

End of the era of globalization and the beginning of a new one?

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Globalization can be understood in different ways. For some it is the spread of mobile phones and Information and Communication Technology. For some others it is the expanded ability to share knowledge, experiences and values among societies and countries in the global village.

The major characteristic of the era of neo-liberal globalization, however, is the ruthless but effective invasion of market logic and principles as a well coordinated systematic project in to aspects of people's everyday lives to a degree which was previously unimagined.

Many of the "heroes" of our times in the fields of art, media and civil society activism were seen negotiating and compromising the higher values they preached with newly the found 'reality' of the need to survive as 'realists' and 'pragmatists' in a world driven by market logic. The 'X-Group', that became popular among a section of urban intellectuals and youth during late 1990s and early 2000s, declared that "all were for sale in the market and could be bought".

The formation of the World Trade Organization (WTO) in 1995 is the central event that marked the emerging hegemony of the liberal market, the central mechanism of the neo-liberal globalization project.

One key principle underlying the post WTO world is the emphasis on the protection of the right to private ownership of services and intellectual contributions that were previously not owned by anyone but shared by people.

Everything from water, air, soil to genes and gene sequences and from health services, education services, energy services to cultural practices became marketable commodities creating new opportunities for private profit making.

The initiation of the neo-liberal globalized project can in fact be traced back to 1980s. The end of the cold war and the collapse of the Soviet Block, created an ideological vacuum where no alternative to unfettered market driven capitalism.

The only ideological alternative to the capitalism that had seemed viable for over half a century was considered defeated and vanquished. While it is true that multinational corporations were powerful entities in the world during the last century -- ever since the emergence of the first multinational "Standard Oil Trust" in 1880s -- the unprecedented power of Transnational Companies (TNCs) was what really set apart the era of neo liberal globalization.

TNCs brought all influential global players under one umbrella to drive the world based on the neo-liberal economic ideology. Most of the leaders of the developed and developing country governments, WTO, World Bank, International Monetary Fund, regional development banks, corporate media networks, neo-liberal think tanks, some state officials in trade and financial sectors, some academic researchers investigating trade, all worked for the common agenda set by the TNCs. By the year 2000, out of the 100 largest economies, 51 were TNCs while only 49 were States.

Rules of numerous trade agreements, lending conditions, technical assistance and policy advice offered by the International Financial Institutions, guidelines of new national policies and strategies introduced were all proposing the universal prescription of the removal of government interference in financial markets and capital markets and removal of all barriers to trade. This included the lowering of tariffs and elimination of protectionist measures. Trade lobbies backed by TNCs were the main actors behind the introduction of GATS (general Agreement on Trade in Services) and TRIPS (Trade Related Intellectual Property Rights), the multilateral agreements on services and intellectual property rights within the WTO system.

From WTO to Bilaterals

While agreements coming under WTO provided the multilateral framework for global trade that included all aspects of life in the neo-liberal globalization era there are also trade agreements signed and implemented on a bilateral and regional basis between and among countries.

It is interesting to investigate why bilateral and regional trade agreements, that are according to WTO trade rules “WTO plus” from the perspective of liberalization came significantly into the picture in the recent past.

Each time WTO negotiations failed as a result of wide ranging internal disagreements among different groups of member countries and outside pressure exerted by the public (e.g. in Seattle and in Cancun) there was a significant increase in the number of bilateral trade agreements.

North American and European leaders went on record openly stating their desire to achieve business objectives through bilaterals, if the multilateral system at the WTO failed.

The Asian Development Bank documented 159 bilateral free trade agreements (FTAs) in operation in 2008 in the Asia Pacific Region alone. While Sri Lanka was involved with at least 8 bilateral and plurilateral FTAs by September 2008 India was involved with 31 and Pakistan with 24 FTAs by the same time.

India-- Sri Lanka CEPA

A good case study to investigate bilateral is the proposed agreement known in Sri Lanka as “CEPA”.

The India Sri Lanka Comprehensive Economic Partnership Agreement (ISL-CEPA), the expanded version of the India Sri Lanka Free Trade Agreement (ISL-FTA) was to be signed during the August 2008 SAARC Summit in Colombo.

However, it was abandoned at the last minute because of controversies over expansion of the coverage of ISL-FTA to include services, investments and intellectual property rights, significantly reducing the ‘negative list’ of items that were left un-touched by the ISL-FTA from tariff reduction (so that the country could protect the interests of local farmers and industrialists) and promoting cooperation in facilitating further economic liberalization.

There were several major good governance concerns involved with the CEPA negotiations.

The negotiation process was secretive and many of the most important stakeholder parties were not consulted. This happened within a context where ISL-CEPA contradicted some of the other important government policies such as those that sought to strengthen local agriculture, industries and the local economy.

Why an expansion of the ISL-FTA was needed in the first place was not explained with enough factual justification and instead a superficial conceptual justification of the advantages of trade liberalization was considered as sufficient rationale for such a far reaching agreement.

The website of the Department of Commerce, reported almost nothing except to say “10 rounds of technical level negotiations has been held so far and text of the CEPA has been in discussion at all these rounds and some of the chapters are almost finalized” within a half a paragraph of introduction.

The requests made for information on the status of negotiations by the parliamentarians and parties that were directly affected such as the Chamber of Industries were blocked on the grounds that there was a tradition of not discussing the contents of trade negotiations in public.

Fair representation of stakeholder opinion, an important aspect of good governance was not honored. Out of the range of stakeholder groups affected by such a trade agreement, such as large scale traders, representatives of the interests of thousands and millions of small and medium scale traders and most importantly producers, state officials, representatives of the private sector, peoples’ representatives at all governance levels (including provincial and local government levels), civil society groups, organisations representing various citizen interests, trade unions, only a few groups were consulted during the process of negotiations.

Let alone estimating the possible implications of ISL-CEPA, no assessment of the overall impacts of the ISL-FTA was done. There was hardly any information on the overall jobs created (vs lost) by ISL-FTA and the quality of jobs if and when they were created.

Estimation of overall impacts of ISL-FTA on social welfare, the poor and small and medium scale farming and industrial communities were not investigated. While devolution of power remains a critical topic at national level and a priority of the government strategy to deal with the conflict, impacts of ISL-FTA on provincial policies and development plans were also not evaluated.

How can one explain this gross violation of the fundamental principles of good governance within the process of negotiation? More importantly how is it that such violations go unchallenged in general in intellectual dialogue?

It is true that the signing of the agreement was abandoned but that happened not as a result of serious intellectual challenge. The ability to remain unchallenged even after violation of fundamental principles is a characteristic of hegemonic ideologies. It is always the party challenging the hegemonic ideology that needs to be accurate, presenting facts and figures to prove one's case. Will this, however, be possible anymore? Does neo-liberal economic ideology still occupy the status of dominance? Will the neo-liberal ideology be able to survive this 'bad patch'? Would the next round of ISL-CEPA negotiations move ahead without genuine attention to aspects of good governance and the basics of intellectual inquiry?

These are the questions that the concerned and thinking citizens of Sri Lanka should be asking.