

TRADE AND SUSTAINABLE DEVELOPMENT

Nevin Shaw

President, Export Growth Pathfinders, Canada

Keywords: Trade, sustainable development, sustainability, Earth Summit, civil society, Non-governmental organizations, world trade organization, trade rules, non-OECD countries, poverty, protectionism, capacity building, social development

Contents

1. Introduction
 2. Challenges of sustainability even under maximum cooperation
 3. Erosion of social development policy in the rich countries and consequent distress
 4. Guidance given by the Earth Summit and its rejection by the rich
 5. Asymmetries and systemic biases in the trading system against weaker members
 6. Rich country civil societies attack and undermine international intergovernmental organizations
 7. Sustainable development reduced to environment and trade by rich country civil society
 8. Trade rules are being changed even when they challenge very few environmental regulations
 9. Multilateral Environmental Agreements must respect the poor
 10. Conclusions
- Glossary
Bibliography
Biographical Sketch

Summary

Global sustainable development means continually promoting the life support of people and the planet they live upon. Readers will note that this covers the entire spectrum of macro- and micro-policies and efforts. Sustainable development is not environment policy, which is only a component but many government statements and media reports frequently choose not to make this distinction. Many NGOs funded by the OECD governments and business assert that they aim to democratically balance diverse interests in order to promote world sustainable development and show disdain for the lack of commitment of others, especially those beyond their borders. It is time to begin an assessment of the effectiveness of that assertion. Many parts of the United Nations agencies condemn the performance of advocates and opponents in not only failing to improve but in preventing the growing marginalization of the poor and degradation of the environment.

As trade has become more open and grown with greater economic freedoms, so have disparities in income and degradation of the environment. This need not be the case, but often has been and is. It is just too simplistic to assert that trade promotes growth and incomes which reduce poverty and environmental degradation. Successful performance has had governments and the governed willing and able to executive compatible but

responsive macroeconomic, human development and labor market, environmental, innovation, agricultural, social safety net, banking, transportation, communication and other policies and institutions. Yet political lobbying and redistribution in favor of the rich elites is growing and even more entrenched in the non-OECD than in the OECD countries, undermining sustainable development. More open trade can contribute to growth, good governance and international cooperation if there are ways for each country to access investment and technology, develop a policy-regulatory-institutional infrastructure that prioritizes and spends on improving the lives of people and the environment.

In theory, global sustainable development is necessary and achievable. In practice, the path is strewn with obstacles, all surmountable if there was universal and principled conviction and commitment to do achieve sustainable development as distinct from simply promising funding, capacity building, food or health service or disaster relief. The challenge of defining, assessing and achieving sustainability is that the knowledge and standards by which we are likely to do so are partial, arbitrary, temporary and much too general to be of practical use universally, as readers may have noticed. Unless there are far more effective democratic checks and balances, this leads to capture by the powerful and the protectionist.

However, the erosion of social development policy (and perhaps democracy) in the rich countries that make up the OECD has fragmented the social compact in the public interest between business, labor and government. The less skilled and the unskilled in the OECD want their governments to keep taking protective measures to continue activities in industries such as textiles, clothing, footwear, agriculture, shipbuilding, steel, cars, electronics and machine tools where non-OECD countries are likely to show some competitiveness and comparative advantage over time. Production costs of similar products vary widely between OECD and non-OECD countries, and shifts from one product line to another, as well as changes in the pattern of distribution in the international market, can occur rapidly. Production threatened by low cost imports often takes place in OECD countries in highly visible, disadvantaged and politically sensitive regions and typically uses low-skilled labor with few alternative employment opportunities

Many in the OECD object to their retirement being made more dependent on the stock market. More hungry, homeless, sick and unemployable people are now frequent subjects of townhall meetings and talk shows. Farmers, fishermen and urban labor groups attack progressive liberalization efforts routinely as undermining their lives. Child poverty is even a greater concern. Family breakdowns loom large in communities. Many NGOs and old industries lobby do not accept that the social compact includes more churning markets which increase competition and reallocation as well as greater concentration of productive resources, despite massive teaching in schools and the media about the virtues of free enterprise. The assumption that most people in the OECD are able to navigate through resource reallocations is very debatable.

This has left many citizens feeling betrayed and so angry as to attack the very international inter-governmental institutions their governments parented to promote more open trade, factor and technology flows, which could facilitate more efficient use

of resources and global sustainable development. They want their governments to arbitrarily use trade sanctions and other means of coercion to get other countries to do in their jurisdictions what they want to do in their own, covering a growing spectrum of sustainable development issues such as the protection of health, culture, natives, women, children, consumer, environment, labor and human rights, even if doing so cartelize markets. They want a repeat of the debate a century ago on whether and how to regulate robber baron capitalism for social purposes. They forget that progress on such issues in their own backyards came with more open trade and growth within a context of a growing public interest function, e.g. public health and welfare framework.

All this has tended to reduce sustainable development to the preferences of the powerful lobbyists in the OECD. For example, northern non-governmental organizations (NGOs) assert that increased costs of compliance to higher environmental standards undermine the competitiveness of OECD industries, which in fact depends upon a variety of factors. They claim that polluting industries relocate from the OECD countries to developing countries to take advantage of “lax” environmental standards. They even suggest that environmental standards are being reduced in accordance with the race-to-the-bottom hypothesis— greater international economic integration has been followed by more political reluctance at home to deal with environmental issues. They rarely examine the immense practical difficulty of achieving sustainability in countries which have the kind of weak governance and policies the OECD had generations ago. Their claims have not been empirically proven.

The asymmetries and biases of the international trade and payments system against the non-OECD countries have had negative effects on the value, direction, composition and terms of trade and on personal and country welfare, i.e. on global sustainable development. Most of these countries do not have the kinds of human institutional and financial capacities and capabilities necessary to successfully negotiate and leverage progressive trade liberalization for their own business/investment/trade development, to implement the obligations they undertake or to assert their legal rights to market access, or to fully understand the limits on developing economic development policy that such obligations place. A continuous stream of “new issues” introduced by the OECD only deepen this crisis.

Trade policy in the OECD countries seems to be more a matter of self-interest than general principles. When good economic analysis works in favor of self-interest, it is invoked; but when it does not, so much the worse for economic principles. “Yes”, the OECD countries seem to be telling the non-OECD economies, “produce what you can—but if you gain a competitive advantage over our firms, beware!” Too often, there is a not so subtle subtext: “Clearly, if you were on a level playing field, we could outperform you. Since you seem to undersell us, it could only be because you are engaging in unfair trade practices!”

Responsibility avoidance in the trade policy process has marked the history of American conduct. The policy framework and decision-making apparatus have been worked on over the years in ways that have re-politicized trade policy, increased the likelihood of protectionist decisions in favor of particular industries, and reduced the accountability of the executive and legislative branches of government for trade policy outcomes.

Terms such as “industry” and “injury” are narrowly defined to protect a narrow band of producers, even at the expense of consuming industries and ultimate consumers. One could make the same case for the European Union. Because the GATT is not self-interpreting, it has become an instrument for political, economic and social engineering at the hands of those empowered to interpret it, a skill mostly possessed by the United States and the European Union.

It is not surprising to find that non-OECD countries have been performing so poorly over the past few decades. Few would want to invest in countries which face such growing uncertainty about damaging trade sanctions created by external forces unleashed by the powerful. And these non-OECD countries often fail to adapt their thinking, institutions and practices to gain from a globalizing economy and some of them may even suffer from domination by criminals, drug lords and warlords.

Mike Moore, Director General of WTO, warned that there is a contradiction among those who give generously at church on Sunday when there is a flood or earthquake in the third world, then on Monday sign a petition to lock out the products the third world workers create. Not only is there a moral urgency about this, because poverty and despair degrades us all, but we need to create customers of the future for the successful economies of today.

Trade has grown for some but the trading system is skewed in favor of the OECD to a globally unsustainable extent, even as governments in OECD countries insist on a determination to level the playing field with non-OECD countries. The system is leaving less and less ability to pay on the part of the non-OECD and thereby delaying the development of long-term markets even for today’s OECD investors. It has to work with an international financial system with which it is inextricably intertwined. The global instabilities of recent years will not go away permanently in the middle of such policy incoherence. The WTO is being operated to allow more recent members less freedom to use industrial, trade, technology and other policies as strategic forms of intervention to foster economic development, which was available to the OECD members in an earlier period. This may be based on an expedient perspective of the roles of governments(less) and markets (more) in promoting human-centered sustainable development.

The stock of capacities and capabilities in the OECD which underpin its evolving positions on more and new rules of world trade, finance and development reflect a very long-term outcome. The OECD will need to provide more open markets for the exports of the non-OECD. They also need to give technical assistance for many countries to access the WTO in real ways (representation in Geneva, implementing obligations, dispute settlement, and negotiating and trade policy skills). The international community has to help build the domestic industry infrastructure and policy capacity in the non-OECD countries if the world’s majority of people are to gain from trade. Without debt relief, all this may prove futile for some of the weakest countries. All non-OECD countries need to work for a better access to the best technologies and services to help them grow in a globalizing economy. And they need to share in developing a socially progressive framework that is hospitable to business.

NGOs insist that trade rules be changed or reinterpreted to permit the use of discriminatory measures for environmental purposes. This trivializes the fact that trade rules already allow a very considerable scope for signatories to adopt environmental protection policies that can include trade measures to assist in their implementation. Their demands would undermine the value of the WTO itself as well as trade and development as more disputes deny countries the very resources that they require to improve environmental management goals.

There are several hundred international agreements, arrangements and understandings that deal with environmental issues. Some of these also continue to be contested within and between countries as well as regions, on efficiency and equity grounds or because there is insufficient common understanding either of what is a global environmental problem or the conditions under which very broad participation in a Multilateral Environmental Agreement would be needed to justify the employment of discriminatory trade sanctions against non-signatories to the MEA. What is implied by the above is that the MEAs are no more immune from imperfections than trade agreements. They also need to reflect experience and learning. They should be renegotiated. However, there are too many efforts now being funded in the OECD to explore linkage between trade and environment whereby OECD can aggressively use trade restrictions and other pressures to achieve improved environmental management beyond.

If poverty alleviation is central to sustainability, then it is clear that this must get a higher priority even within the OECD itself and then beyond. If the technical challenges of achieving sustainability are great enough to lead to arbitrary and temporary standards of various kinds, then they must be approached with the goal of specifically not undermining poverty alleviation efforts. If international cooperation is to succeed in promoting sustainable development, then the results of the Earth Summit must be updated to meet anticipated future needs. If more open trade, factor and technology flows are to improve economic growth and welfare; then the asymmetries and biases of the international trade and payments system must be addressed with greater accountability and transparency. If policy and market failures that damage the environment are to be overcome, then there must be much greater efforts to learn and share experiences from different policies to respond to environmental problems. However, this will need to respect Agenda 21. Bending trade rules to force the poor to improve environmental management will prove counterproductive, as they have little in export earnings, foreign direct investment, foreign aid or other forms of finance to even survive.

1. Introduction

Readers of this Encyclopedia should expect progress towards global sustainable development. They live in a wealthy world. The value of major mineral production such as copper, gold, silver, aluminum, iron ore, tin, zinc and lead will be over fifty trillion dollars over the next generation. The value of oil, barley, corn, meat, rice, wheat, and wheat will also be of a similar magnitude. Coal and other forms of energy production will be at least \$1000 trillion. New real estate development will add many trillions of dollars in value. When such raw material wealth is used to add value at higher levels of processing, the total wealth is so staggering that it is clear that every person on the

planet should be far more than a millionaire! Many reported sources calculate this to be over \$10 million per person! Every person should be in a position to change behavior in accordance with the concepts of life-support discussed in this Encyclopedia.

Further, readers may have noticed that the language of compassion for the poor is expressed with greater frequency and fervency in terms of support for equity, fair play and balance that reflects the interests and concerns of the poor. Any scanning of the reports of the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO) and United Nations institutions indicate that future agendas are regularly and routinely promoted with the poor very much in mind. Major negotiators often point to the interests of the poor even as they pursue their own interests. And the rich country Organization for Economic Cooperation and Development (OECD) and the Group of Seven Summit Countries report that they coherently quarterback all these institutions as responsible global stewards of the Earth. Readers should be comforted that all this will make smooth the transition to global sustainable development. They may not have to search for justice and peace anymore. I reluctantly have to differ from this party line, as it is no longer accurate.

While there are different circumstances and policy views within the OECD and non-OECD countries, this chapter treats them as two basically different groups to highlight some issues, including alliances between governments, business and NGOs to redistribute the increased costs of addressing the sustainable development agenda. The focus on trade needs to be supplemented with reading other parts of this Encyclopedia, which cover profound weaknesses in the non-OECD countries, which account for much of their poor performance. Leadership in these countries have even submitted to the changing doctrines of policy handed out to them over the decades by the OECD or OECD-dominated institutions rather than democratically organize and examine what is individually best for them, including opening their markets internally and to their neighbors before the OECD enterprises come to dominate them.

As trade has grown with greater economic freedoms, so have disparities in income and degradation of the environment. This need not be the case, but often has been and is. It is just too simplistic to assert that trade promotes growth and incomes, which reduce poverty and environmental degradation. Successful performance has had governments willing and able to executive compatible but responsive macroeconomic, human development and labor market, innovation, agricultural, social safety net, banking, transportation, communication policies and institutions. Yet political lobbying and redistribution in favor of the rich elite is even more entrenched in the non-OECD than in the OECD countries. More open trade can contribute to growth, good governance and international cooperation if there are ways for each country to access investment and technology, develop a policy-regulatory-institutional infrastructure that priorities and spends on improving the lives of people and the environment—and if there are ways to monitor, evaluate and improve such ways.

In theory, global sustainable development is necessary and achievable. In practice, the path is strewn with obstacles, all surmountable if there was universal and principled conviction and commitment to do achieve sustainable development as distinct from simply promising funding, capacity building, food or health service or disaster relief.

This includes addressing all the scientific and technical issues (e.g. valuation of social and environmental costs) in a progressively holistic manner. It also has to cover the more equitable treatment of the poor within each country as well as of poorer countries across the Earth through simultaneous development of appropriate social and environmental policies, which would improve the standard of living. The Earth Summit suggested all this, in addition to forsaking the use of coercion such as trade sanctions in a more litigious international relations climate. Such forsaking would also improve the standard of living of the world's majority of people. Further, the asymmetries and biases of the international trade and payments system against non-OECD countries have had negative effects on the value, direction, composition and terms of trade and on personal and country welfare. However, people in the rich countries are taking the benefits of more openness for granted—a much wider choice of cheaper inputs and products, greater output to share, etc. They forget or ignore how much they have been freed from the drudgeries of life that their forefathers experienced. And perhaps the very rich in the OECD have turned the OECD countries from democracies into oligarchies, causing considerable tension internally as effective control over the kind of globalization is now in the hands of a few rather than many. Political leadership in the non-OECD is even less exemplary than in the OECD countries.

Many NGOs, especially environmental, wanted to spend more money on the environment not only at home but also everywhere else in the world. They advocated massive funding assistance to the non-OECD countries to help pay for their global agenda. They never had a chance. Readers may recall that key OECD leaders did not even want to attend the Earth Summit but were pressured with media publicity by the NGOs and their supporters in government. Non-OECD leaders were then persuaded to attend with promises contained in Agenda 21, in particular increased foreign development assistance, private foreign investment and export earnings through greater effective market access as well as through generation of money through domestic reforms in non-OECD countries. None was for the NGOs to give, or was meaningfully given in the context of a lack of effective debate and informed consensus in the OECD and beyond. Agenda 21 was born in a lie.

This is not to deny that NGOs have been reassured repeatedly by their own government leaders that the underlying priorities and objectives are mutually supportive, e.g. under ideal conditions, progressive trade liberalization, development and environmental protection result in more efficient use of resources. It is not to deny the value of some very dedicated people leading and sharing research on the complexities of linkages between trade, environment and development, drawing conclusions, implications and options for action. However, the reports of many governments and intergovernmental organizations mask the constraints and opposition within the OECD countries. It may also be that those who are funded to deliver “capacity” to the non-OECD countries are in no position to make a difference. Governments operate under fragmented departmental mandates, as do their creatures, the intergovernmental organizations. They are not equipped to deal with issues which cross such mandates, the mantra of coordination and coherence notwithstanding. Politicians and civil servants may deny problems even exist unless they have answers that they can take credit for. There may be no satisfactory way to choose to balance the many elements of global sustainable development.

It is also difficult to get others to practice human rights, worker rights and so on when the behavior of the powerful OECD representatives in virtually all international intergovernmental organizations is hardly democratic. Do as I say, not as I do is an approach which has outlived its usefulness in such organizations. Reducing sustainable development to the cost-raising imitation of the practices of the rich and powerful by the less fortunate countries is diverting valuable time, skills and resources across the planet, and not always with expected results. And it is distorting the spending priorities of the poor countries. Insisting, as some American and European leaders do, on bending trade rules to coerce such imitation is a betrayal of sustainable development. Those betrayed are already asking “whose sustainable development” and “whose common future” the world’s less fortunate majority is being asked to pay for. They privately wish they had never believed and given legitimacy to the Earth Summit, the growing awareness and selective advocacy of which by key NGOs has partly contributed to their present plight. Their desperation made them ignore the fact that environment came before development in that Summit, suggestive of the priorities of the rich.

The challenge of defining, assessing and achieving sustainability is that the knowledge and standards by which we are likely to do so are partial, arbitrary, temporary and much too general to be of practical use, as readers may have noticed. Unless checked, this leads to capture by the powerful and the protectionist. In addition, the erosion of social development policy (and perhaps democracy) in the rich countries that make up the OECD has fragmented the social compact in the public interest between business, labor and government.

This has left many citizens feeling betrayed and so angry as to attack the very international institutions their governments parented to promote more open trade, factor and technology flows, which could facilitate global sustainable development. They want their governments to arbitrarily use trade sanctions and other means of coercion to get other countries to do in their jurisdictions what they want to do in their own, covering a growing spectrum of sustainable development issues such as the protection of culture, natives, women, children, consumer, environment, labor and human rights, even if doing so cartelize markets. They want a repeat of the debate a century ago on whether and how to regulate robber baron capitalism for social purposes. They forget that progress on such issues in their own backyards came with more open trade and growth within a context of a growing public interest function, e.g. public health and welfare framework.

There is a vast network of government departments, foundations, institutes, research centers, think tanks, advocacy groups, associations, universities, publications, scholars, writers, and public relations experts to develop, package and push the ideas and doctrines of all these groups which are waging an internal political struggle within the OECD against government policy capture by business but drawing the non-OECD into that struggle. The non-OECD is just too poorly prepared to respond effectively to these efforts. As more OECD or OECD-directed research money pours in their direction, it is to be expected that researchers will seek to extend trade rules to a growing number of “core or trade-related” issues in non-OECD countries, which have significant non-trade aspect as well. These efforts are explained away as searching and acting out of new

tools of analyses, knowledge and approaches to foster integration of the economy and the environment to promote human well being.

Much of this network has become lobbying non-governmental organizations (NGOs), funded or otherwise supported by departments of national and sub-national governments as well as intergovernmental organizations —there are officials who privately even call them governmental non-governmental organizations or GONGOs. The obstacle to their agenda is being redefined away from their own business and government and towards the non-OECD countries. The consequences of selective funding and active contracting with lobbying NGOs by OECD governments, intergovernmental organizations and corporate foundations with government tax breaks are overlooked in the current furor over the WTO. How contrived civil society is deserves investigation, public disclosure and debate, as governments themselves are largely responsible for letting loose these forces.

The Earth Summit's Agenda 21 to address sustainable development issues peacefully has been set aside as a talkfest. However, its approach has some merit and could be reconstructed to reflect current but specific circumstances in each country. Indeed, it is necessary to overcome the worsening trade performance of more than two thirds of the members of the WTO, which is showing inexcusable asymmetries and biases that account significantly for such a performance. The same can be said of the World Bank and the International Monetary Fund.

The less skilled and the unskilled in the OECD want their governments to keep taking protective measures to continue activities in industries such as textiles, clothing, footwear, agriculture, shipbuilding, steel, cars, electronics and machine tools where non-OECD countries are likely to show some competitiveness and comparative advantage over time. Production costs of similar products vary widely between OECD and non-OECD countries, and shifts from one product line to another, as well as changes in the pattern of distribution in the international market, can occur rapidly. Production threatened by low cost imports often takes place in OECD countries in highly visible, disadvantaged and politically sensitive regions and typically uses low-skilled labor with few alternative employment opportunities. And the affected interests and regions in the OECD insist on making no meaningful liberalizing concession to the non-OECD countries, which would disrupt their lives!

Yet “new economy” industries and competitive segments of the old economy aggressively demand preemptive opening of non-OECD country markets for their products! Non-OECD countries may be caught in a pincer movement from which there may be no escape. OECD economists and others may say that there are plenty of “win-win” opportunities for specialization both within and between industries involving a wide range of industries and countries. However, experience of the past fifty years suggests that this is not something even the OECD elite find easy to deal with in international negotiations. As if this is not enough for the weakest WTO members to cope with, the so-called OECD civil society wants to use trade sanctions (some even call them “incentives”) to get these non-OECD members to adhere to their arbitrary versions of environmental, labor, human rights and other social standards. It is not surprising to find that non-OECD countries have been performing so poorly over the

past few decades. Few would want to invest in countries, which face such growing uncertainty about damaging trade sanctions created by external forces unleashed by the powerful. And these non-OECD countries often fail to adapt their thinking, institutions and practices to gain from a globalizing economy and some of them may even suffer from domination by criminals, drug lords and warlords.

All this has tended to reduce sustainable development to the preferences of the powerful. For example, northern non-governmental organizations (NGOs) assert that increased costs of compliance to higher environmental standards undermine the competitiveness of OECD industries, which in fact depends upon a variety of factors. They claim that polluting industries relocate from the OECD countries to developing countries to take advantage of “lax” environmental standards. They even suggest that environmental standards are being reduced in accordance with the race-to-the-bottom hypothesis— greater international economic integration has been followed by more political reluctance to deal with environmental issues. They rarely examine the immense practical difficulty of achieving sustainability in countries, which have the kind of weak governance, and policies the OECD had generations ago. Their claims have little basis, according to studies done by the OECD, WTO, United Nations Environment Program (UNEP) and others. Indeed, environmental standards have become stricter in many OECD and other countries. As defects in several Multilateral Environmental Agreements (MEAs) continue to emerge, the issue of what is the content of a good environmental policy in different contexts needs to be more vigorously pursued. Bending trade rules to support environmental goals is not the way to promote sustainable development, but reworking the Earth Summit’s Agenda 21 may be. Legitimate goals do not justify ruthless means that undermine sustainable development, in particular the certainty that investors need to develop business in non-OECD countries and contribute to sustainable development. The deterrent effect on investment by NGOs compounds that from anti-dumping and countervail investigations.

In this context, it is necessary to conduct the next WTO Millennium Round of trade negotiations far more accountably and with specific instructions from capitals to their negotiators to correct the kinds of imbalances discussed in this chapter. Failure to do so seriously risks sending many countries from a participatory agenda to live on their own as they will have no reason to value the WTO or MEAs nor sustainable development as conceived in the OECD. Worse, it may degenerate into the kind of beggar-thy-neighbor protectionism that gave us economic depressions and wars before, except of a much nastier variety than before.

This chapter explores the issue of trade and sustainable development. It begins with a brief discussion of the challenges of sustainability even if there was maximum international cooperation and points to the need for a basis for moving forward. In this regard, the next section indicates that the Earth Summit made some decisions pointing towards sustainable development. In this context, a subsequent discussion of the erosion of social development policy in rich countries provides a sense of some unfavorable shifts in attitudes and policy which arguably deny their own civil society the means of effectively making transition to sustainable development. The actual worsening trade performance of developing countries relative to developed countries is covered next, focusing on the asymmetries and biases of the trading system against these countries.

The “punish the poor countries” responses of the rich countries’ anxious and stressed “civil society” are considered briefly. This internal preoccupation has effectively reduced global sustainable development to, for example, “trade and environment”. A discussion of trade rules and the environment follows, pointing out that such rules are being changed even when they rarely challenge environmental regulations. The Multilateral Environmental Agreements are introduced to reflect further on the previous section. The chapter ends with some concluding remarks.

It is important to be clear about some of the basics before taking up these issues. More open trade, factor and technology flows have the potential to bring incentives for domestic resource allocation closer to international opportunity costs and therefore closer to what will lead to efficiency and innovation (the availability of the set of goods, services and technologies for business and consumers will also be greater than the domestic production possibility for that set). There is then an adoption of a structure of incentives, which does not discriminate against exports in favor of the domestic market through import substitution. By improving the reallocation of factors of production through higher productivity specialization and division of labor, trade is one important and growing contributor to consumer and business well being within a broad context of business expansion and economic growth and development. Progressive trade liberalization provides firms with a more stable environment in which to exploit business opportunities across borders. This is central to the overall design of policy for improvements in the enabling conditions that lead to economic growth and welfare.

If externalities in production and consumption lead to market failures and governments fail to correct them optimally, or more generally, if there are domestic distortions, then the anticipated results will not materialize. In other words, openness needs to be supported by policies concerning poverty alleviation, social mobility, business and worker adjustment, competition, and polluter-or- waste creator-pays-principle and so on. The OECD countries were leading on all this at one time. They still claim to do so, but their hold on such a leadership is tenuous.

It is very unfortunate that those in the OECD who stand to gain the most from openness in the future have been unwilling or unable to match those who demonize such openness. It is time that business persons, consumers, employees, suppliers, shareholders, pensioners and governments as well as inter-governmental institutions with oversight for promoting the public interest speak up against those who have continued to rattle the public with many unproven and exaggerated claims in the evolving atmosphere of stress and tension over the future. It is time to take a hard look at those who are funded Trojan horses for the privileged OECD elite rather than seeking change in favor of world sustainable development. Those who support sustainable development should remember that in 1995 OECD ministers made a statement to the effect that there was no evidence of a systematic relationship between existing environmental policies and competitiveness impacts, or of countries deliberately resorting to low environmental standards to gain competitive advantage. A very recent joint study by the WTO and UNEP reached similar conclusions. On the contrary, more attention is being paid to the environment globally. In this regard, the funding, contracting, transparency, accountability and perspectives of anti-globalization NGOs should come under vigorous scrutiny. It is time for all governments to regain a long-

term vision and act according to it, or face increasing global conflicts.

-
-
-

TO ACCESS ALL THE 55 PAGES OF THIS CHAPTER,
Visit: <http://www.eolss.net/Eolss-sampleAllChapter.aspx>

Bibliography

- Adkin, Laurie E. (1998) *The Politics of Sustainable Development*, Montreal, New York London: Black Rose books [Illustrates the struggle of social movements with business]
- Anderson, K (1995a), *The Entwining of Trade Policy with Environmental and Labor standards*, Adelaide: Centre for International economic studies, University of Adelaide
- Amtzen, I. Hemmer, O.Kuik (1992) *International Trade and Sustainable Development*, Amsterdam: V.U. University Press [Discusses links from different viewpoints and identifies issues].
- Audley, John (1997) *Green Politics and Global Trade, NAFTA and the future of Environmental Politics*, Washington, D.C.: Georgetown university press [This book tells about the role and performance of NGOs].
- Bailey, Ronald (1999) *Earth Report 2000*, Competitive Enterprise Institute, McGraw Hill
- Beckerman, W. *Small is Stupid: Blowing the Whistle on the Greens*
- Ben-David, D., H. Nordstrom and L.A. Winters (2000) *Trade, Income Disparity and Poverty*, WTO Special Study No.5, Geneva: World Trade Organization
- Bhagwati, J. and R.E.Hudec (1996), *Fair Trade and Harmonization: Prerequisites for Fair Trade? Volume I: Economic Analysis*, Cambridge, Mass. And London: MIT Press [reports on the results of conferences involving economists and lawyers to relate trade to environment, labor and competition]
- Bhagwati J. (1999) *Free Trade in the 21st Century: Managing Viruses, Phobias and Social Agenda*, New York: Columbia University
- Benedickson, J., Doern, G.B., and Olewiler, N., (1994) *Getting the Green Light: Environmental Regulation and Investment in Canada*, Toronto: C.D. Howe Institute, Policy Study 22.
- Carothers, Thomas (Winter 1999-2000) *Real Civil Society Doesn't Take Money From the Government*, Foreign Policy
- Destler, I.M. and Balant, Peter (1999) *The New Politics of American Trade: Trade, Labor, and the Environment*, Washington, D.C.: Institute of International Economics [This book show that NGOs have succeeded in fracturing the longstanding American position on trade]
- Dewer, E. *Clock of Green*, Toronto: James Lorimer and Company Ltd
- Daly, H. E. and Cobb, J.B. (1994) *For the Common Good*, Boston: Beacon Press.
- Finger, J.M. and Schuknecht (September 1999), *Market Always Advances and Retreats: The Uruguay Round and Beyond*
- General Agreement on Tariffs and Trade, (1991) *United States - Restrictions on Imports of Tuna, Report of the Panel*, Geneva.: GATT Secretariat
- Globerman, S. (1993) 'Trade Liberalization and the Environment' in *Assessing NAFTA: A Trinational*

Analysis, Vancouver, B.C.: Fraser Institute.[This book presents an overall and specific assessments of NAFTA from different perspectives].

Goodland, R. and Daly, H. (1995) Poverty Alleviation is Essential for Environmental Sustainability, *International Journal of Sustainable Development*, 2, December: 31 - 48.

Hausman, R. D. Goldberg, B. Van dyke and D. Zaelke (1995) The Use of Trade Measures in select Multilateral environmental Agreements, Nairobi: United Nations Environmental Program.

Hansen, Stein (1995) The effects of Trade and Trade Politics on the environment, Norway: The Fridtjof Nansen Institute

International Institute for Sustainable Development, (1994) *Trade and Sustainable Development Principles*, Winnipeg: IISD.

James,V.U. (1998) capacity building in developing countries, Westport Connecticut London: Praeger [This book explains why capacity building has not been all that effective: empowerment is essential]

Jha, Veena, Hewison, Grant and Underhill, Maree (1997) Trade, Environment and Sustainable Development, London: St. Martin's Press [This book presents a South Asian perspective]

Jha, Veena. A. Markandya and R. Vossenaar (1999) Reconciling Trade and Environment: Lessons From Case Studies in Developing Countries, Cheltenham: Edward Elgar

Kirkpatrick, Colin and Norman Lee, (1999) WTO New Round: Sustainability Impact Study, Institute for Development Policy and Management, and Environmental Impact Assessment Center, University of Manchester

Lindsey, B., D.T. Griswold, M.A.Groombridge and A. Lukas (1999) Seattle and Beyond: A WTO Agenda for the New Millennium, Washington. D.C. Cato Institute

Low,Patrick (1992) International Trade and the Environment, Discussion paper 159, Washington, D.C.: World Bank [Discusses the international aspects of environmental policy and the relationship between environmental concerns and nations' use of the standard tools of international economic policy]

McCulloch, L.Alan Winters and Xavier Cirera (1999) Trade Liberalization and Poverty: A Handbook, London; Department for International Development [This book examines how concerns about the world's poor should affect our attitude towards trade liberalization].

Natural Resources Defense Council and Foundation for International Environmental Law and Development, (1995) *Environmental Priorities for the World Trading System*, Washington and London: NRDC

Nordstrom,H. and S. Vaughn(1999)Trade and the Environment, Special Studies No.4, Geneva: World Trade Organization

Office of Technology Assessment, U.S. Congress, (1992) *Trade and Environment: Conflicts and Opportunities*, Washington D.C.[An Overview that reminds how the NGOs have changed their talk]

OECD (1995) report on Trade and environment to the OECD Council at ministerial Level, volume III, Working Paper no.47, Paris: OECD

Oxley, Alan (1996) Trade and Environment Issues and the interests of Asian Pacific Countries, Australian APEC Study Centre

Panagariya, A(1999a) The Millennium Round and Developing Countries: Negotiating Strategies and areas of Benefits, in Conference on Developing Countries and the New Multilateral round of Trade Negotiations, Harvard University.

Pearce, D. The Greening of the GATT: Some Economic Considerations. Cameron, J., Demaret, P. and Geradin, D., (eds.) (1995) *Trade and the Environment: The Search for Balance* London: Cameron May.

Pearce, David and Barbier, E.B. (2000) blueprint for a sustainable economy, London: Earthscan [The book covers the theory, practices, progress and challenges].

Per G. Fredriksson (May 1999) Trade, Global Policy, and the Environment, Discussion paper No.402, Washington, D.C.: World Bank

Quelman, Ann and Joe Bolger, *Capacity Development: A Holistic Approach to Sustainable Development*, Ottawa: Canadian International Trade Agency

Repetto, R. (1995) *Jobs, Competitiveness, and Environmental Regulation: What Are the Real Issues?* Washington, D.C.: World Resources Institute.

Ricupero, Rubens 1999 *Speeches on the asymmetry of the trading system*, Geneva: UNCTAD

Rodrik, D. (1999b), *The New Global economy and Developing Countries: Making Openness Work*, Washington, D.C.: Overseas Development Council

Sampson, G.P. (1999) *Trade, Environment, and the WTO: The Post-Seattle agenda*, Policy Essay 27, Washington, D.C. Overseas development council

Schulze, Gunther G. (1998) *Environment Policy in an Integrated World Economy*, Germany: University of Konstanz

Sen, Amartya (1999) *Development as Freedom*, New York: Alfred A. Knapp [The book calls for an integrated analysis of freedoms in economic, social and political activities, involving a variety of institutions and many interactive agencies]

Sheehan, James M *Global Greens: Inside the International Environmental Establishment*, Washington, D.C.: Capital research center

Shaw, N. and Cosbey, A. (1994) *GATT, the WTO and Sustainable Development*, Winnipeg: IISD.

Singh, A (1996), 'The Post-Uruguay round World Trading system, Industrialization, Trade and development Implications for the Asia-Pacific Countries' in *Expansion of Trading Opportunities in the Year 2000 for Asia-Pacific Developing Countries: Implications for the Uruguay round and adaptation of Export Strategies*, edited by UNCTAD, Geneva: UNCTAD

Stiglitz, Joseph. *Two Principles for the Next Round, Or, How to bring developing Countries in from the Cold*, Washington. D.C. World Bank

Subramanian, A (November 1999) *TRIPS and developing Countries: The Seattle Round and beyond*" Paper presented to the Conference on Developing Countries and the New Multilateral Round of Trade Negotiations, Harvard University

The President's Council on Sustainable Development (1999) *Towards a Sustainable America, and Natural Resources Management and Protection Task force Report*, Washington, D.C.

Trade Negotiations Committee (TNC) (1994) *Decision on Trade and Environment*, MTN.TNC/W/141, Geneva: GATT

UNCTAD, (1999) *A Positive Agenda For Developing Countries in Future Trade Negotiations*, Geneva: UNCTAD [An assertive approach to negotiating for such countries]

UNCTAD (1999) *Trade and Development Report*, Geneva: UNCTAD [An excellent overview of the deteriorating performance of developing countries]

Weiner, D. (May 1999) *Misreading the Developing World*, Washington, D.C. Overseas Development Council

Whalley, John (1999) *Building Poor Countries' Trade Capacity*, CSGR Working Paper No. 25/99, UK: University of Warwick

Biographical Sketch

Nevin Shaw is President of Export Growth Pathfinders, a non-governmental organization dealing with issues of trade and sustainable development for a variety of clients. He has been Senior Policy Advisor to the Canadian Secretariat under the Agreement of Internal Trade, and Executive Fellow for the International Institute for Sustainable Development. Prior to that he held a number of positions with the Government of Canada, including trade negotiator. He was born in Zanzibar, Tanzania. "I believe that business faces unprecedented opportunities to be an agent of positive social, economic, ecological and spiritual transformations, if it can find a robust framework."