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AN ABSENCE OF LEADERSHIP: CLINTON AT THE WTO

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“Developing nations stand absurdly accused, by new and old protectionists alike, of taking advantage of the doubtful benefit of being poor.”—*Luiz Lampreia, Brazilian Minister of Foreign Relations, December 1999*

The Seattle ministerial meeting of the World Trade Organization (WTO) ended late December 5 with nothing more to show for its efforts than several million dollars worth of broken glass and looted shops, courtesy of protesters. Representatives from the 135 member countries failed to reach consensus despite long hours of meetings, even regarding issues such as agriculture and services that delegates had long determined would comprise part of the agenda for a new trade round.

President Bill Clinton, the host of the meeting, ruined any chance of an agreement even before he arrived in Seattle. In a November 30 telephone interview with the *Seattle Post-Intelligencer*, he reiterated his desire to formulate labor standards and incorporate them into all future WTO agreements. “[U]ltimately,” he added, “I would favor a system in which sanctions would come for violating any provision of a trade agreement.”

Other member nations immediately recognized the dangers of such a proposal, and the Seattle meeting ended without any accord on the issue of tying labor to trade agreements—not even the preliminary step of forming a working group to

discuss it. This was fortunate because the President’s proposal is highly damaging, not only to U.S. leadership and credibility, but also to the future of the people in developing nations that the Administration wishes to assist.

Damaging to the U.S.
The Clinton Administration has urged other nations to liberalize their trade regulations, but the President’s vision of the future of international trade evoked an image of a far different world and indicated to other nations that the Administration could change its agenda over the narrowest of political interests.

Worse, the President’s statement played to international fears of American hegemony. It reinforced the deteriorating international opinion of America and its global leadership role. Other nations saw a United States that would host a discussion of free trade but not commit itself to it, and that even recommended the use of sanctions, a barrier to free trade. In the long run, the greatest damage from the President’s rash proposal is likely to be the erosion of international support for U.S. leadership on trade issues.

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By catering to factional U.S. political interests, the President sold out long-term American interests and sacrificed the cooperation of other nations in the multilateral sphere. This failure has domestic repercussions for the Administration as well: By undercutting its professed commitment to free trade, the President has undermined his chances of securing congressional approval for his hard-won agreement with China.

Damaging to the WTO. In negotiating trade agreements at the WTO, delegates must balance the dual aims of achieving consensus and meeting the goal for which the organization was created: trade liberalization. Adding social regulations to the already difficult process of lowering trade barriers creates the danger that a forum for multilateral deregulation will become instead a regulator of nations.

The President's statement snapped the tenuous thread of consensus building. By the time the President arrived in Seattle, no developing nation was willing to cooperate with U.S. proposals because of the threat to their sovereignty and to their future implicit in his statement. Therefore, no agreement emerged from a meeting already fraught with pitfalls. Now trade ministers from many countries predict that the WTO likely will fail to reach any agreement on the composition of a new trade round until after the U.S. presidential elections in November 2000—a year of economic development lost due to lack of leadership.

Damaging to economic development. Beyond the Seattle meeting itself, or even the launch of a new trade round, the statement was harmful to the process of trade liberalization worldwide, and ultimately to global economic development. What nation's leader can argue to domestic political critics that they must open their market if the world's largest trading nation does not advocate free trade? The United States, and the world, needs forthright leadership that will push unequivocally for free trade. The President must explain to the American people that free trade is essential to domestic prosperity

and international economic development, and that America is committed to taking action to achieve this aim.

Damaging to developing nations. The best way to help poor people in any nation is to offer them open access to markets. The best way to harm their development is to impose standards that they cannot possibly meet. Under the President's proposal, developing nations would be twice punished for the crime of being poor: first, by being unable to adhere to the same standard of living that developed nations enjoy, and second, by being sanctioned for such failure. By stultifying economic development, this plan would kill any hope of economic growth. Ultimately, the President's proposal would impair efforts to establish the very labor standards it meant to implement.

Linking labor standards to trade agreements will advance neither trade nor labor interests. The surest route to improved labor standards is through free trade, which leads to economic development and thence to the means to create and sustain a more prosperous way of life.

Conclusion. The Administration frequently expresses a laudable desire to assist people in developing nations. However, the President's proposal is a formula for destroying any hope of development in these countries, impoverishing them before they even have a chance to experience real prosperity.

Trade liberalization is the surest way to boost labor standards worldwide. To impose international labor standards and then to punish those who cannot hope to abide by them is the surest way to consign the poor to perpetual poverty. The Administration and Congress need to advance a free trade agenda to foster global economic development and defend America's own prosperity.

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