



FINAL RESOLUTION TO THE LIBERAL INTERNATIONAL GLOBAL CONGRESS

## **World Trade at the Millennium**

Ottawa, Ontario – Thursday 26 October 2000

*Central resolution of the 2000 Liberal International Congress  
written and submitted by  
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### ***I Introduction: Meeting the Challenges of Globalisation and Governance of the Trading System***

THIS CONGRESS recognises that globalisation has loosed vast powers upon the social, political and economic arenas.

These powers hold out much promise for the improvement of human welfare; the communication of ideas and ideals; the fostering of a sense of community across borders; the advancement of justice; and the creation of wealth.

Equally, however, these powers threaten to consume those who are unprepared or unwilling to channel them in positive directions. The power of globalisation lies precisely in the transcending of the borders on which states and the international system are predicated and within which the agencies of democracies are typically circumscribed.

The technology of globalisation has not only made possible communications, commerce and action across borders; it has elevated individuals and private organisations to spheres previously reserved for states and has acted as a catalyst to cause the loyalties of many populations to both devolve to local communities and abstract to hemispheres.

The challenge to Liberals, to preserve the humane, liberal democratic values that we have fostered and matured within our states over the centuries, is to embed those values into international institutions, and indeed ensure that there is a coherent international framework capable of projecting political values into the international arena.

The new global economy cannot simply be left to operate as, “a huge zone of irresponsibility ... not subject to the rules of accountability and principles of legitimacy that apply to relations between individuals and states.” This means working towards the aim of governing globalisation processes in accordance with liberal-democratic principles, and thereby contributing towards the goals of sustainable human development on a worldwide scale.

Liberals are aware that globalisation has restricted the way in which the nation state may frame its domestic priorities. They recognise that we must take into account the international framework in which we operate if we are to produce realistic solutions to societies' problems. They, therefore, must work to ensure that the world trading and financial systems and their institutions incarnate liberal values so that domestic policies may be reinforced, not weakened, by their impact.

To those who argue that commerce and human values must be kept separate, the liberal reply must be that in the long term, prosperity and social justice are always inseparable. An unjust or unaccountable global economy will ultimately collapse on itself.

In terms of the future international trade system, the promotion of such liberal values must give attention to:

1. improving and strengthening the institutions governing international trade, in particular the World Trade Organisation (WTO), with special regard to promoting coherence between the policies and practices of major institutions;
2. democratising the processes whereby trade policy is developed and agreements are negotiated and implemented, and embedding explicit terms to improve the reality and public perception of accountability to states;
3. continuing the momentum for liberalisation in sectors hampered by protectionism or harmed by subsidy wars (e.g., agriculture), and extending the oversight role of International Financial Institutions (IFIs);
4. ensuring that the growth of liberalised trade is accompanied by the spread of liberal values of: the rule of law and the combat of corruption; environmental and social responsibility; respect for cultural diversity; respect for fundamental human rights and the security of all human beings;

5. ensuring that the benefits of a liberal international trading system are broadly distributed to all regions, to smaller developing countries, and to all sectors of society;
6. reforming the practices and policies of IFIs, and the conditions they impose on recipient states, to ensure that they are coherent and lead towards the improvement of quality of life of states' populations.

## ***II Elements of a Forward-Looking Liberal International Trade Agenda***

1. We must address two separate but related concerns regarding the WTO.

The first is the very real possibility that the growing power of the WTO has not been matched by a maturing institutional accountability, and that it may be evolving into an undemocratic and unaccountable entity.

The second is that as populations grow increasingly anxious about the negative externalities of international trade, and the absence or relative impotence of international regulatory bodies to restrain the worst excesses of these externalities, the WTO may become burdened with an unmanageable agenda and set of expectations that will render it ineffective.

The public policy paradox of the current international arena is that, typically, powerful organisations are not democratic and democratic organisations are not powerful.

Amongst measures which we should consider are:

- clearly defining the WTO's appropriate scope and its adherence to liberal constitutional principles, while ensuring that it has the necessary decision-making structures and capacity to carry out its assigned mandate on the most representative basis possible and in co-ordination with other relevant international bodies (the Bretton Woods IFIs, UN, ILO, etc.);
- opening up the WTO to more public access and involvement, through developing more regular and institutionalised relations with NGOs and pillars of civil society;
- ensuring that democratic parliaments which formally represent citizens and societal interests at large are able to have a greater presence and window on the workings of the WTO system. Consideration should be given to creating an associated parliamentary mechanism which could be composed of representative delegations from the parliaments of member countries;

- making WTO dispute settlement processes more transparent, more open, and more effective.
2. Beyond trans-national efforts, working with like-minded countries to open up and increase the democratic accountability of international trade institutions, a liberal approach will also work nationally and locally to improve and strengthen domestic trade consultation, policy development and policy implementation processes. Amongst the measures which should be considered domestically are:
    - putting in place channels for regular ongoing public consultations on major trade policy issues on the broadest possible basis and with a view towards enhancing constructive dialogue, deliberation, and consensus-building within societies;
    - ensuring that parliamentarians and the citizens they represent have free access to timely information during all stages from the negotiation to the implementation and review of international trade and investment agreements.
  3. There is still a large unfinished agenda with respect to implementation of the trade liberalisation agreements from the Uruguay Round, extension of their coverage to new members and elaboration of liberal multilateral rules to encompass key emerging services and investment areas, such as electronic commerce.

As to negotiations that must proceed in the next years, liberalisation of agricultural trade and trade in services trade, which accounts for a rapidly growing proportion of international economic transactions and investment, must be paramount.

Consideration should be given to:

- achieving agreement to eliminate agricultural export subsidies which have proved distorting and costly (at the latest prior to the expiration of the “peace clause” in 2003);
- encouraging the European Union to accelerate the inevitable reform of its Common Agricultural Policy (CAP) and the United States to disengage from its subsidy competition with the EU;
- encouraging all countries to support multilateral efforts to achieve some common understandings on increasingly sensitive agri-food issues, such as trade in genetically modified foods, which if not dealt with and resolved soon could undermine the foundations of a liberal international trading order;

- identifying services sectors (financial, telecommunications, high-tech etc.) that could benefit from further market liberalisation, while at the same time ensuring that democratic governments maintain appropriate capacity to regulate in the public interest, especially in regard to health, education and social services;
  - liberalising government procurement, and making it more transparent, bearing in mind the same public-interest considerations;
  - expanding the roles of international financial institutions, to have greater scrutiny over the practices of financial firms, where the activities of such bodies substantially cross borders and may significantly affect the public interest;
  - working to develop better multilateral rules and disciplines governing international investment and the competitive behaviour of multinational firms.
4. The expansion of liberal trade must go hand in hand with the development of international law and justice, respect for the rights of all persons (including social, economic and cultural rights), advances in general living standards, and concern for the ecological sustainability of the earth upon which the fate of future generations will depend. It is both unacceptable and, in the long term untenable, to cannibalise the dignity and well being of peoples to profit individuals.

Ultimately, trade is valued not as an end in itself, but as a means towards improving human quality of life. Success in crafting the international trade architecture, therefore, lies in recognising other determinants of quality of life not as separate quantities, but linked to trade as part of a whole public policy canvass.

Consideration should be given to:

- ensuring that international trade and finance organisations consider the social and environmental externalities engendered by forms of trade that agreements and practices frustrate or promote;
- developing human rights and environmental benchmarks, to supplement existing trade benchmarks, as part of the requirements of entry by states into world trading agreements;
- ensuring that there is no conflict between international trade and investment rules and countries' respect of their obligations under multilateral human rights conventions and environmental agreements;
- creating a forum to bring together international trade and financial agencies on the one hand, and international human rights and environmental agencies on

the other, to promote coherence between the programmes of each, as well as to ensure that the legitimate aims of each are not frustrated by the other;

- co-operating on international efforts to combat corruption and forms of illicit trans-national trade;
- ensuring that policies and negotiations on freeing trade take into account the establishment of minimum labour standards and humane social adjustments;
- ensuring the mitigation of impacts on vulnerable groups, gender impacts, and developing opportunities for women;
- ensuring the preservation and promotion of cultural diversity through the creation of a new international instrument on cultural diversity, recognising that such action must address trade related issues such as the Internet, basic telecommunications services, intellectual property market access, and private restrictions on trade;
- ensuring that the special circumstances and needs of smaller nations and the least developed countries are not neglected.

5. As noted in the last point, the liberal multilateral trading system of the future must ensure that no part of the globe, and no part of society, is left out or disadvantaged by the tremendous changes in the movement to open markets and free trade and investment.

In this respect, it is important that developing countries be integrated as full participants in that system and assisted in strengthening their capacities to contribute to and benefit from the realisation of liberal trade objectives. Regional initiatives - such as the Free Trade Area of the Americas (FTAA), which includes a number of small economies - should be pursued in ways that complement integration objectives.

In the coming century it is not only possible, but also politically imperative, to consolidate a liberal trade regime that supports both economic progress and sustainable human development on a world-wide scale. To that end, consideration should be given to:

- enhancing the capacity of the least developed countries to implement their Uruguay Round commitments and to participate meaningfully in the WTO negotiations following the Seattle Ministerial Conference (e.g., through mechanisms such as the WTO's Global Trust Fund established in July 1999);
- moving quickly to liberalise the terms of trade for developing countries, such as through dropping tariffs on imports from least-developed countries;

- using regional trade forums (e.g., FTAA, APEC) to assist developing countries and to hasten progress towards broader multilateral trade liberalisation;
  - fostering discussion in all relevant international forums - the IFIs (IMF, World Bank, and regional development banks), G-8 and G-20, Commonwealth and Francophonie, the UN system which will hold its Millennium Assembly in 2000 - on coherent multilateral strategies for coping with the challenges of globalised trade, seeking to combine the virtues of liberalised markets with the values of humane liberal democratic governance;
  - establishment of conditions under which states would be encouraged to forgive debts from heavily indebted states.
6. Relations with least developed nations reveal a profound ambiguity, if not paradox, in the practices of IFIs. In principle, the objectives of IFIs are to foster economic stability in the international arena, by dint of providing assistance where necessary to avert crisis, to promote development, and to promote rectitude in states' fiscal and trade policies, all towards the end of improving quality of life.

In practice, however, the pursuit of these individual objectives in isolation tends to give rise to multiple IFIs applying conditions on states that, taken together, are mutually exclusive or give rise to perverse results.

Consideration should be given to:

- encouraging IMF and World Bank and develop policies that are coherent with one another;
- setting the objectives of the IFIs in their relationship with least developed nations to include the reduction of poverty, and not simply the growth of aggregate GDP;
- ensuring that IFI policies towards least developed nations are not abstracted from the realities of human need and want: human development indices, alongside fiscal and monetary indicators, should be used in setting conditions for assistance, metrics of success for assistance given, and published metrics of success of IFI policies;
- clearly delineating between emergency assistance programmes and development programmes, and not confusing the conditionalities of the one with the other;
- giving the least developed nations themselves a greater role in the governance of IFIs.

### ***III Conclusion: A New Challenge***

At a time of increasing globalisation, the effects of the terms of international trade reach further into the lives of the world's peoples than ever before. In many ways, for better and for worse, the decisions on world trade made in the following decade will define the social, political and economic landscape for the next century, for individual states as well as the international system.

Liberalism is as strong as ever and, indeed, has emerged as the ascendant political philosophy across the world. If we are to retain the hard-won gains of the world's peoples, we must be prepared to bring to bear the determination to embed liberal values into international institutions, of 19th century liberals in their attempts to embed those same values into the institutions of the nascent nation states.

Globalisation is likely to present either the greatest opportunity or pose the greatest threat to liberalism in the twenty-first century: history will record that it was the decision of this generation of liberals that decided which would prevail.

### ***IV Appendix: Contact Details***

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