

Live to Trade or Trade to live? The WTO and Human Rights

Sarah Joseph's Inaugural Professorial Lecture

By Sarah Schneider

Sarah Joseph, Director of the Castan Centre, was made Professor of Human Rights on 1 January 2005. In July of this year, Professor Joseph delivered her inaugural lecture to a packed audience on the topic of human rights and the WTO.

Professor Joseph noted that the underlying premise of the WTO, that free trade is a good thing, is based on the theory of 'comparative advantage', whereby states should concentrate on producing and exporting the products that they are best at producing, and import other products. This will generate global economic efficiency, as all states will be concentrating on their economic strengths. This generates greater wealth and, it is argued, advances human rights, as it facilitates the alleviation of poverty and increases the capacity to implement economic, social and cultural rights and the right to development. So why has the WTO received so much criticism from the human rights constituency?

Professor Joseph canvassed the argument that WTO rules benefit the North more than the South. If true, the WTO is not achieving optimal outcomes in relation to poverty alleviation and the right to development, and could even be exacerbating economic social and cultural deprivation in the South. The Trade-Related aspects of Intellectual Property Rights is one example. TRIPS has led to the regressive transfer of wealth from the South to the North where most patents are held and has made essential goods (eg life saving medicine) less accessible for the poor. Furthermore, liberalisation has focused on products which are of greater interest to Northern rather than Southern producers. Most notoriously, little progress has been made in the area of agriculture, where many developing States enjoy a comparative advantage.

Professor Joseph then asked whether, from a human rights perspective, free trade is a good thing. She questioned the argument that free trade will inevitably generate greater wealth. Although reports have shown that states have reduced trade barriers as they have become richer, they have not shown that States that have liberalised have necessarily grown rich. In the meantime, freer trade has accompanied a growth in inequality between and within States, and therefore a growth in relative poverty.

Putting aside obvious 'worst case scenarios' (such as trade in harmful products like tobacco), free trade can generate det

rimental effects. There may be unwanted side effects of liberalisation of agriculture, one of the main demands of developing states. A number of developing states are dependent on subsidised food from Western states, which may disappear in a new agriculture deal. Further, a state is very vulnerable if its only competitive advantages lie in agriculture and cheap labour. Professor Joseph stressed that States should be able to target and nurture niche industries to ensure the development of dynamic competitive advantages. For example, had South Korea liberalised its economy 35 years ago it would be a poor country specialising in the production of rice. Instead it built up its steel and automobile industries, protecting them from competition until they were able to withstand it. States also need to develop social services like health and education, both to facilitate human rights and to increase their capacity to benefit from trade liberalisation via a higher skilled, more productive workforce.

The final issue Professor Joseph addressed was the fear that global trade competition will result in a race for the lowest labour standards in order to attract investment. Northern NGOs and trade unions have argued that the WTO should permit trade sanctions to enforce minimum labour standards, however the South claims that this would undercut legitimate competitive advantages. Whether this would occur would depend on whether the standards are set at appropriate levels. Professor Joseph stated that a labour clause should not penalise lower wages in places with a lower cost of living. Furthermore, labour rights

would protect Southern as well as Northern jobs from unconscionable competition from other Southern states. Labour rights reform is a necessary part of the current globalisation revolution, as it was in the Northern industrial revolution.

In conclusion, Professor Joseph advocated an asymmetric deal – one that favours developing nations through concessions from the North while in return, the South could agree to a labour rights clause. What is necessary is a shift away from the assumption that free trade is inherently beneficial. Instead, there is a need for coordinated and balanced progress on free trade and non-trade areas such as human rights and poverty alleviation. At the very least, WTO initiatives must be compatible with the advancement of these other issues. To do otherwise, is probably politically unsustainable (given the Doha malaise) as well as socially, economically, and ecologically unsustainable.



Professor Sarah Joseph