got elected, and the director general of the WTO, there are so many miles that, in fact, he and his staff are accountable to no one!

MN: But then it behooves you to explain your alternative system.

LW: Yes, well, all of these crushing defeats of the trade status quo are brought to you mainly by the arrogance and inability to bend of those enjoying the trade status quo. The inability to bend has caused several major things to be smashed. But it's getting extremely tedious, because it's really boring to stop things. What would be interesting is to talk about the second phase. Not stopping a bunch of stuff, but rather, what you would replace the status quo with.

MN: Please talk about that. Describe the alternative system that you would propose.

LW: Well, a main feature of it is to prune back the WTO. There need to be international rules, no doubt—again, we're not calling for autarky, but to have rules about food safety protection, to have rules on how to balance the need of people to have access to medicine with the interests of the pharmaceutical industry. That is not the kind of decision you want made at an institution that was designed for the purpose of expanding trade, and whose staff has an agenda that does not include the array of interests and issues that are implicated, much less the expertise.

So for instance, if I could redesign it overnight, it would be on many levels. Some of it would be domestic changes, mind you. But in terms of international institutions, I would call for the pruning back of much of what happened in the Uruguay Round.

I would keep the notion of national treatment, the notion of competition between countries without discrimination based on where something is made, but I would eliminate all these subjective decisions that have been patched onto the trade system.

MN: Such as?

LW: I would take intellectual property rules and revert them to the World Intellectual Property Organization, for instance. And I wouldn't impose a worldwide 20-year monopoly on patents on every single country,

Public Citizen

MN: Public Citizen is accused of defending initiatives that, although couched in causes that relate to consumer rights, environment, and labor, in the end contribute to the adoption of protectionist measures that make trade more difficult.

This perception has been amplified by recent reports saying that your organization is financed by Roger Milliken, a well-known textile businessman known to fund highly nationalistic causes in the United States.

I have two questions. First, why do all your initiatives end up proposing obstacles to trade? And second, is it true that you have financing from well-known funders of protectionist causes?

LW: Okay. First, the notion that if you oppose the status quo, you're protectionist, is a rhetorical device by people who want to preserve corporate-managed trade. In fact, there's a lot of protectionism in the so-called free-trade regime, not the least of which are intellectual property rules that limit trade. The funny thing is, Public Citizen is well known for having pushed to get Japanese cars into the United States because they were better for fuel efficiency and at the time, actually, were more innovative in safety. So you could say that we're zealous in putting health and safety and the environment ahead of commercial values. That is not protectionist; that's a value choice.

As far as the funding, the easy initial answer is, Roger Milliken does not fund Public Citizen.

MN: So reports that say that Mr. Milliken, his organizations, his foundations, or his activities fund Public Citizen, or your specific initiatives, are not true?

LW: That is correct.

MN: What is your annual budget?

LW: I believe the total budget of Public Citizen is slightly less than \$11 mil-

regardless of level of development or other domestic interests and values. I would maintain a global regime of trading, because I would have the tariff and quota rules, which need to be tweaked.

And I would have international rules in other fora that would be given treatment equal to those commercial rules of the WTO. Alternatively, I would have some system of adjudicating between those sets of rules made by different multilateral bodies.

MN: Trade usually brings disputes and frictions. It is normal in commer-

lion. I think this year's Global Trade Watch budget is about \$760,000.

MN: Where does the money come from?

LW: The vast majority of Public Citizen's funding is from our members.

MN: How many members do you have?

LW: I believe right now, 150,000. They pay minimally \$20 a year to be a member; they get a magazine, and other benefits. And some people give extra for extra campaigns.

For Global Trade Watch, another important source is foundation funding. For instance, the Foundation for Deep Ecology supports our work on the implications of globalization for the environment. And the Ford Foundation has funded us to look at democratic accountability in an era of globalization.

MN: Is the list of your funders available?

LW: Yes.

MN: So your funding is transparent?

LW: From my perspective, it certainly is.

MN: Are there professional associations that fund Ralph Nader? Like lawyers, tort lawyers, and—

LW: No. Any time we do something successful, we're always accused of taking some bagman's money. And we jokingly say, considering how poor our institution is, and how much hell we get about this, it's a shame we don't just get the goddamned money. But, in fact, our terms of incorporation prohibit corporate or government funds.

MN: Who are you accountable to?

LW: Our members.

MN: How do they express their oversight?

LW: Well, a couple of different things, not the least of which is their checkbooks. The times that we've gone off on issues that they didn't find important or valuable, they stopped being members.

cial life to have disagreements and disputes. Therefore, you need rules, and an entity that defines the rules and that enforces them and eventually resolves disputes. How would you describe the governance system that would ensure that these functions were carried out fairly and efficiently?

LW: It's not just taking the rules out; it's either depowering the WTO relative to other institutions, international ones, or empowering institutions such as the International Labour Organization (ILO), which right now is toothless and useless. Let me step back ...

There are two ways it's going to go, because it's not going to stay as it now is. One possibility is that there's going to be a system where the big institutions like the WTO are dramatically pruned back, and there are no international rules in a lot of areas and nations will be setting up those rules themselves. They would, for instance, set up the terms of access to their markets. They wouldn't be allowed to discriminate on the basis of where something was made, but as long as you banned child labor, you could ban goods made with child labor, and each country would set up those rules. You would have a lot less trade, and you would have a more fragmented system. That is option one.

Option two is one where you would have international standards that would serve as a "floor" of conduct. There would be a basic requirement, the minimum conditions that would have to be satisfied for a country to gain access to another country's market.

Ideally, those standards or conditions would be established and enforced through institutions other than just the one with the commercial interest.

MN: So essentially your answer is that the WTO needs to be shrunk—depowered, you called it—with some of its powers pruned, and some of its powers transferred to organizations like the ILO. Are you therefore in favor of creating a global organization to deal with environmental issues?

LW: I think that there are merits to that.

MN: If Lori Wallach had her way, would she like the United States to pull out of the WTO?

LW: Well, I speak for a whole coalition of people, where we're talking about that very question for all of their countries, not just the United States ... and I think that half of the people think the WTO is not fixable. From my perspective, it has given every indication that it is an institution that will break itself by its inability to bend.

I hope that's not how it is, but that's how it has looked to me. Either it is going to be something that everyone gets out of—and half of the international activists are for that right now—or it's going to have to be transformed. And where the international activists, the network that brought you Seattle, is going, on consensus, is to say all right, Seattle was the wake-up call of all time.

For 10 years, they should have been paying attention and they didn't. But okay, Seattle really woke them up. Between now and the next meeting of the world's trade ministers, there is a list of things the WTO must do—not talk about, like they did for five years about transparency, and nothing happened. Things that must be accomplished, that are concrete changes, in the World

Trade Organization, both in its substantive rules and its own procedures.

And if those changes aren't made at the end of those 18 months or so before the next ministerial, then, not only should the United States get out, but, in fact, all of the country-based campaigns, and there are 30 of them at least, will launch campaigns either to get their countries out or to withdraw their funding. Because at that point, if they don't change, the institution will have been thoroughly proved to be unredeemable.

MAKING TRADE WORK

MN: Let's move from governance and institutional factors to actual outcomes. In 1994, you wrote that "some trade—for instance, bringing coffee to the United States or U.S. medical technology to the rest of the world—is useful and perhaps even necessary." What, then, distinguishes in your mind "good" trade from "bad" trade?

LW: Good trade is activity that, ironically, really meets the theory of why free trade should make everyone happier. Things that you can't make or grow in any vaguely economically feasible way in one place can be traded for things that are not available or doable in another place.

MN: So are exports of blue jeans from China to the United States good trade or bad trade?

LW: Well, it's bad trade, in the sense that, ironically, what I'm for is comparative advantage, not absolute advantage. That is, when a country or region truly has an advantage in something, it should be able to supply the rest of the world with that thing.

MN: What do you call absolute advantage?

LW: An example of absolute advantage is when a company can make an arrangement with the Chinese government to have at a People's Liberation Army work camp a bunch of Tiananmen Square college kids who are incredibly smart, and literally under the gun, making blue jeans or toys, at no expense to the company, except whatever it costs for the contract with the People's Liberation Army. The profits are enormous.

MN: So you would be, for example, in favor of putting high tariffs on blue jeans from China?

LW: I wouldn't. What I would do is I would try to change the conditions under which those jeans are produced in China.

MN: And if that's not possible in the short run?

LW: Then I would keep them out.

MN: With high tariffs?

LW: No, I'd probably use some of the WTO's Article 20 exceptions, which unfortunately have never been applied because they've been interpreted in ways that make them useless. But for instance, there are some that have to do with issues of morality, and slave labor in a prison camp is immoral.

So I would do it as an embargo in the same way you do it as a matter of national security. I wouldn't use tariffs. I would just say: Until these conditions change, these goods are not sellable here.

MN: And how do you deal with the dilemma of child labor? Some 250 million children between the ages of 5 and 14 work. And certainly, international labor standards against child labor appear to be a value everybody could uphold. For families in developing countries, however, a child's income often marks the difference between destitution and mere poverty. Many children will end up working anyway—but this time illegally, left unprotected by any kind of standards or laws. The dilemma is not that they are either working or at school; the dilemma is that they are either working or in the streets. In fact, there is recent evidence that efforts to limit child employment in carpet factories have led to a rise in child prostitution.

LW: Actually, the ILO data show that for children who are working, that huge, terrific number, many of their parents aren't. Child labor is the most compliant, cheapest labor of all. If you go to a place that has low labor costs, and limited labor enforcement, and you want to hit the bottom of the bottom, you go for child labor.

If the kids' parents had jobs, the kids could be going to school, and it wouldn't be this false dichotomy that's been set up.

MN: Let's talk also about NAFTA. You have been very critical of NAFTA, and you have said that the track record of NAFTA now has helped you persuade people to support you. What do you say to people who tell you that NAFTA has been a success, both for Mexico and for the United States, that lost employment to NAFTA in the United States is minimal, compared with the impact of technology, for example.

LW: Well, I don't think anyone argues that anymore. I mean, it's hard to do that with a straight face. Even the greatest boosters of NAFTA, unless they are super-NAFTA ideologues, have basically just given up on trying to say it was a success. The Clinton administration documents call it a wash that's been overdramatized and didn't really do much of anything either in creat-

ing or destroying jobs. I think that's an understatement of its damage. It's pretty accurate about its benefits. The bottom-line answer is this: Show me the data. In 1996, when we filed a Freedom of Information Act (FOIA) request for data by the Commerce Department documenting job creation, it was the most amusing government document I have ever gotten under FOIA. Literally, there are about 800 jobs that you could see were created.

MN: The framing of NAFTA as a job issue was probably wrong, and the evaluation of NAFTA mostly in terms of job creation or job losses is also wrong. NAFTA is about the economic integration of three countries.

LW: Right. The question, though, is under what rules and with what incentives and outcomes? And although you can't show job creation in the United States under NAFTA, what you can show is that despite an enormous, long economic recovery, you only now have real wages starting to grow at all. And they're still below the levels of 1972. The real effect jobwise of NAFTA is on wages. It's on the quality of jobs, more than the number of jobs. So typically, when someone in the Clinton administration tries to say, "All right—NAFTA, we oversold it. But you know something? Even if NAFTA's had some downsides, the overall economy as we've managed it has created so many jobs, how upset can you be?" And I say, excuse me, the Labor Department says the top areas of job creation are janitorial, waiters and waitresses, retail clerks and cashiers. What kind of jobs are those that we are creating?

When you talk about the recovery in Mexico, in macroeconomic terms there is growth, there are increased exports. But in terms of what the real measure of an economy is, which is the standard of living of the majority of the people there, actually Mexico has gotten it the worst under NAFTA, by far.

MN: You have also opposed the initiative by the United States to give trade preferences to Africa. You called it NAFTA with Africa. Why is it so bad to help African economies export more to the United States?

LW: The issue is not so much market access to the United States. The issue is Section Four of that legislation, which was a set of conditionalities. African countries only got favorable access to the United States market if they were certified by the U.S. president each year as meeting a set of conditions. And those conditions read like the investment and intellectual property chapters of NAFTA. African countries had to, for instance, set up monopoly-style intellectual property rules. There were a variety of different rules that had to do with what they could do with

agriculture. They were specifically required to make domestic budget cuts in the name of stimulating macroeconomic growth, etc.

MN: Let's go back to the effects of the trading system. The world is enjoying a huge surge in trade. In the year 2000, global trade is likely to grow beyond 7 percent. Those who believe that trade boosts growth, and that growth creates jobs, regardless of other conditions, see this as a positive



“With the MAI, we smashed the shell that was the OECD. So they just took the pea and put in another shell. And now it’s in the WTO shell, and we’re going to just have to smash that one.”

trend. You, instead, do not see a boost in trade as something to celebrate. So is achieving 7 percent global growth something to be very worried about?

LW: The issue is not so much the rate of growth, or the volume of trade. The question is, what is going on in real measures of well-being? So, while the volume, the flow of goods, may be up, and in

some countries gross national product may be up, those macroeconomic indicators don't represent what's happening for the day-to-day standard of living for an enormous number of people in the world. That gets to one of the biggest critiques of the WTO in its first five years, which is that while the overall global flow of trade continues to grow, the share of trade flows held by developing countries has declined steadily. Similarly, over that five-year period, while the macroeconomic indicators have often looked good, real wages in many countries have declined, and wage inequality has increased both within and between countries. And you also have to reckon with a variety of social and environmental damage that is related to trade—everything from the loss of indigenous knowledge and culture to commodification of, for instance, plants for medical usage and the patenting of seeds.

MN: Give us an example of how the current trading system isn't working.

LW: One of my personal favorites is that under the current trade rules, it is profitable—or these companies wouldn't be doing this—for U.S. companies to harvest wood in the Pacific Northwest, make it into disposable chopsticks, wrap them in paper, with a note written on the exterior in Japanese, “For a single use, please dispose,” put them on a boat, and send

them off across the Pacific to Japan. Meanwhile, a Japanese company—this was two years ago—harvests timber in Sarawak, Malaysia, processes it into toothpicks, wraps them in plastic, and ships them to the United States. Somehow, it makes economic sense for those two boats to pass in the dark and go off to their respective destinations. Somehow, with all that transportation, all of that extra processing and labeling and translating, that trade is more worthwhile than trees in the United States going into our toothpicks, and the trees in Asia going into the Japanese market.

MN: What sort of regulation would you establish to avert this kind of trade? Some people will tell you that your example represents entrepreneurial freedom and free markets in action.

LW: Well, yeah, in that particular instance, the number one freedom is free lunch. The number one freedom there is corporate welfare, and subsidies of public funds being used for private gain. And that is particularly the case with transportation systems. I mean, what makes that doable is, basically, the system of petroleum pricing. But also, all the ports and roads that make it reasonable to schlep all that stuff around, to cut it down here and ship it there, and put it on a truck there, and take it here—

MN: So what concrete measures would you take to keep such transactions from taking place?

LW: Well, there are a variety of them and they're all at different levels. It is arguable that there should be no harvesting of wood out of Sarawak. Its indigenous people don't want their trees cut down; they're not being sustainably harvested. There are all kinds of international environmental standards that actually come up under the United Nations Environment Programme that could apply in this case. So the whole set of international rules, not the least of which are, for instance, a variety of transportation and other subsidies that are allowed under the Uruguay Round subsidy rules, versus a whole variety of other subsidies, like educational ones—

MN: How does an education subsidy affect the trading in toothpicks?

LW: No, no, no. What I'm saying is, there are certain subsidies that are not allowed. Like the government directly funding education in certain technology areas, which is seen as a subsidy to industry. What is allowed is the government subsidizing transport. And so you have the government basically putting our tax dollars into keeping the harbors dredged, and setting up the roads, and setting up the docks, etc. This cuts the cost of sailing that stuff across the ocean, unloading it, and so on, because the companies don't

have to pay for the ports, for the maintenance of the roads, much less for any of the environmental common costs. For instance, all the extra packaging that becomes more waste, that's solid waste that some municipality has to deal with. The company doesn't have to get rid of its garbage; the city is responsible for that service. The pollution that is emitted in the transport—I mean, just simply the burning of fuel is all externalized, those costs are all externalized. If we would have changes in international rules, we would probably have a carbon tax cut down some of the silly trade. More than bad trade, I would call a lot of that kind of stuff frivolous trade, where companies take advantage of goofy rules.

GETTING TO NO

MN: Let's talk about Seattle. There are people who say that you or your coalition allies exaggerate the influence you had in derailing the Seattle ministerial meeting. That Seattle was, in fact, dead from the beginning because of a lack of preparation, due to the absence of a WTO director general for so long. That the agenda covered too many issues. That developing countries, for example, were still trying to implement some of the provisions coming out of the last round. That Seattle was the wrong place to hold the WTO ministerial. That it was a mistake to have it in the United States given the election-year political climate . . .

LW: And particularly, there was the issue that God had heartburn that day. I mean, these are ridiculous, *post hoc*, revisionist spins of people who lost. All of those "facts" are contributing factors. So let's say there's a 30 percent karma factor that takes into account all of that stuff. I mean, the jinx of not being able to get a director general, or the choice of Seattle—the day Seattle was picked, the same people who are now saying that holding it in Seattle was really stupid were saying Seattle, what a great idea! Home of the new economy, a big export engine, a coastal city attached to the Pacific Rim. The fact is that more important than anything that happened in Seattle was a yearlong campaign conducted by 30 multisectoral coalitions like the one we have in the United States. And it was the No New Round Turnaround campaign.

MN: You have put together a very odd coalition of labor, Greens, environmentalists, Gray Panthers, progressives . . .

LW: Church groups, Tibetan monks, small businesses . . .

MN: What holds that coalition together?

LW: I would say two things. One, philosophically, the notion that the democracy deficit in the global economy is neither necessary nor acceptable. The second is that they're all directly damaged by the actual outcomes of the status quo, in different ways. And so you have family farmers, for instance, who've seen a huge increase in the volume of exports of U.S. agricultural commodities, in the exact same decade that farm income has crashed.

MN: How many countries are members of this coalition?

LW: Well, there are country-based campaigns, and there are basically 30 of them, 25 of which are really quite operational.

MN: You had a year of preparation or more?

LW: Yeah, it wasn't the week on the ground, it was the work that happened beforehand. Perhaps there was an enzymatic effect, where all of the work to that point was cooked, ultimately, by some reaction that was sparked by what was going on on the ground. But that was just the final stop. As soon as the European Union and Japan announced their agreement in 1999 to push for a millennium round, the NGOs around the world that had been working together since the Uruguay Round negotiations, and that certainly had just come out of the campaign against the Multilateral Agreement on Investment, basically said, "Listen, we sort of thought maybe the MAI would send the message that we are not going down that road anymore." But it's like that shell game in a carnival. With the MAI, we smashed the shell that was the OECD. So they just took the pea and put it in another shell. And now it's in the WTO shell, and we're going to just have to smash that one.

MN: Let's go back to how you organize a rally like this. Walk us through the mechanics, the actual logistics, of organizing Seattle.

LW: Well, the logistics of it are at two levels. To do the yearlong campaign on No New Round Turnaround involved meeting with all of our coalition partners, key coalition partners, from around the world, in person, at the end of '98 and the beginning of '99, to sketch out a campaign plan. Even though the Internet is used to share information, the real deep planning and organizing is still done person to person.

MN: What was your strategy?

LW: Well, there were two phases. There was the actual international campaigning, which involved each of us in our different countries,

Brickless in Seattle

MN: What about the violence in Seattle? Do you feel responsible for that?

LW: No, I don't feel responsible for it, I feel frustrated by it. We had heard rumors, early on, that there were some skinheads from Idaho that the corporate coalition was going to hire, to try and distract the message away from the substance, who would come wearing things like Greenpeace T-shirts and smash things up.

MN: Do you really believe that an American corporation would do that?

LW: I would hope not. We had heard some reports from people who knew people who had been contacted for a certain job or two. Which sounded fishy. I mean, we didn't take that seriously, but we had heard that there were people who called themselves anarchists from Eugene who might be interested.

MN: Eugene, Oregon?

LW: Yeah. The mayor of Seattle had a series of meetings every couple of weeks, also with the deputy police chief, with my deputy director, Michael Dolan, who was out there for half the year, as well as the much more radical Direct Action Network, and Ruckus Society, and all of these civil disobedience groups. And they'd negotiate an agreement—don't start arresting us and hauling us away until the sun comes up so we can actually get on television. And by the way, be prepared with school buses, because we're going to have a couple of thousand people. I mean, it was all basically negotiated. We had to apply for permits four months in advance.

MN: So where did the system fail?

LW: Well, in those meetings with the mayor, our guy, but more importantly, the

working our own government systems, to try and hold our negotiators accountable. So for the first time, when they got to Seattle and to the WTO ministerial behind closed doors, they each had a pinkie toe, at least, glued to the floor of accountability on some important thing they could not give away. And that made it much harder to play footsie in the middle, once the door shut. So the European NGOs made sure that their countries' negotiators would not support a new biotechnology WTO market access agreement. In the United States, we got the administration to commit to Congress that it would not allow the European push to put the MAI into the WTO.

MN: So your multilateral system of NGOs worked better and had a higher level of synchronicity and organization than the world's governments?

actual Direct Action groups, had warned that while we all were committed to no violence whatsoever, we were hearing rumors that they ought to just take seriously. They said they'd heard the same kind of rumors.

What happened that's frustrating, and for which the only responsibility goes to the Seattle cops, is that once the peaceful demonstrations and activities started, these kids from Eugene—who showed up, ironically, as anarchists who all wore the exact same uniform and marched in order—first showed up in McDonald's, where there was a totally peaceful, hilarious protest with Jose Bove handing out Roquefort cheese in front of McDonald's.

MN: Jose Bove is the French farmer who staged the protests in France against McDonald's?

LW: Right. He wasn't looking to rip down the McDonald's, he was looking to feed people who were going in for French fries. He was giving them Roquefort cheese that would otherwise be illegal because it wasn't pasteurized.

And these anarchist folks marched in there and started smashing things. And our people actually picked up the anarchists. Because we had with us steelworkers and longshoremen who, by sheer bulk, were three or four times larger. So we had them literally just sort of, a teamster on either side, just pick up an anarchist. We'd walk him over to the cops and say this boy just broke a window. He doesn't belong to us. We hate the WTO, so does he, maybe, but we don't break things. Please arrest him. And the cops wouldn't arrest anyone. And that continued on Tuesday.

Now, the thing that's really gruesome about this is, after an entire day of refusing to arrest this handful of hoodlums, the cops then—of course, as you know, it's all history—just went totally nuts and used an array of force that was totally inappropriate, and generally without any warning, to disperse huge groups of people.

LW: Well, I would say it's because we have a much more common philosophy, which is, we're looking at the public interest, and trying to balance that against the corporate interests. All these governments are basically fronts for their corporate interests, but they also have a mercantilist streak that looks at what's in their national interest.

MN: How much did your protest in Seattle cost?

LW: Well, the international campaigning cost the price of a dreadfully expensive conference call, every three weeks for a whole year. I mean, it wasn't so bad, relatively speaking; it was like a \$20,000 phone bill.

MN: How did you organize the logistics in Seattle?

LW: The day we heard Seattle was announced, we literally maxed

out the personal credit cards of every individual staff member, and most of our mothers and fathers, to save every hotel room we could get locked up, so that we had 400 hotel rooms pinned down before the U.S. chair made their first call. We knew it was going to be San Diego, Honolulu, or Seattle, so I already had a list of the most centrally located, cheap hotels in each of these cities.

We opened an office in Seattle in March of 1999, in a storefront, like a campaign office downtown, and started signing up volunteers, and having volunteer speakers' pools to go into local colleges, and PTAs, and Rotary Clubs, and neighborhood groups, to teach people about the WTO and also get them involved in Seattle. All of our critics think that somehow we raised millions of dollars because the corporations raised millions of dollars to put on their whole thing. In fact, we raised very little money, because almost everything was done by public citizens, people with a day job, but with a passion about these issues, who volunteered. We ended up putting over 2,000 people into families' homes. So when people said, how did you pay for all of your developing country coalition partners to stay for 10 days in the United States? We didn't pay at all; they were staying in the guest room of some family who drove them around, and had dinner with them every night, and I mean, we had a car pool system of volunteers, of 100 cars. We had walkie-talkies—that was one of the few things we actually paid money for—to help coordinate all the volunteers. But, on the ground in Seattle, we had four paid staff and about 600 volunteers. The four paid staff basically coordinated the volunteers. Probably the entire operation cost a lot less than the bar tab for the opening ceremony of the corporate event.

THE NEXT TARGETS

MN: What is the next shell to smash?

LW: Well, I think there are two in the United States. One is a continuing fight to stop any further expansion of the WTO. I mean, the folks who wanted to expand the WTO's agenda have now shifted to wanting to expand the WTO's membership. And the biggest country that is missing, the biggest economy, is China.

MN: You want to prevent China from joining the WTO?

LW: No. Basically, our goal is to prevent the granting by the United States of permanent most-favored-nation trading status to China.

MN: Why?

LW: Because we believe that the U.S. Congress needs to have its annual review of China's conduct in a whole array of issues, particularly after eight years of the Clinton administration's constructive engagement strategy toward China, which was the notion that increasing liberalization of the economy would bring about liberalization in human rights, increased democracy, etc. This strategy has been a total bust. This year, the State Department in its annual human rights report noted that conditions in China have deteriorated yet further. This year, they have finally certified that basically every Chinese democracy activist and labor activist is either in jail or in exile. And so during this period when the free market would allegedly enhance their freedoms, we've seen the opposite. And ironically, during that same period, we've seen the economics of the relationship deteriorate as well. First, with a trade deficit that has literally quadrupled during that period, but also with China more and more not following its obligations under bilateral agreements, the intellectual property agreement, the insurance agreement, the auto parts agreement.

MN: What would you consider to be a sensible U.S. policy toward China?

LW: I would describe it as principle-based reciprocity. There would be a bilateral agreement between the two sovereign nations that would go to the terms of trade between those countries, that would include some basic rules of the road about prison labor, about basic human rights, political right to organize, freedom of religious expression, freedom of communications, access to information—the things that you really need to make a capitalistic society work in the long term.

MN: What is a second campaign that you have in mind?

LW: The second campaign we're going to run is called the "WTO: Fix It or Nix It" campaign. The WTO No New Round Turnaround campaign was successful. There was no new round, but the status quo itself is unacceptable. So the second part of our original campaign was the turnaround part—basically, to give the WTO, if you will, its last chance to show itself to be an international organization for the next century. There will be a list of specific things that must concretely be accomplished before the next ministerial, which we are discussing among all of these broad-based coalitions.

MN: Do you have any other campaigns planned?

LW: Well, we're still working with a coalition of African American ministers who are passionately opposed to the NAFTA for Africa bill. And so we're also working with them, to support their work, to make

sure the U.S. Congress doesn't pass the NAFTA for Africa.

MN: Are many of your criticisms of the WTO also applicable to the International Monetary Fund (IMF) and the World Bank?

LW: Yes.

MN: You would also like to see the World Bank and the IMF shrunk in their scope of activity, essentially transferring some of the power they have now to governments and states?

LW: Yeah, well, that's one approach. I've not worked on those institutions very much at all. My colleagues from around the world who have are arguing at this point that those institutions are really not reformable and

should just be abolished.

Jim Wolfensohn has done some things as president of the World Bank, but when the rubber hits the road, a lot of it has just been basically to mollify the critics instead of to make fundamental changes. And the IMF has just been an unmitigated disaster, to the point where you have



“So much of the so-called mainstream media has religiously avoided dealing with any of these issues, except in the most boosterish, noninformative, non-open-minded way: Until Seattle.”

U.S. Treasury Secretary Larry Summers saying, hmm, maybe we should look at what it was meant for. It wasn't supposed to be giving out long-term loans with conditionalities to all of its potential poor-country beneficiaries, or to organize a one-size-fits-all solution for their economies.

MN: Are you planning a march or a rally at the annual meetings of the WTO and the World Bank in the fall in Prague?

LW: The place where an interesting set of protests will occur is at the April 16 meetings of the World Bank and the IMF in Washington.

MN: What are you planning for that?

LW: Well, nothing on the scale of Seattle. I think that there will be a lot of church-based groups, some of whom were involved in the WTO effort and are incredibly serious about debt relief. They see the World Bank and the IMF as not just failed and flawed institutions, but literally

as immoral ones. The faith-based groups are planning a lot of protest events. Smaller scale, but I think quite passionate.

MN: When you are in these kinds of fights, you sometimes need to envision who your worst enemies are, whether people or institutions. Who embodies the forces that you are trying to bend, that you're trying to modify?

LW: Well, the rules we're trying to modify, but some of these individuals need to be flattened altogether. Some of these individuals are not modifiable. The rules are what we want to modify.

MN: But who embodies, in your mind, the forces you're trying to overcome?

LW: Well, when it comes down to nuts and bolts, the real power pushing this particular system is a handful of big multinational corporations. So people like the CEOs of Monsanto and some other particularly egregious corporations frequently come to mind.

MN: Who else?

LW: For different countries, different people. In the United States, for example, Phil Knight, the CEO of Nike. Bill Gates gets an enormous amount of attention. But also, you know, there are individuals in government who so typify the sort of arrogance and lack of attention to the public interest. Like Larry Summers, who is just the poster child. And Charlene Barshefsky is someone whom I think a lot of people think just deeply doesn't get it. It is not even so much like Carla Hills, who was evil; Charlene just doesn't get it.

And then, you know, there are individuals who get the foot-in-the-mouth award. We cried many a tear when Renato Ruggiero resigned as the head of the WTO, because he was a one-man public relations operation for us. I mean, some of the things he said were so revealingly honest. And he had these attacks of candor at the most useful times—for instance, after the WTO released its big report on the environment saying, oh, it's not mutually, you know, incompatible. He gave a speech then where he said basically that any attempt to modify anything in the trade system to preserve the environment can only result in failure of the global trading system, which obviously is more important than the environment.

Then there is the *New York Times'* Tom Friedman, who inevitably ends up getting hooted at as just the most uninformed . . . I must have 40 e-mails saved of you-have-to-laugh-out-loud, almost-wet-your-pants things that he's said, that are just so ignorant and out of touch with political reality. So much of the so-called mainstream media has reli-

giously avoided dealing with any of these issues, except in the most boosterish, noninformative, non-open-minded way. Until Seattle.

MN: Anything that we missed in this conversation?

LW: Well, we didn't miss it, but I think I'd just reiterate my vision of where I'd like things to go. I don't have a plan of how to get from A to B, because there are a lot of foibles that have to do with accountability and democracy.

But people of good faith who want to work on transforming the system into something more broadly acceptable, both the critics of the status quo and the proponents, need to just fess up to certain problems. An inherent systematic problem is how to have international standards that are of a scope that is appropriate to international corporations and international capital, and yet still have democratic accountability for those decisions, particularly when they're not objective decisions, but rather subjective. And that is a really hard question. How do you have democratic accountability in governance, and enforceable international standards? Either we'll have international rules about that, or we're just going to do it ourselves. That's it.

WANT TO KNOW MORE?

To read or offer reactions to Ms. Wallach's FOREIGN POLICY interview and to view a poll of what our readers think about her positions, visit www.foreignpolicy.com.

The collection of anti-WTO literature is as large as the crowd that descended on Seattle last November, but **Public Citizen's** Web site helps readers cull through the issues, with several publications available free of charge. Wallach has published numerous books, including *Whose Trade Organization?: Corporate Globalization and the Erosion of Democracy* (Washington: Public Citizen, 1999) and *The WTO: Five Years of Reasons to Resist Corporate Globalization* (New York: Seven Stories Press, 2000), in which she and coauthor Michelle Sforza argue that the WTO has sacrificed health, safety, and environmental standards for the sake of trade. Find out what the pro-trade community thinks of Lori Wallach in Bob Davis' profile "**Free-Trade Foe**" (*Wall Street Journal*, April 6, 1998). For the alleged connections between Public Citizen and conservative textile tycoon Roger Milliken, see Ryan Lizza's "**Silent Partner**" (*New Republic*, January 10, 2000).

In his classic work *The Principles of Political Economy and Taxation* (Amherst: Prometheus Books, 1996), originally published in 1817, David Ricardo puts forth the principle of comparative advantage that underlies modern trade theory. In Russell D. Roberts' book *The Choice: A Fable of Free Trade and Protectionism* (Upper Saddle River: Prentice Hall Business Publishing, 1993), David Ricardo comes back to life and shows two alternate futures for the U.S. economy: one the result of decades of protectionist policies, and one the product of free trade. A more advanced discussion of the topic can be found in Jagdish N. Bhagwati, Arvind Panagariya, and T. N. Srinivasan's *Lectures on International Trade* (Cambridge: MIT Press, 1998). Bruce Stokes offers a thoughtful analysis of current trends in protectionism in "The Protectionist Myth" (FOREIGN POLICY, Winter 1999-2000). Nancy Birdsall examines the growth in global economic inequality—including a look at the dilemmas of child labor—in "Life Is Unfair: Inequality in the World" (FOREIGN POLICY, Summer 1998).

Federal Reserve Bank of Chicago economist Michael A. Kouparitsas argues that NAFTA will benefit all three participating countries, and in particular Mexico, in "A Dynamic Macroeconomic Analysis of NAFTA" (*Economic Perspectives*, January/February 1997). For an official perspective on U.S.-Mexican trade, consult the "Fourth Annual Report to Congress: Impact of the North American Free Trade Agreement on U.S. Automotive Exports to Mexico" (Washington: U.S. Department of Commerce, July 1998). And in his speech at the latest World Economic Forum meetings in Davos, Switzerland, Mexican President Ernesto Zedillo suggests that anti-trade alliances are seeking to save developing countries . . . from development. (The full text is available through FOREIGN POLICY's Web site.)

The controversy surrounding the Multilateral Agreement on Investment (MAI) spawned Maude Barlow's and Tony Clarke's *MAI: The Multilateral Agreement on Investment and the Threat to American Freedom* (North York: Stoddart Publishing, 1998). For a look at both sides of the issue, see Stephen J. Kobrin's "The MAI and the Clash of Globalizations" (FOREIGN POLICY, Fall 1998).

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