

The Third World GATT Trap

AFTER A PROLONGED, SEVEN-YEAR DEBATE, the Uruguay Round negotiations for the General Agreement on Tariffs and Trade (GATT) was completed in December 1993. While the deal was signed in April 1994 by 117 countries, it will only go into effect if passed by the U.S. Congress and other countries' legislatures.

The clear beneficiaries of the Uruguay Round are the giant global corporations. Citizens throughout the world will be the losers, but it is the people of the Third World who will bear the greatest burdens.

For the Third World, GATT can be read as a sort of permanent, global structural adjustment program. It will lock into place the deregulated, export-oriented reforms which have swept through the developing world over the last decade thanks to the International Monetary Fund and World Bank, while also opening Third World economies to still greater foreign penetration and control.

The Uruguay Round agreements on investments and services extend the definition of trade far beyond goods. By imposing a requirement of "national treatment" — that is, a duty to treat foreign corporations in the same way as domestic companies — they will force Third World countries to open up their vulnerable economies in areas which have long benefited from government protection. The investments agreement, for example, will prevent countries from limiting foreign investment to joint ventures with majority domestic ownership. And the services agreement will open up sectors long shielded from competition by multinational corporations, such as banking and telecommunications.

Since only big companies will be able to compete on a global playing field, the almost certain result of these agreements will be to: wipe out small, local firms; encourage concentration of ownership in the most profitable sectors of the economy; and promote foreign dominance in Third World countries' most important industries.

The agreement on intellectual property (meaning patents, trademarks, copyrights) will also ensure greater corporate control, influence and exploitation of the Third World. Many Third World countries currently have less restrictive patent laws than the United States and other industrialized countries, enabling domestic producers to copy drugs developed by industrialized country pharmaceutical makers or to manufacture them by different means. In many countries, these patent laws have nourished the growth of a vibrant domestic pharmaceutical industry and, by fostering competition rather than monopolies, provided drugs to consumers at prices far lower than those paid by U.S. consumers. The GATT agreement on intellectual property, however, will require Third World countries to adopt U.S.-style patent laws and 20-year patent protection. Again, the almost sure result is the withering of domestic manufacturers and the consolidation of control by foreign corporations — and skyrocketing prices for consumers.

In exchange for affording multinational corporations increased access to their markets, Third World countries sought and gained an opening of Northern country markets to Third World textiles and agricultural goods. But even the "victories" in these areas are likely to be pyrrhic.

In the agriculture sector, for example, specific provisions on

agricultural subsidies will further encourage export-oriented, chemical-intensive agricultural exports over sustainable production for the domestic market. Small farmers will suffer, but large producers and multinational agricultural companies stand to gain substantially.

Uruguay Round agriculture reforms will exact a particularly high toll on African farmers, who currently benefit from a range of market protections and subsidies. Even the OECD and World Bank, which otherwise rhapsodize over the alleged benefits of GATT, acknowledge that rural incomes in Africa are likely to fall and that income stratification is likely to rise with the adoption of Uruguay Round-style reforms.

The Uruguay Round also gave birth to the World Trade Organization (WTO), a new international body that will replace the loosely-coordinated GATT — and which poses a severe long-term threat to Third World interests. Some have billed the WTO as a boon for Third World countries, arguing that its stricter enforcement of world trade rules will limit U.S. and other industrialized countries' unilateralism and double standards. But the more likely result is that the WTO will prevent Third World countries from "slipping through the cracks," and that GATT/WTO disciplines will be applied most heavily against them. The minimal WTO concessions to Third World countries — including a right to demand one developing country panelist among the three trade panelists picked to resolve any WTO dispute between countries — should provide little respite to Third World nations, since the WTO will be enforcing rules which systematically subordinate development and all other non-commercial concerns to the dictates of multinational corporate-dominated world trade.

Sadly, while many Third World governments entered the Uruguay Round negotiations skeptical of or hostile to industrialized country demands that they open up their economies, they ended the negotiations concerned only with demanding greater access to Northern markets. This shift is a testament to the global ideological victory won by ardent free-market theorists — and an abandonment of nationalist policies designed to build up local markets and producers and to limit the reach of foreign economic influence. It is, in short, a wholesale surrender of sovereignty.

There is hope that the WTO can be stopped. If the U.S. Congress refuses to approve the Uruguay Round negotiations, the package would have to go back to the table. And while the effect on the Third World is not going to be a factor in Congress's consideration, there is a possibility that a broad coalition — including consumer and environmental activists, and conservatives concerned about the effect of the WTO on U.S. sovereignty — could persuade Congress to reject the WTO.

GATT is the embodiment of the global corporate agenda: increased concentration of wealth in the hands of a few multinational companies and compliant local elites, as countries "compete" by decreasing workers' wages and benefits, and undermining health, consumer and environmental standards. By facilitating a movement away from meeting local needs and toward exporting goods to industrialized countries, the Third World will lose most in this process. ■