

MUNK CENTRE MONITOR

IEWS, NEWS, PEOPLE AND EVENTS FROM THE MUNK CENTRE

UNIVERSITY OF TORONTO

MUNK CENTRE
FOR INTERNATIONAL STUDIES

AT TRINITY COLLEGE



VIEW FROM THE DIRECTOR

JANICE GROSS STEIN

THE PERFECT STORM

We know what has ended, but we do not know yet what is to begin. The stinging rebuke delivered by American voters to the Bush administration and the escalating violence in Iraq have created the perfect storm. What is at stake is not only the future of Iraq, or even the future of the Middle East, but the scaffolding of global politics, the structures that temporarily underpin the global order. The voters in the United States and the violence in Iraq reversed trends that have been building for 25 years.

The overriding consequence of the loss of the House and the Senate is to constrain US military power and its revolutionary idealists. The constraints had been building even before the election. The "realists" in the United States, the hard-headed and cold-eyed pragmatists, had been quietly expressing their horror at the "mess" in Iraq and at the wild-eyed idealists who had taken over the White House. The bi-partisan Iraq Study Group, led by former Secretary of State James Baker and Lee Hamilton, was working to assess the situation even before the election heated up across the United States. The Congress will now look actively for options that will mask the gradual withdrawal of US forces from Iraq.

This withdrawal will occur, whatever the consequences for Iraq. There is by now only the remote hope that elites inside Iraq will forge a consensus across their multiple religious, ethnic, and tribal divides. It is equally plausible that Iraq will descend further into civil war, and that ambitious neighbours all around will take advantage of the opportunities that the violence will provide to advance their interests. Turkey and Iran are unlikely to watch escalating violence quietly from the sidelines. Iraq and its neighbours could face years of violence.

In Washington, the attitude will be quiet indifference mixed with a tinge of

Continued on page 2

After Doha: Fearful New World?

COVER STORY BY SYLVIA OSTRY

The failure of Doha is not the failure of negotiations but the demise of rules-based multilateralism. A symptom of this demise was the desultory windup in early 2006 of the Hong Kong Ministerial Meeting of the Doha Round of World Trade Organization (WTO) trade negotiations. But the causes can be best understood by placing the Doha Round in historical context. Below, I provide an overview of key post-war developments in the multilateral trading system. I describe the emergence of the "new geography" based on coalitions of Southern countries and discuss the "fearful new world" of today's trade environment in which uncertainties have replaced any consensus approach to rules-based multilateralism. Finally, I address the need for reform and recommend a possible way forward for the WTO.



The Hong Kong WTO session: Nothing more to say.

A Simpler Time: GATT and the Transatlantic Consensus

The multilateral trading system (MTS) was a key element in the post-war architecture of international policy-making. It was created by the US with some help from its friends, although the naughty doggerel "In Washington Lord Halifax whispered to Lord Keynes, they've got all the money bags but we've got all the brains" is rather exaggerated. The two Bretton Woods institutions – the World Bank and the International Monetary Fund – were to have been joined by the International Trade Organisation, or ITO. Because the Republican Congress was opposed, the third leg of the stool was the GATT (General Agreement on Tariffs and Trade),

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MONITOR HIGHLIGHTS

Peter Munk's \$5 million gift boosts Centre to "the next level," back page/Now, everyone drop their weapons, page 3/Blame it on the Soviets, page 3/Pills, profits and human rights, page 4.

EVENTS TO WATCH FOR

DECEMBER

Protect the NET and The Geopolitics of Cyberspace: A Panel on Internet Censorship, Surveillance, Infowar, and Resistance, Dec. 1

MCIS Distinguished Lecture Series, David M. Malone (High Commissioner for Canada to India) on The International Struggle Over Iraq: Politics in the UN Security Council, Dec. 7

FEBRUARY 2

MCIS Distinguished Lecture Series, H.E. Sadaaki Numata (Ambassador of Japan to Canada) on Japan's Role in the Future of Asia and Beyond



THE LIONEL GELBER
PRIZE

MARCH 27

2006 Lionel Gelber Prize Lecture

APRIL 5

Jan T. Gross (Princeton; author of the widely acclaimed *Neighbors: The Destruction of the Jewish Community in Jedwabne, Poland*) on Fear: Anti-Semitism in Poland after Auschwitz

FEEDBACK

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VIEW FROM THE DIRECTOR

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remorse and a public rhetoric of support for orderly transition. The indifference will come from the sobering recognition that America cannot influence the outcome of the struggle inside Iraq. The remorse will come from the even more sobering recognition that the country has deployed its military power and failed. There is nothing left to do but watch. As the scope of the failure in Iraq sinks in, attitudes in Washington will cross party lines to shape a consensus for the next decade: the United States will deploy its forces abroad if, and only if, it is subject to direct attack. The US will become a genuinely conservative power internationally, husbanding its resources and protecting its national interests.

Those who will suffer most from the fracturing of Iraq and the withdrawal of the United States are the reformers across the region, the people the Bush administration most wanted to help. Ironically, these reformers long ago came to the conclusion that the Bush administration advanced five years ago: the Middle East suffers acutely from authoritarian, corrupt regimes that are insensitive to the needs of their own people. These are regimes that, despite their wealth, are largely incapable of providing the public goods and services that will lift people out of poverty. This small but hopeful group of reformers placed their trust in Washington, and it is this group that now feels itself utterly betrayed and abandoned.

It is unclear whether these reformers could have succeeded in their struggle against authoritarianism in the Middle East. The regimes in this part of the world have deep roots and great staying power and reformers had enjoyed very few successes before the United States put its boots on the ground. However, the withdrawal of the United States, its inevitable retreat from the region, cannot but weaken those who push for non-violent change, for a more open political process, for the enfranchisement of those who cannot vote. As difficult as it may be to believe, there are people across the region who are grieving the opportunity that Washington has squandered. It was, after all, their opportunity and it is they who will suffer the consequences long after the United States has gone.

Janice Gross Stein, Director of the Munk Centre for International Studies, is an acknowledged expert on conflict resolution and international relations, with an emphasis on the Middle East. A Fellow of the Trudeau Foundation, Professor Stein has served on many international advisory panels, including the Working Group on Middle East Negotiations at the United States Institute of Peace. She is currently a member of the Education Advisory Board to the Minister of Defence. Professor Stein is the co-author of We All Lost the Cold War (1994) and The Cult of Efficiency (2001).

NEED A SOURCE?

Munk Centre scholars can be contacted for further comment on issues raised in this edition at munk.centre@utoronto.ca.

Commentators in this issue:
Harriet Friedmann,
Professor, Centre for International Studies;
Sylvia Ostry,
Distinguished Research Fellow, Centre for International Studies;
Janice Gross Stein,
Director of the Munk Centre for International Studies

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Director of Editorial Janice Stein
Managing Editor Marketa Evans
Art Director Lawrence Finn
Assistant Editor Janet Hyer
Information Systems Sean Willett

Contributor:

Michael Benedict

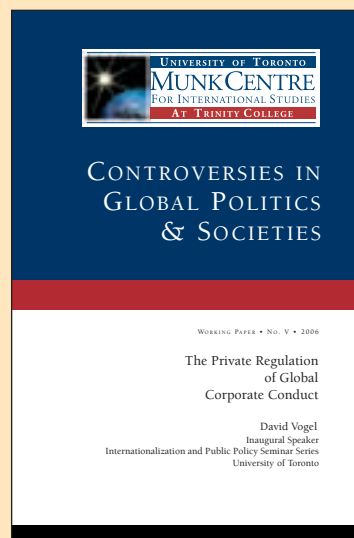
Editorial Board:

Janice Gross Stein, Robert Bothwell,
Elspeth Brown, Jeffrey Kopstein,
Louis W. Pauly, Joseph Wong

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Director: Janice Gross Stein
Executive Director: Marketa Evans
Munk Centre for International Studies, University of Toronto,
1 Devonshire Place,
Toronto, Ontario, Canada, M5S 3K7
Phone: 416-946-8900
email: munk.centre@utoronto.ca
website: www.utoronto.ca/mcis/

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The Munk Centre is pleased to announce the publication of two new occasional papers in *Controversies in Global Politics & Societies*.

Sylvia Ostry (Distinguished Research Fellow, Centre for International Studies), *The World Trade Organization: NGOs, New Bargaining Coalitions, and a System under Stress*, No. IV (2006)

A N D

David Vogel (Inaugural Speaker, Internationalization and Public Policy Seminar Series), *The Private Regulation of Global Corporate Conduct*, No. V (2006)

Our other publications series, *MCIS Briefings*, which showcases the research of leading scholars at the Munk Centre, also boasts two fine new additions.

Ambassador David S. Wright, *Darfur and Afghanistan: Canada's Choices in Deploying Military Forces*. A Munk Centre Distinguished Lecture from September 22, 2006

A N D

Jillian Clare Cohen and Lisa Forman, eds. (Comparative Program on Health and Society), *Comparative Program on Health and Society Lupina Foundation Working Papers Series, 2005–2006*. October 2006

Download PDF versions of all publications at www.utoronto.ca/mcis/ (click on "Publications") or order at munk.centre@utoronto.ca

Catch Robert Kagan and Christopher Hitchens in Action

The Munk Centre continues to share the ideas of leading thinkers beyond the confines of 1 Devonshire Place, now with the launch of webcasting. Video on demand is available on the MCIS website (www.utoronto.ca/mcis/; click on "View our webcasts").



CENTRE EVENTS

ASSESSING A GLOBAL IMBALANCE OF POWER

Blame It on the Soviets

Robert Kagan claimed he had no answers, only questions for his audience about the challenges facing the West today. He was far too modest.

The US historian, international best-selling author, and political commentator intrigued a full house at the Munk Centre's Vivian and David Campbell Conference Facility in October with his views on the roots of American foreign policy today and its prospects for the future. For Kagan, to understand today's world, one must begin by looking back to the end of the Cold War. "There is a great tendency to believe history began anew after 9/11, or the George W. Bush inauguration, or the latest Iraq War," he said. "I disagree. I believe a lot can be traced back to the '90s, and that the end of the Cold War changed things. Fundamentally."

It is only now, Kagan argues, that we are feeling the full effect of the collapse of the Soviet Empire. His examples are compelling. Take the first Persian Gulf War of 1991. Saddam Hussein would not have invaded Kuwait if the Soviet Union still existed, he maintains, because "client states did not take actions that would anger one of the superpowers." And if Iraq did invade, Kagan

continues, the US would not have reacted the same way for fear of angering the Soviet Union.

Another example: since the end of the Cold War, the Americans are much more willing to use force to achieve their objectives, especially outside their sphere of influence. From the invasion of Panama in 1989 to the current Iraq War, the US has launched nine interventions in 14 years. "That's once every 18 months," he noted. "And this, from a power that thinks it uses force only rarely. It is no coincidence that these actions came after the Soviet Union's collapse."

Kagan, who has just published *Dangerous Nation: America in the World, 1607-1990*, is a senior associate at the Carnegie Endowment for International Peace and a member of the powerful US Council on Foreign Relations. He was speaking in the Munk Centre's Distinguished Lecture Series.

The end of the Cold War, Kagan believes, has also had its effect on US relations with its allies. "Europeans no longer feel the threat of the Soviet Union. They no longer feel dependent on the US for their survival so there is much more criticism. And that has led to a crisis of legitimacy for the American global leadership role."

According to Kagan, nuclear proliferation and Islamic radicalism,

the major threats to world peace, can also be traced to the fall of the Soviet Union, which in turn made the first Persian Gulf War possible. After the American victory in Iraq, US troops were stationed in Saudi Arabia and support was provided for the mujahedeen against the Soviets in Afghanistan. "Together," he said, "this led to the growth of bin Laden and the world we know today."

Countries like North Korea want nuclear weapons because they learned in the first Gulf War that you can't fight the US in a conventional war. For states, that meant

developing nuclear weapons. For movements, that meant terrorism. "If al-Qaeda had a nuclear weapon, there is no doubt it would use it. We can live with a North Korean bomb, but not with a terrorist bomb. That's our world today."

The iconoclastic historian believes that the US needs to fulfill its role as the international guarantor of global peace and stability. That mission, he says, can be traced back to the beginning of the Cold War. "The lesson of the Second World War," said Kagan, "was that no one else could be trusted."



Robert Kagan: Nuclear proliferation and Islamic radicalism can be traced to the fall of the Soviet Union.

THE NUCLEAR SOLUTION: EVERYONE DISARM

Outspoken author, columnist, and Asia-hand Gordon Chang has a radical solution for the nuclear threat posed by North Korea: the United States must lead the way to rid the globe of nuclear weapons. "Conventional thinking and diplomacy has gotten us into this mess – and can't get us out," Chang told a September seminar sponsored by the Centre for the Study of Korea at the Munk Centre. "US efforts to prevent nuclearization have been a complete failure."

Speaking just days before the North Korean nuclear test on October 9, Chang warned that the way in which the international community deals with North Korea will certainly guide Iran's nuclear ambitions and influence others who want to join the nuclear club. "An international system that can't defend itself against its weakest link can't last," said Chang, whose *Nuclear Showdown: North Korea takes on the*



Kim Jong Il: Taking on the world.

World was published earlier this year.

According to Chang, the Americans can afford to push for nuclear disarmament because they

could still militarily dominate a nuclear-free world with their overwhelmingly powerful conventional forces. Most other major nuclear powers have strong incentives to disarm as well, including China, which is surrounded by Russia, Pakistan, India, and now, North Korea, all with nuclear arms. "The old diplomatic strategies no longer work," he said. "We now have to take great risks for peace."

Both Chang and prominent South Korean public official Jae Jung Lee, who led an earlier Munk seminar, agreed that the key to understanding the North is that it is motivated primarily by self-preservation. "North Korea simply wants to keep its political system as is," said Lee, a senior advisor to Korean President Roh Moo-Hyun (and a University of Toronto graduate who received an Honorary Degree from Trinity College during his visit.)

However, the two men differed on

how to deal with bellicose North Korea. For Chang, force is the only alternative to nuclear disarmament in dealing with threats posed by rogue states like North Korea. "Unless something is done, we face continual war against rogue and thug states," Chang said. Short of a resort to force, Chang also said China can help neutralize the threat posed by Kim Jong Il's repressive regime, since his country is totally dependent economically on China. In contrast, Lee advocates dialogue and an eventual normalization of North Korea-US relations.

For the time being, both men's approaches are on hold. On October 14, the United Nations Security Council unanimously imposed economic sanctions on North Korea, demanding, among other things, that it eliminate all its nuclear weapons, weapons of mass destruction and ballistic missiles. Over to you, Mr. Kim Jong Il.

CENTRE EVENTS

THE SEYMOUR MARTIN LIPSET LECTURE ON DEMOCRACY IN THE WORLD

Why "Islamic Democracy" Is No Oxymoron

The prospects for democracy in the Arab world are far better than most people believe, according to a courageous Egyptian academic who has been jailed several times for his pro-democracy stands. "Muslims everywhere can be just as democratic as you," Saad Eddin Ibrahim told a full house at the Vivian and David Campbell Conference Facility. "Muslims can be as democratic as Canadians, as Brits, as Americans, as most of the world. But it's not their only value."

Delivering the second annual Seymour Martin Lipset Lecture, named after the seminal American political sociologist, Ibrahim made two essential arguments about the relationship between democracy and Islam. First, he pointed out that two-thirds of the world's Muslims live in democratic societies; and second, that the one-third who do not live in free societies reside in the Middle East, where there are significant historic and political factors militating against the development of democracy.

Ibrahim speaks from experience. The human rights activist suffered minor strokes and a broken leg, which clearly still pains him, while in prison on false charges related to his pro-democracy activities. Following international pressure, including a

U.S. freeze on aid, an Egyptian court freed him in 2003 after 14 months imprisonment. Three years earlier, when the authorities arrested him, they also shut down his Ibn Khaldun Center for Development Studies at the American University in Cairo.

The Egyptian sociologist takes offence at the widespread suggestion of "Islamic exceptionalism" when it comes to what is known as the Third [Democratic] Wave that has swept the world in the past three decades. Ibrahim rejects as ill informed the view that there is something innate in Muslim culture that makes it immune to democratic movements. At the lecture, he noted that Egypt had a democratic constitution and parliament in 1866, long before half of Europe developed its own democratic institutions. By the end of the 19th century, up to five other Arab countries were "trying their hands at democracy."

In Ibrahim's view, western colonialism was responsible for nipping this first democratic bud in the Middle East. But the region embarked on a second liberal-democratic age after the First World War. Egypt established an independent high court in 1923, which still exists today.

This second flowering of democracy ended, according to Ibrahim, when the state of Israel was established in 1949. "The newly independent Arab democracies rushed into war against Israel under pressure from the street and demagogues," he said. The Arab



Saad Eddin Ibrahim:
A broken leg for his efforts.

states were "ill-prepared and mismanaged the war," added Ibrahim, who has worked tirelessly for closer ties between the Arab world and Israel even before the historic 1977 visit to Israel by former Egyptian president Anwar Sadat. "Israel defeated the Arabs very badly, and the returning armies started coup d'états that ended the liberal age. Within 10 to 15 years, all the Arab states had become military dictatorships."

Concluded Ibrahim: "Despite the quest for freedom and democratic government that our people have displayed since the 19th century, it has always been aborted by a foreign threat. This suggests that other values compete with the quest for democracy. Values such as national security,

independence, and self-determination."

To support his argument, Ibrahim drew a parallel with post-9/11 American anti-terrorist legislation that severely restricts civil liberties. After being released from prison three years ago, he joined a US lobbying effort led by former president Jimmy Carter who was concerned about the erosion of freedom and human rights. "Administration officials told us that liberty will have to take a back seat until victory is achieved over terrorism." That American attitude toward restricting freedoms, he said, allows Arab leaders to justify their autocracies. "They say, 'Look at what America is doing. They are doing exactly what we are doing.'"

For Ibrahim, "All societies in the 21st century have come to cherish or pursue the same values, the same ideas: the quest for democracy, the quest for freedom, for human rights, for economic and social development. These are now globally shared. They are not of one culture. They are not of one race. When Muslims feel safer in their skins and feel free of external threats, then higher values such as democracy come to the fore."

It was Lipset, Ibrahim reminded his audience, who first raised the direct relationship between economic progress and the development of democracy. That helps explain why and where Islamist riots broke out after a Danish publication showed cartoons depicting Muhammad, he said. They took place in countries like Egypt, Syria, and Pakistan, "which have not achieved a threshold of economic development."

For the future, Ibrahim urged the West to encourage, rather than stifle, democratic movements in the Arab world, even if democracy leads to undesired results such as the victory of Hamas in the Palestinian elections. He said Hamas, which had previously boycotted elections as a western ploy, reversed itself before the last round of voting because it bent to pro-democratic public pressure.

Worldwide, said Ibrahim, attempts are emerging by Muslims to generate their own, distinct democracies. "If we welcome, embrace, and encourage these developments," he said, "the world will be safer for all of us."

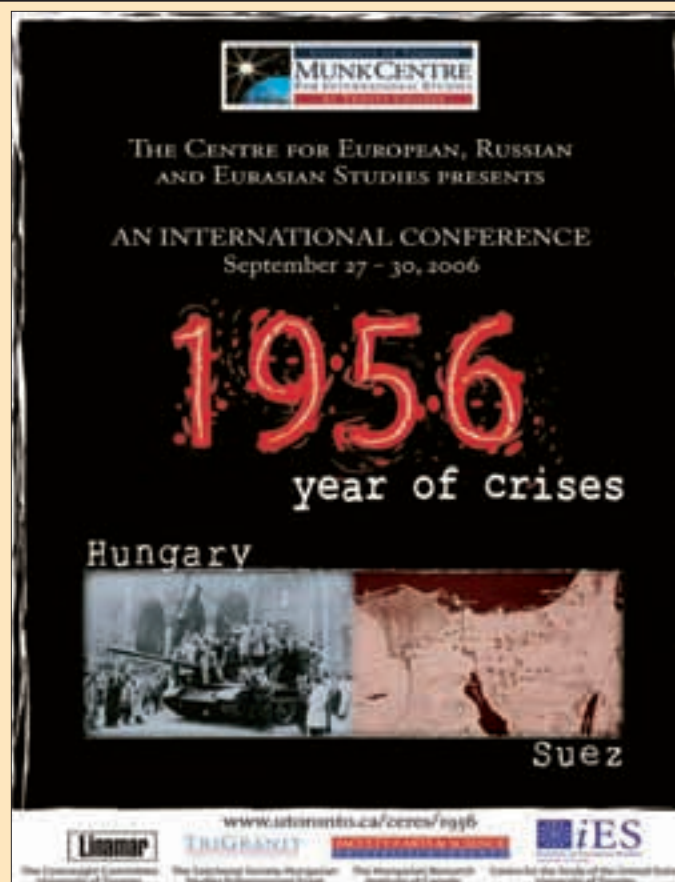
The annual Seymour Martin Lipset Lecture on Democracy in the World is co-sponsored by the US National Endowment for Democracy and the Munk Centre for International Studies, with further support in Canada from the Donner Foundation.

1956: YEAR OF CRISES

On September 27-30, the Centre for European, Russian, and Eurasian Studies played host to *1956: Year of Crises*. A diverse group of scholars examined this pivotal year, when complex histories and new tensions came to a head.

Opening keynote speaker István Deák (Columbia University) provided the historical backdrop of the 1956 Hungarian Revolution, tracing Hungary's unique position in Europe from its origins to the present. Analysis of Suez followed a full day's proceedings on aspects of the Hungarian Revolution. Overlapping with the upheaval in Central Europe in turbulent October-November 1956, Suez tested the strength of redefined post-war relationships and sent reverberations through a decolonizing world.

The conference provided the appropriate setting for the opening of the "Hungarian Exodus" exhibition. This joint effort by the Multicultural History Society of Canada, the Rakoczi Foundation, and OMNI Television commemorates the lives and achievements of 38,000 Hungarian refugees to Canada and the Canadian government's response to the crisis.



CENTRE EVENTS

ACCESS TO MEDICINES AS A HUMAN RIGHT

Pills, Profits and the Global Disease Burden

Participants in an all-day Munk Centre seminar on access to medicines agreed that more life-saving drugs must get into the hands of more people who desperately need them. However, they disagreed on how this goal could be achieved. While some of the experts in the room recommended creating a legal framework that would require pharmaceutical firms to provide affordable drugs, others insisted on collaborative arrangements as the best way forward.



Thomas Pogge (left) and James Orbinski at the Munk Centre.

The room was filled to capacity for the workshop on “Access to Medicines as a Human Right: What Does It Mean for Corporate Social Responsibility?” co-sponsored by the Leslie Dan Faculty of Pharmacy, the UofT Faculty of Law, and the Munk Centre’s Comparative Program on Health and Society. The keynote speaker was renowned Columbia University scholar Thomas Pogge. “What is needed now,” Pogge

declared, “is a concrete and specific reform plan that is politically feasible and realistic.”

Pogge argued that developing new, life-saving drugs is “hugely expensive,” and that pharmaceutical companies cannot be expected to undertake this kind of research without adequate compensation through patent protection. However, he feels that current attempts to harmonize the conflicting interests of inventor drug firms and poorer patients are doomed to failure.

Pogge’s solution, instead, is for developed nations to reward pharmaceutical research from public funds in proportion to the impact new discoveries have on the “global disease burden.” Said Pogge: “This reorientation would greatly mitigate the problem of neglected diseases that overwhelmingly affect the poor. And it would provide new profitable research opportunities for pharmaceutical companies.”

But why, asks Pogge, should the healthier taxpayers of wealthier nations support such an approach? Because they would gain a substantial benefit for themselves in the form of lower drug prices and/or insurance premiums.

Pogge, a philosophy professor who also teaches political science and ethics, added that by making pharmaceutical research responsive to the interests of poor populations, “we are building good will by demonstrating our concern for their horrendous public-health problems. This argument has a moral twin: In light of the extent of avoidable mortality and morbidity in the developing world, the case for including the interests of the poor is morally compelling.”

In stark contrast, human rights

lawyer Lisa Forman advocated a legal regime that would compel pharmaceutical companies to behave in a “socially responsible” fashion. In her view, there is sufficient jurisprudence, both international and domestic, to demand that drug companies provide essential medicines at an affordable cost.

But Dr. James Orbinski, the former president of Médecins Sans Frontières, which won the 1999 Nobel Peace Prize, warned against vilifying the drug companies. “Ultimately, you have to work with them to develop new drugs,” he said, urging profitable public-private partnerships to engage the pharmaceutical industry.

For Orbinski, a Munk Centre senior fellow, the key to solving the inequity of worldwide access to essential health care is building the political will to make it happen. Dismissing as futile the quest to find common ground between public policy and private profit, Orbinski declared: “The quest for a conver-

gence of issues and values is a false one. I don’t believe in consensus. I believe in choice.”

Addressing the conference question directly, Orbinski said it is unrealistic to expect a corporation to act in a socially responsible way. “A corporation is a self-interested actor, not a social agent,” he said. “Its only motivation is profit.” Nevertheless, he added that the profit motive can be harnessed, creatively, to develop needed drugs and health programs.

Rebecca Cook, an ethicist and UofT legal professor of international human rights, agreed that governments need to show leadership in providing equitable access to essential medicines. One approach, she suggested, might be to broaden the required criteria for granting a patent for a new drug. Cook asked: “Should patent approval include a plan for equitable access in addition to drug safety?” Her answer: “Yes, and we should push governments to do so.”



Panelists present their views: Debating the merits of public-private partnerships.

ACADEMY REWARDS: FROM IDEAS TO ACTION



Pass the Apple Crumble

An exciting innovation that links University of Toronto food services with local farmers using sustainable practices was launched on September 19. Provost Dr. Vivek Goel, other academics, and students joined local farmers and

business owners to sample roasted corn, gazpacho, apple crumble, ice cream, and other treats created and served by the farmers, all with live music in a special marquee on Hart House Circle. Starting this fall, such tasty items are making their way onto student cafeteria menus, thanks to an idea that was germinated at a Munk Centre session more than a year ago.

The partnership is between the university and Local Flavour Plus (LFP), a non-profit food certifying organization. LFP’s network of Ontario-based farmers and processors are supplying local sustainable food to UofT cafeterias and residences, starting with the St. George Campus. All producers have had their food

certified for environmental and social sustainability in terms of production methods, labour standards, habitat preservation, and energy use.

It’s refreshing proof that ideas discussed in the Academy can make a positive difference in society. The major credit in this case goes to Lori Stahlbrand, founder of Local Flavour Plus, who brought her idea of creating an “ecolabel” for certifying sustainable, environmentally friendly food products in Ontario to a Munk Centre session in December 2004. The workshop was sponsored by the EnviReform Project, which is headed by Professor John Kirton and dedicated to identifying ways for Canadians to participate more cohesively and directly in the inter-

national trade and finance system. Stahlbrand attended as a community partner, at the invitation of Harriet Friedmann, a professor who specializes in the politics of food. Stahlbrand found a warm reception for her ideas at the session, which was attended by agricultural and health policy officials from provincial and municipal governments, food system analysts, and community project leaders, as well as farmers and local food entrepreneurs interested in building a sustainable regional food economy.

Now the university is a pioneer in ethical, local food purchasing and other educational institutions are following its lead. The seed was planted at the Munk Centre.

FEARFUL NEW WORLD?

Continued from page 1

which did not require Congressional approval.

The GATT worked very well, effectively managed from the 1960s by the European Community (now European Union, or EU) and the US with a club of friends. The club model was based on a post-war consensus termed “embedded liberalism”: rules and other arrangements to buffer the *international* objective of sustained liberalization through the reduction or elimination of border barriers and the *domestic* objectives of sovereignty and stability. This largely transatlantic consensus was greatly aided by the virtual exclusion of agriculture. Developing countries were largely ignored.

Finally, and perhaps most importantly, the Cold War constrained the role of Congress in American trade policy. Congress, under the American Constitution, is in charge of trade policy. This made international negotiations by the Executive extraordinarily difficult. As H.L. Mencken so aptly put it: “If a congressman had cannibals in his district, he would promise them missionaries for breakfast.” While federal legislation did help constrain lobbying, it was mainly the impact of the Cold War that enabled the government to shape the major objectives and thrust of US trade policy in the post-war “golden age.”

The Uruguay Round of GATT was a watershed in the evolution of the system. Agriculture was at the centre of the negotiation but the launch was stalled by the endless foot-dragging of the European Community, aided by a small group of developing countries, led by Brazil and India. They strongly opposed American demands for the inclusion in the system of so-called “new issues” – services, intellectual property, and investment. The round was finally launched in September 1986, at Punta del Este, Uruguay. It concluded in December 1994, four years beyond the target date agreed at the launch.

The Grand Bargain (as I call it) reached in the Uruguay Round was completely different from old-time GATT reciprocity. It was essentially an implicit deal: the opening of OECD markets to agriculture and textiles and clothing in exchange for the inclusion into the trading system of the “new issues.” The round also created – in a virtually last-minute piece of the deal – a new institution, the WTO, with the strongest dispute

settlement mechanism in the history of international law and practically no executive or legislative authority.

The Grand Bargain turned out to be a Bum Deal. There was far less opening in agriculture than expected, and the reduction of restrictions on textiles and clothing was back-loaded and more than offset by the impact of China. The South side of the deal required a major institutional upgrading and change in domestic regulatory and legal systems. Such changes take time and cost money. And they require advanced capabilities including high-skilled human



Doha, Qatar: Where the talks began with high hopes.

resources. This Bum Deal was asymmetry writ large: a “knowledge trap” whereby the strong are stronger because of their store of knowledge and the weak are weaker because of their poverty of knowledge.

There were many significant unintended consequences of the Uruguay Round, including its role as the catalyst for the activist non-governmental organizations’ (NGOs) launch of the anti-corporate globalization movement. But more important, the round left a significant North-South divide in the WTO. While the South is hardly homogeneous, there is a broad consensus that the outcome was seriously unbalanced.

The North-South divide was

visible at the battle of Seattle, the WTO ministerial debacle of 1999, when virtually all the developing countries walked out. Then came Doha. The main objective of the Doha, Qatar meeting in 2001 was to avoid another Seattle: thus its great success was that it did not fail. The term Doha Development Agenda (DDA) and the endless references to technical assistance and capacity building were, as one American expert has noted, part of a “normal negotiating side payment.” But maybe it was all too clever by half as was demonstrated by the failure at

China the dog that did not bark?)

The new geography has not generated a new consensus. The transatlantic alliance is rather weak because of growing differences in values and objectives. Embedded liberalism is dead. The so-called “Washington Consensus” of the 1990s on a set of market-oriented reforms to promote development, is almost dead as well. But one should note that the demise of the multilateral trading system itself has engendered a new consensus of sorts among its critics.

While the anti-globalization movement’s profile is much diminished, there are a number of influential NGOs, including a growing number in Southern countries. Many of these greeted the “death of Doha” with great enthusiasm as “good for the poor.” This was certainly not the view expressed by developing countries at the meeting of the WTO General Council after the suspension of the negotiations. Many voiced their deep concern about an uncertain and unstable world without clear rules and without leadership: a “fearful new world.”

A Fearful New World

Why fearful? The proliferation of preferential trade agreements (PTAs) is a serious and ongoing threat to economic and political stability in today’s environment. But the overflowing spaghetti bowl of PTAs is not the only reason to be fearful. “If you cannot legislate, why not litigate” is likely to become a slogan for a herd of eager lawyers and this new trend could create a backlash in the US Congress, including a genuine threat of US withdrawal from the WTO. There are also major uncertainties. For instance, will the US TPA (Trade Promotion Authority) expiring in mid-2007 be renewed just before a mid-term election? And even if it is, what kind of agreement could be negotiated with growing protectionism in both parties in Congress? And most importantly, where’s the leadership? Gramsci, the Italian philosopher, defined leadership as pessimism of the intellect and optimism of the will. It seems that there is a lot of the former but a paucity of the latter. But let us not give up.

Confronting the Need for Reform

Let’s look back at post-war history in our search for *Continued on page 7*

FEARFUL NEW WORLD?

Continued from page 6

leadership. When the Bretton Woods system broke down in the 1970s, the response came from two middle powers, France and Germany. President Valéry Giscard d'Estaing and Chancellor Helmut Schmidt established the Economic Summit, the first important post-war institution since Bretton Woods. As the Uruguay Round negotiations dragged on, a group of middle powers involving both OECD and developing countries, with geographic representation from all regions, decided to seize the reins and played a key role in formulating the Punta del Este Declaration that launched the round. The major powers were not members of the group, but it was critical to the success of the process that they were kept fully informed of its deliberations. The key point was the role of the coalition of middle powers. Could we do it again?

Agreed, this is a tall order. There are a vast number of issues and it would be necessary to start with one big one – *trade and development*.

I am tired of being told that the WTO is “not a development agency.” Of course, it is not as if the word is intended to embrace everything that is involved in efforts to raise living standards and improve opportunity in poor countries. But the aspects of development that do fall to the mandate of the WTO are an essential part of that complex process.

So let us look at the links between trade and development. What changes would be helpful? For example, agriculture is key to development in non-OECD countries, but there are major differences among those countries in its nature and in its role in development. How could the formidable issue of the *adjustment of subsistence agriculture* be handled? In industry, do similar issues arise? Instead of decades of debate on “special and differential” treatment, maybe a reasoned discussion on “policy space” would be useful? If that term is too offensive, think of another one. And liberalization of services could be very beneficial to development if

“capacity building” was actually defined and then delivered. These are just a few examples. But there is a great deal of useful research already available on all these issues. There are a number of excellent and competing models. But there is no policy forum in which to discuss them in the WTO.

A Possible Way Forward

What about putting together a coalition of middle powers to urgently launch an analysis and discussion of trade and development? It could (one hopes) meet at the WTO. The WTO Secretariat could service the coalition. Funding could (one hopes) be secured from foundations or philanthropic individuals. The research and discussion should all be available on the Internet and briefings for the “Great Powers” should be arranged. Business groups, farm federations, NGOs, and academics should be invited so that a knowledge network can be established. A representative from the coalition of Least Developed Countries should receive financing

to attend. The modalities of cooperation with the World Bank should be spelled out.

A very difficult problem is how to form the coalition. It should be voluntary so that there is *no linkage* with WTO rules or negotiations. Since the coalition must be a reasonable size (not more than 30), a membership rotation might be a good idea. The simplest way to handle this would be for the Director-General to convene a meeting of the General Council and put forward a suggested list. The reports of the coalition should be presented to the General Council.

Of course, this coalition of middle powers might not work. But since it would be informal and voluntary, it would also be adaptable. It might not create a Brave New World but it should produce something more hopeful than our present Fearful New World. Remember Gramsci!

Dr. Sylvia Ostry is Distinguished Research Fellow at the Centre for International Studies, Munk Centre, University of Toronto

DEBATING THE HEADLINES

Whither Thailand? Implications of the Coup

A Debating the Headlines session at the Munk Centre provided insights into the implications of the military coup in Thailand, just three weeks after the military took power on September 19. Panelists agreed that the generals would likely relinquish control within a year, but Jacques Bertrand, an Associate Professor at the Asian Institute, provided the most direct answer to the discussion question, Thailand’s Bloodless Coup: Saving or Spoiling Democracy in Asia?

“This is not good news,” Bertrand said of the ouster of Thailand’s democratically elected Prime Minister Thaksin Shinawatra. “Democracies are weak in the region, and the coup bolsters anti-democratic forces.” Specifically, Bertrand pointed to weak democratic regimes in East Timor and Indonesia where the military plays a vital role and will no doubt view the Thai experience as justification

for any future moves against an “irritating” leader. And in Singapore and Malaysia, he added, “it bolsters the arguments of strong-men leaders that no more democratic measures are needed in their countries, given their stable and prosperous regimes.”

The Thai military engineered its coup when Thaksin was in New York City to address the United Nations. According to McGill University political scientist Erik Kuhonta, who has lived and worked in Thailand, the generals were fed up with Thaksin’s growing autocracy and corruption. They moved on September 19, Kuhonta said, because they feared the impact of a pro-democracy rally scheduled for the next day in Bangkok. “The military thought the demonstration would lead to bloodshed and that Thaksin would use that as an excuse to further consolidate his power,” he told the panel audience. “And they were also worried that Thaksin was about to shuffle them out of their jobs.”

The coup was the 18th in Thailand since the end of the Second World War, but the first since 1991. Coups are less common these days, Bertrand argued, because of stronger middle classes in develop-



Thai armed soldiers with a tank park in front of Thailand’s famous marble temple.

ing nations. “As time goes on, it is harder for a narrowly military regime to meet the broader demands of the middle class,” he said.

For this reason, the panelists agreed that the Thai generals would likely relinquish power within a year. In the interim, the military has promised a new constitution, but is

not allowing for meaningful public consultation.

The key to Thailand’s future, said Kuhonta, is whether the constitution will strengthen democracy. “If it doesn’t,” he added, “the middle class will conclude that a democratically elected autocrat is better than a new constitution.”

PETER MUNK DONATIONS HIT \$12.2 MILLION

Faculty and students at the Munk Centre celebrated the announcement of an endowment gift of \$5 million from philanthropist and business leader Peter Munk to support its programs and research in international affairs. Combined with his \$6.2 million endowment to help launch the Centre in 2000, as well as other gifts, Peter Munk's donations to the Munk Centre now total \$12.2 million. The latest gift was one of the largest sustaining gifts for a Canadian international studies centre.

The festivities started with an announcement at the Munk Centre and continued with a dinner at the home of David Naylor, President of the University of Toronto.

Students, academics, and research programs will be the big beneficiaries of the donation. As Professor Janice Gross Stein, Director of the Centre, put it: "It will allow us to take the Munk Centre to an entirely new level of distinction. Peter Munk's generous gift will enable the Munk Centre to build its programming internationally, to create new opportunities for our students, and to enhance dramatically our capacity to reach the public at home and abroad. This generous gift reflects Mr. Munk's vision of global excellence and the opportunities that are available to Canadians who work to be the very best."

Peter Munk, the founder and chairman of Barrick Gold Corporation, modestly described his gifts as a way to repay a debt of gratitude to the university. "As an engineering graduate of the University of Toronto, I want to support the institution which helped me get a solid start in life." He described the Munk Centre as "a leading Canadian institution on the world stage and as such it supports my vision of creating more Canadian global champions."

University President David Naylor expressed his appreciation for the gift, saying, "Peter Munk is not only a great Canadian businessman with a global vision but an extremely generous and wise philanthropist. He has chosen his benefactions through the years with the same clarity and focus as his business investments. We are therefore honoured by his vote of confidence in international studies at the University of Toronto and proud that the Munk Centre carries his name."

