

**A CRITICAL APPROACH TO THE GOVERNANCE OF
WORLD TRADE: POWER POLITICS, DISCOURSES,
AND EXISTING ASYMMETRIES IN THE WTO**

by

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ABSTRACT

This study intends to analyze the ongoing negotiations in world trade from a critical and post-structuralist perspective. The member driven nature of decision making at the World Trade Organization (WTO) makes it prone to the exercise of power politics between the member states among which there are considerable asymmetries of power. Based on the power perceptions of Habermas, Foucault, and Gramsci, this study aims to analyze the dynamics of world trade negotiations at multiple levels. The strategically or communicatively reached decisions at domestic level defines the priorities of national trade policy, and each country engage in multilateral trade negotiations based on calculations of self interest. To attain their objectives, both developed and developing countries held meetings with their peer equivalents in order to generate an inner circle consensus. As a result of those small group negotiations, each coalition constructs its own discourse over the issues of negotiation at the WTO, and tries to shape the agenda through articulating their own “truth discourses”. The legacy of multilateral trade negotiations clearly shows that when developing and developed countries have contending views on the agenda issues, the hegemonic and near hegemonic countries employ certain strategies and discourses to coerce or to persuade the opposing parties. Hence, the multilateral trade negotiations emerge as zones of exercising hegemony over the developing and less developed countries through discursive and strategic measures rather than being an area to produce common norms, values and policies for the well being of all members in the world trade regime.

Keywords: WTO, multilateral trade negotiations, power, discourses, strategic action, hegemony, developing countries, developed countries

ÖZET

Bu çalışma dünya ticaretinde devam eden müzakereleri eleştirel ve yapısalcılık sonrası bir bakış açısıyla analiz etmeyi amaçlamaktadır. Üye güdümlü karar alma şekli, Dünya Ticaret Örgütü'nü (DTÖ) birbirlerine karşı önemli güç nispetlilikleri (asimetritleri) olan üye ülkeler arasında iktidar politikaları uygulanmasına eğilimli hale getirmektedir. Habermas, Foucault ve Gramsci'nin güç anlayışlarını temel alarak, bu çalışma dünya ticaret müzakerelerindeki dinamikleri çeşitli seviyelerde analiz etmeyi amaçlamaktadır. Eylemsel ve iletişimsel olarak yurtiçinde alınan kararlar milli ticaret politikalarının önceliklerini belirlemektedir ve her ülke çok taraflı ticaret müzakerelerinde hususi menfaat hesapları çerçevesinde yer alırlar. Hem gelişmiş hem de gelişme yolundaki ülkeler hedeflerine ulaşabilmek için kendi denklemlerinde olan ülkelerle ortak fikir birliğine dayanan resmi olmayan grup oluşturma çabası içine girmektedirler. Bu küçük müzakere grupları sonucunda, her koalisyon grubu DTÖ'deki müzakere konuları üzerine kendi söylevini geliştirmekte ve kendilerinin "doğruluk söylevlerini" yaymaya çalışarak gündemi şekillendirmeye çalışmaktadırlar. Çok taraflı ticaret müzakerelerinin geçmişi göstermektedir ki hem gelişmiş hem de gelişme yolundaki ülkeler gündem konuları hakkında görüşlerini ileri sürerken, üstün (hegemon) ve üstüne yakın ülkeler muhalif tarafları baskı altında tutmak ya da inandırmak için mutlak stratejiler ve söylevler kullanmaktadırlar. Bundan ötürü, çok taraflı ticaret müzakereleri, dünya ticaret rejimindeki her üyenin iyiliği için ortak normlar, değerler, politikalar üreten bir yer olmak yerine söylevsel ya da stratejik yollarla gelişmiş ülkelerin gelişme yolundaki ve en az gelişmiş ülkeler üzerinde üstünlük uyguladıkları alanlar olarak ortaya çıkmaktadır.

Anahtar Kelimeler: DTÖ, Çoktaraflı Ticaret Müzakereleri, iktidar, söylev, stratejik hareket, üstün güç (hegemon), gelişme yolundaki ülkeler, gelişmiş ülkeler

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ABBREVIATIONS

ACP	African Caribbean Pacific
AGOA	African Growth and Opportunity Act
CAP	Common Agricultural Policy
CG.18	Consultative Group of Eighteen
DCs	Developed Countries
DDG	Deputy Director General
DG	Director General
EC/EU	European Community / European Union
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
G7	Group of Seven
G10	Group of Ten
G-20	Group of Twenty
G77	Group of 77
ILO	International Labor Organization
IMF	International Monetary Fund
LDC	Least Developed Country

LMG	Like Minded Group
MFA	Multi-Fibre Agreement
MFN	Most Favored Nation
MTN	Multilateral Trade Negotiations
NAMA	Non-Agricultural Market Access
NGO	Non-Governmental Organization
NICs	Newly Industrialized Countries
NIEO	New International Economic Order
NTB	Non-Tariff Barrier
OECD	Organization for Economic Cooperation and Development
Quad	Quadrilateral Group
SDT	Special and Differential Treatment
TNCs	Transnational Corporations
TRIMs	Trade Related Investment Measures
TRIPs	Trade Related Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
US	United States
USTR	United States Trade Representative
VERs	Voluntary Export Restraints
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

CHAPTER 1:

INTRODUCTION

The inception of the World Trade Organization (WTO) as the successor of the General Agreement on Tariffs and Trade (GATT) signifies the radical evolution in the governance of world trade. The extension of the mandate beyond the border measures through the inclusion of services, intellectual property rights, and investment measures in the aftermath of the Uruguay Round created new horizons of governance and regulation in world trade. In this respect, the emergence of the WTO as a more institutionalized organization with stronger enforcement capacity in comparison to the GATT carried promising prospects for effective governance in international trade. Admittedly, it was seen as the final part of the Bretton Woods institutions in line with the International Monetary Fund (IMF) and the World Bank (Blackhurst, 1997). Particularly, the incorporation of the decision to enhance cooperation of the WTO with the IMF and the World into the founding agreement of the WTO further validated the idea of the WTO as the missing piece of the Bretton Woods system. (Vines, 1997).

The agreement reached at the end of the Uruguay Round signals a drastic change in world trade regime towards more comprehensive rules and regulations with the

strengthened institutional design under the umbrella of the WTO. One of the most important principles that incorporated into world trade regime was the concept of “single undertaking”. The “single undertaking” principle requires that the member states that are present in the multilateral trade negotiations (MTNs) have two options: either to accept the whole package of deals or to refuse. In other words, the incorporation of “single undertaking” principle prevented the negotiating parties to accept certain parts of the agreement and to opt out from the rest (Winham & Lanoszka, 2002: 26-27). As a result, the agreed decisions at the MTNs gained a binding nature for the member states that, in turn, considerably improved the enforcement capacity of the system. At the same time, the elimination of the opt-out option by the “single undertaking” principle caused a shift in the member countries’ approach to the decision making processes at the MTNs starting from the Uruguay Round. In order to advocate their interests and attain nationally determined international trade policy objectives, member countries tried to follow an active path during the MTNs. Hence, the Uruguay Round and formation of the WTO also reflected a major change in negotiation patterns and in the dynamics of decision making.

Although the world trade system gained a more comprehensive and international character in the aftermath of the GATT regime, the optimistic atmosphere concerning the future of world trade shortly lived. Indeed, the increasing problems of developing world in implementing the Uruguay Round decisions and the pitfalls in agricultural trade liberalization and effective special and differential treatment of developing countries exacerbated the conditions in those countries (Finger & Nogues, 2002). Due to their dissatisfaction from the Uruguay Round agreements, developing countries started to voice their concerns on the future of world trade and called for a balanced

re-structuring of the system. On the other side, developed countries, primarily the US and the EU, as the main beneficiaries of the new trade rules called for further deepening and widening of world trade governance through inclusion of new areas into negotiations and strengthening the existing agreement. The clash of ideas between developing and developed countries over the current state of affairs at the WTO and its future agenda, consequently, drove the MTNs into a continuous struggle of ideas, discourses and power relations.

The member driven nature of the WTO makes it more prone to the member countries strategies. As a result, power politics and bargaining constitute the key feature of decision making process in the WTO. The paradoxical framework of the decision making structure opens further room for bargaining and power asymmetries in MTNs. Despite the far-reaching scope of its rules and regulations, the WTO is still a loose intergovernmental organization in which the member countries are key actors responsible to design rules for world trade. In other words, the WTO Secretariat has limited role in decision making processes. Although officials take part in preparing draft proposals and chairing the negotiations, they do not have direct decision making capacity and they can involve in the decision making process only with the approval of the members (Blackhurst, 2001: 298-299). Hence, multilateral trade negotiations emerge as the ultimate way of designing rules and reaching agreements in world trade.

The negotiation dynamics at the WTO have further paradoxes that limit the effective functioning of world trade regime, and that, in turn, distort the legitimacy and credibility of the institution in terms of good governance. In the multilateral negotiations at the WTO, each member has one vote, and decisions are taken based on

the consensus principle. In other words, in order to reach an agreement on world trade, all the members of the WTO who are at present in the discussions should agree on the issue (Narlikar, 2003: 173-176). At first glance, one member one vote principle gives certain credibility to the consensus based decision making structure since it is necessary for negotiating parties to deliberate with each other in order to find a common ground. Yet, the real politics significantly diverges from the theoretical assumption of reaching consensus through deliberation. In an environment of conflicting interests and approaches, the consensus principle forces each country or each coalition to bargain with and to exert pressure on the other in order to make the others to comply with its own proposal. Therefore, rather than promoting deliberation and communication based on common norms, ideas, and beliefs, the consensus principle creates a situation in which each party tries to impose its own self interested agenda to the others through strategic and discursive means.

In addition to the formal process of multilateral trade negotiations based on consensus principle, the existence of informal processes crystallizes the traumatic structure of decision making. Due to the difficulty to reach consensus within a group of 154 countries, informal processes are commonly used in order to bring the members into a consensus. Among these processes, green room negotiations have critical importance in presenting the power asymmetries between the interested parties, and it is the most obvious example of hard bargaining through strategic and discursive means. In green room negotiations, highly interested parties of an issue come together and try to reach a deal behind the doors. In most of these meetings, four developed countries, the EU, the U.S., Japan and Canada are present, and other participants are invited by the Director-General (DG) of the WTO based on the relevance of the discussed issue to the interests of each country. In other words, countries that are directly linked and

interested with the existing issues of debate can find a seat for themselves in the green room (Narlikar, 2002: 176-178). The problems of the informal meetings are lack of transparency and exclusion of many developing countries from the actual formulation of the rules. In relation to the lack of transparency in green room negotiations, the behind the door politics are generally power politics in which the discursively, technically and strategically well equipped parties exert pressure on the weaker one through various means.

The aforementioned paradoxes of decision making at the WTO since its inception, consequently, created a system of asymmetry where most of the developing countries are seriously suffered from the existing agreements while developed countries are reaping the fruits. The existing imbalances in the outcomes of the Uruguay Round as well as failure to take necessary steps in Doha Round negotiations, in turn, weakened the role of the WTO in global governance whilst increasingly questioning its credibility and legitimacy. In this respect, this study intends to analyze the existing power politics at the WTO in order to get a comprehensive understanding over the agreed decisions as well as future prospects of the Doha Round and the WTO. The strategies and approaches of the participating countries, especially the key ones, in the multilateral trade negotiations are the main issues of concern in the thesis. Since, a negotiation is a linguistic interaction between parties over the terms of a possible agreement or issue, rather than solely analyzing the materialistic calculations of negotiating parties, it is aimed to understand how these economic and political interests emerged, how they are turned into certain discourses in multilateral trade negotiations, and how a certain discourse and approach of a country or group could prevail over the others through the linguistic interactions in multilateral trade negotiations. Indeed, the existing literature on trade negotiations generally focuses on

the analysis of the materialistic interests of rational actors in negotiations with no reference to the discursive engagement between the actors.

At the same time, it should be clarified that the presence of material interests and power relations on the basis of materialistic calculations are not underestimated in this study. Indeed, the market size, economic resources, financial strength, political power and influence, and level of technologic and human capital development are still main factors that have considerable influence at the multilateral trade negotiations. The countries that are stronger in the previously mentioned areas use their comparative advantage in order to persuade or coerce the non-conforming parties at the multilateral trade negotiations, and they try to shape the agenda through engaging in various strategies, ranging from carrot and stick politics to divide and rule tactics (Narlikar, 2002). To be more explicit, in the history of multilateral trade negotiations, developed countries, particularly the US, the EU, Japan and Canada played key role in the formation of rules and regulations, and they have relied heavily on their material powers in bringing other states to compliance to their proposals. Hence, the material power, so the realist and liberal approaches of power relations, in the world trade regime should not be underestimated, and this study does not intend to challenge those realities. Yet, the ultimate goal is to present a different approach in evaluating the dynamics at the WTO that would shed further light on the discussions to reform the existing system. Indeed, even the material power relations had a central role in politics of international trade; countries certainly exercise their material power over the others through the use of language and discourse.

Based on the power perceptions of Habermas, Foucault, and Gramsci, this study aims to analyze the dynamics of world trade negotiations at multiple levels. The

strategically or communicatively reached decisions at domestic level defines the priorities of national trade policy, and each country engage in multilateral trade negotiations based on calculations of self interest. To attain their objectives, both developed and developing countries held meetings with their peer equivalents in order to generate an inner circle consensus. As a result of those small group negotiations, each coalition constructs its own discourse over the issues of negotiation at the WTO, and tries to shape the agenda through articulating their own “truth discourses”. The legacy of multilateral trade negotiations clearly shows that when developing and developed countries have contending views on the agenda issues, the hegemonic and near hegemonic countries employ certain strategies and discourses to coerce or to persuade the opposing parties. Hence, the multilateral trade negotiations emerge as zones of exercising hegemony over the developing and less developed countries through discursive and strategic measures rather than being an area to produce common norms, values and policies for the well being of all members in the world trade regime.

In understanding the existing asymmetry in the world trade regime, the conceptualization of the hegemonic and near hegemonic states should be clarified. Hegemonic and near-hegemonic states are the advanced economies that have their own technical and institutional expertise, financial resources, information networks and human capital with regard to world trade politics. Those countries pro-actively advocate their own interests at the MTNs and have the capacity to shape the agenda (the US, the EU, Japan, and Canada). Unlike to the sector or issue specific concerns of each developing country, they have vested interests on the whole negotiation agenda.

There is growing tendency towards defining some of the most influential developing countries that are Brazil, Russia, India, and China in world politics as the near hegemonic countries. Yet, identification of Brazil, India and China as the near-hegemonic countries in the context of the MTNs at the WTO would be misleading since those countries derive their power from their respective coalitions and they represent those coalitions in informal meetings. At the same time, the use of “developing countries” concept in this study would cause misperceptions since there is no unique grouping of developing countries. Developing countries have large in number and they have diverging, sometimes conflicting, interests with respect to negotiation agenda. Yet, none of those countries have a comprehensive and pro-active policy and strategy over the whole package of issues at the MTNs. In other words, each developing country has certain priority areas at the WTO, and it tries to advocate its main interests in those areas while following a passive, sometimes indifferent, approach in other areas of negotiations. The legacy of negotiations shows that developing countries with shared interests on some of the issues of the world trade agenda form coalitions with each other, and they try to shape the dynamics of negotiations. Indeed, those issue oriented coalitions have the most active position in negotiations in response to developed counterparts. In this respect, the history of the MTNs clearly reflect that the most intense and contentious bargaining has taken place between key developed countries and most active developing countries on a specific agenda item. Hence, this study does not claim that all of the developed countries and developing countries are coherent structures, but the most active countries or groups in both camps on a specific negotiation issue most probably have conflicting approaches with each other that leads to exercise of hegemony both materialistically as well as discursively.

The following chapter will try to provide a stylized assessment of power perceptions of Habermas, Foucault, and Gramsci. In the first part of the chapter, Habermas' understanding of power is explained in the context of multilateral trade negotiations. Indeed, Habermas' two different conceptions of power, power as strategic action and communicative power, has certain relevance at different stages of negotiation. Following to Habermas, Foucaults' approach of power as struggle over discourses is explained in connection with the Habermasian notions of power as strategic action and communicative power. In this respect, it is intended to clarify how strategically or communicatively generated power turn into discursive mechanism that, in return, shape the rationalities and ideas of individuals, groups, or governments. In the final section, Gramsci's notion of hegemony as exercise of domination through coercive and persuasive measures interlinked with the power theories of Habermas and Foucault.

The third chapter focuses on the power dynamics during the Uruguay Round negotiations in connection with the previously explained power theories. The Uruguay Round as the round that established the WTO had carries the patterns of negotiation under the WTO. It is intended to explain how developed countries, the US, the EU, Japan and Canada, became willing to negotiate a comprehensive trade round. The national trade policy making processes were explained through the lenses of strategic and communicative action. In conjunction, developed countries ability to form a unique discourse after contentious negotiations among themselves was elaborated. In addition, developing countries' position in negotiations and the outcomes of the Uruguay Round Agreement is discusses in the context of hegemonic activism.

In the fourth chapter, the central aim is to understand changing nature of negotiations in the WTO due to the unbalanced impact of the Uruguay Round decisions. It is argued that in response to the implementation problems and developed countries failure to make reforms in key areas of interests to developing world, developing countries increasingly voiced their concerns and called for the re-negotiation of the Uruguay Round agreements. Through employing a discourse over fair trade, they called for liberalization of agriculture and immediate removal of barriers in textile while calling for further assistance and flexibility to developing countries. In response to their “re-formulating existing rules for fair trade” discourse, the US and the EU called for a new round of negotiations for further liberalization and strengthening existing rules. In this respect, the agreement reached at the Doha Ministerial clearly shows the domination of hegemonic and near-hegemonic countries.

The fifth chapter will analyze the changing patterns of negotiations during the Cancun and Hong Kong Ministerial Conferences with the pro-active participation of developing countries through forming coalitions and remaining in unity until the end of the agreement. The coalition based approaches and proposals of developing countries had a considerable reflection in the negotiations in terms of generating more consolidated and validly grounded discourses and approaches with regard to negotiation issues. On the other hand, developed countries and the WTO Secretariat engaged in a counter-strategy through formation of new discourses in terms of exercising time pressure and blame game over developing countries.

The final chapter will sum up the general arguments of the thesis while having the intention to contribute further research on the power dynamics and the role of discursive strategies in multilateral trade negotiations.

CHAPTER 2

ASSESSING POWER AT MULTIPLE LEVELS: A CRITICAL – POSTSTRUCTURAL APPROACH TO THE GLOBAL GOVERNANCE

2.1 Introduction

The large part of the existing literature on power relations at global governance has been written from the perspectives of realism and rational choice. Indeed, the existence of realism as the dominant paradigm in international relations becomes significantly apparent over the issues concerning global governance. In defining and understanding the role of power politics in governance of multilateral organizations as well as globalization process in itself, it is constantly given references to the realist notions of power. For instance, possession of materialistic goods and means constituted the key part of analyzing power relations in global governance. However, it should be stated that the evaluation of power relations as the interaction of specific actors in order to acquire positions of material control over the other is just a one-sided and partial view of power in international relations. Indeed, as Raymond and Duval suggested, power should also be analyzed as a process that works through social relations of constitution (2005; 46). As a result, this chapter intends to expand

the vision of power by making use of post-structuralism and critical theory. It does not intend to provide an alternative to the existing approaches of power in international relations, but it is a complement to those approaches. In order to have a comprehensive understanding on the role of power relations in global governance, especially in governance of world trade, power should also be analyzed in a post-positivist, critical way.

The approaches of Habermas, Foucault, and Gramsci are taken as the principal points of departure in building a critical – poststructural framework of power in global governance. The main concern of this chapter is just to view their central arguments on power in order to draw a more concrete roadmap in the analysis of power politics at the WTO that will be discussed in forthcoming chapters. As a result, the rest of the chapter is divided into three parts each of which evaluates the particular approaches of Habermas, Foucault, and Gramsci on power. At first it is attempted to analyze social interaction with Habermas' emphasis on communication between acting subjects and his insistence upon two opposing views of power that are rationally produced and consensus based communicative power, and power as structural violence that emerges from self interested unconscious strategic actions of actors. The second section will try to analyze Foucault's perception of power. For Foucault, power is both repressive and productive, and it is embedded in discourses. Consequently, power is present in every miniscule of human life and in all segments of social, political, cultural, and economic structures. Through generation of certain truth discourses in their attempt to control the environment in which they live in, human species produces certain discursive mechanism that, in turn, constructed the disciplinary mechanisms in a system. In Foucaultian understanding, power is continuous struggle between actors and competing discourses, so disciplinary mechanisms, rules, regulations and "truth

discourses” are subject to change in a continuous manner. Finally, Gramscian understanding of power as the exercise of hegemony over the others through universalization of norms is based on class relations both in a state as well as among the states in global governance. At the same time, hegemony in Gramsci emerges as a supplement to the theories of Foucault and Habermas through putting emphasis on shaping behaviors, attitudes and understandings by universalizing dominant discourses and ideologies via communication.

2.2 Communicative Power and Structural Violence: A Habermasian Critique

In the *Theory of Communicative Action*, Habermas argues that in communicative rationality, participants overcome their subjectivity and they interact with each other on the principles of objectivity and intersubjectivity of their lifeworld. So, the speaker and the hearer in an interaction should be committed to the goal of mutual understanding on something in the world. In this respect, a goal directed action can be rational only if the actor satisfies the conditions necessary for realizing his intention to intervene successfully in the world. The greater degree of communicative rationality expands the scope for unconstrained coordination of actions and consensual solution of conflict. On the other hand, the widening of the instrumental rationality within the society further threatens the formation of effective communication and this causes the increasing confrontation and struggle within the society (Habermas, 1984; 12-15).

According to Habermas, a social world is the totality of all interpersonal relations that are recognized by members as legitimate while the subjective world constitutes the experiences of only one individual (1984; 52). In his two-level conception of world,

the 'lifeworld' is the stock of implicit assumptions and socially established practices that function as a background to all understanding. In other words, 'lifeworld' is the enabling condition of communicative action, and the three domains of 'lifeworld', cultural production, social integration and socialization correspond to the three aspects of communicative action: reaching consensus, coordinating action and socialization (Habermas, 1984; 257-265). On the other hand, in the 'systems', coordination is reached through the functional interconnection of action consequences and there is no reference for action orientation. In this sense, 'systems' signifies the functional complexity, such as material reproduction. The main concern of Habermas, consequently, is about the social world and interactions among people that make social world unlike to the human body concern of Foucault. In addition, rather than evaluating relations on the basis of materialistic outcomes as in the case of realism and positivism, Habermas develops a critical approach over social relations. Language is the main source of social life, and it constructs both the 'lifeworld' and the 'systems' (Habermas, 2001; 49). Consequently, in search of reality one needs to focus on linguistic processes. Indeed, the concepts of real and unreal belong to the language, and they are all communicatively produced. (Habermas, 1984; 351).

Communicative action is based on several conditions. First, argumentative consensus seeking requires the ability to empathize, to see things with the eyes of the interaction partner. Second, actors need to share a "common lifeworld", a supply of collective interpretations of the world and of themselves. The common lifeworld consists of a shared culture, a common system of norms and rules perceived as legitimate, and the social identity of actors being able to communicate and to act. Finally, actors need to recognize each other as equals and need to have equal access to discourse which must also be open to other participants and public in nature (Habermas, 1984).

In a situation appropriate for communicative action, argumentative speech takes place among speaker and hearer. The ability to make references both facts and norms increases the validity of claims that eases the way to reach an agreement among the citizens. Actions regulated through norms, expressive self presentations and evaluative expressions supplements the communicative practice, and hence, strengthens the process towards achieving, sustaining, and renewing consensus. As a result, argumentative speech should focus on supporting validity claims through good reasons, and at the same time, it should open space for criticizing those reasons in order to reach a mutually agreed consensus. Hence, argumentation as a process should be a reflective continuation of action oriented toward reaching understanding. In addition, that reflective process should be based on some rules which are relieved from any pressure and experience while being regulated ultimately by normative concerns. At the end of these procedural processes, argumentation should aim to provide convincing arguments that are transformed into knowledge through the intersubjective recognition. In other words, argumentative and deliberative behavior is as goal oriented as strategic interactions, but the goal is not to attain one's fixed preferences, but to seek a reasoned consensus. Actors' interests, preferences and the perception of the situation are subject to discursive challenges (Habermas, 1984; 23-26). In communicative action, objectives and preferences can change through the argumentative processes, in which actors challenge each other's causal and principled beliefs. Actors discuss, deliberate, reason, argue and persuade in communicative action (Niemann, 2004; 379). By arguing in relation to standards of truth, rightness, and sincerity, agents have a basis for judging what constitutes reasonable choices of action, through which they can reach an agreement (Habermas, 1984: 397-426).

In his theory of communicative action, Habermas totally eliminates the concept of power, and it is regarded as a challenge in front of the successful communication. Indeed, in his two level conception of society, Habermas distinguishes between 'lifeworld', constituted by communicative action in the medium of ordinary language, and 'systems', which are steered by special codes such as power and money. Communicative action is located within the horizon of a 'lifeworld' of shared beliefs and meanings that are always already in play. This horizon of shared meanings forms the background consensus in which communicative action is embedded, providing both the context and the resources for the process of reaching understanding (Habermas, 1984b; 185-190). According to Habermas, the existing systems of economy and state administration are not governed by will and consciousness, but anonymous steering media of money and power, which obey only the logic of efficiency and instrumental reason. In this respect, coordination in the economy and state administration is held through non-linguistic means, media of money and power, rather than social coordination by way of communicative action. Consequently, instrumental rationality and non-linguistic search for coordination erode solidarity and communicative rationality that prevent the emergence of shared beliefs and meanings (Habermas, 1984b).

In his differentiation between 'lifeworld' and 'systems', Habermas directly differentiates communicative action from strategic action. Unlike to the communicative action, strategic action is coordinated through influence rather than consensus and the agents are oriented toward success rather than toward understanding. While in communicative action, actors should recognize each other and try to reach an agreement cooperatively, in strategic action, actors can treat other persons as though they were objects or entities in physical understanding (Cooke,

1994; 22-25). Strategic action is accompanied in the cases of bargaining, but communicative action exists under the situations of arguing. Although power is seen as a challenge to the communicative action, Habermas identifies it as an essential and integral component of strategic action (see Figure 1). In this respect, Habermas argues that the use of language causes the emergence of different kinds of power. Indeed, while perlocutionary use of language aims to instigate other subjects to a desired behavior, illocutionary use of language means the noncoercive establishment of intersubjective relations that is the source of communicatively produced power of common convictions (Habermas, 1977; 77). Hence, strategic use of language within societies produces another kind of political power. According to Habermas, people try to acquire and maintain positions of power in a given society, and they try to stay in power through preventing others to secure their interests. Meanwhile, the holders of power positions in the society exercise structural violence through preventing full communication among the others. The will of leadership is produced as the legitimate will (Habermas, 1977; 79-83). He states that

Someone should be able to generate legitimate power because he is in a position to prevent others from pursuing their interests. Legitimate power arises only among those who form convictions in unconstrained communication (1977; 85).

In systematically restricted communication, ideologies emerge as the illusionary common convictions. Since those ideologies maintain their power, they are institutionalized in the political realm and over time it can be used against the initiators of those ideologies (Habermas, 1977; 87-89) Indeed, the struggle for political power has become a dominant paradigm with further institutionalization of strategic action which is employed by political parties and civil society organizations.

Although Habermas views strategic action as unconscious; in the context of global governance, both communicative action and strategic action have certain relevance. Indeed, Niemann argues that these two are complementary to each other in terms of function. While strategic action refers to the logic of wanting, communicative action refers to an epistemic logic of believing and knowing (Niemann, 2004; 383). In addition, since there is no pure arguing or pure bargaining situation in global governance, most of the communicative processes take place in between (see figure 1). Based on Habermas theory of communicative action and strategic action, Risse builds a framework of multilateral negotiation process. According to him, even actors with initially strategic motivations must engage in the give and take of arguing in order to affect negotiations. They must demonstrate their truthfulness and their open-mindedness to the ‘better argument’. Thus, one should focus on the social and institutional context in which arguing takes place (Risse, 2004; 300). Arguing and persuasion matter particularly during specific phases of negotiations. First, processes of persuasion are relevant during agenda-setting and pre-negotiations. Second, arguing becomes relevant again when crises in the bargain setting have to be overcome. Many negotiation processes break down or reach impasses because actors stick to their fixed preferences, leaving no room for compromise. Turning into arguing mode offers a way out of these bargaining blockages because it allows actors to reflect flexibilities about their interests and preferences, and to see information in a new light. In the end, the more arguing matters in negotiation processes, the more we should also observe that actors with lesser material resources get empowered through the process (Risse, 2000; 16-20).

Figure 1: Arguing and Bargaining as Modes of Communication

<i>Mode of Communication/ Characteristics</i>	ARGUING <i>Communicative Power</i>	BARGAINING <i>Power as Structural Violence</i>
Modal	Empirical and normative assertions with validity claims (assessment criteria: empirical proof and consistency or in the case of normative assertions consistency and impartiality); based on: argumentative power in the sense of good reasoning	Pragmatic demands with credibility claims (assessment criteria: credibility of speaker); based on: ‘bargaining power’ in the sense of material and ideational resources and exit options.
Procedural	Reflexive	Sequential
Possible observable outcome	Reasoned consensus, actors submitting to the better argument and changing interests/preferences accordingly	Compromise without change in preferences/interests
Structural	Triadic (speaker and listener have to refer to some external authority to make validity claims)	Dyadic (only mutual assessment counts)

Source: Risse (2004)

In his later writings, Habermas’ approach on power changed considerably, and it is integrated into the context of communicative rationality. In *Between Facts and Norms*, Habermas argues that

In cognitive terms, as enabling rational opinion and will formation... discursively produced and intersubjectively shared beliefs have, at the same time, a motivating force. Even if this remains limited to weakly motivating force of good reasons, from this perspective, the public use of communicative freedom also appears as a generator of power potentials (Habermas, 1996; 147).

Consequently, the generation of power – communicative power- is thereby linked with the communicative action of citizens in their use of “their communicative freedom” which is essentially the ability of participants in discourse to take yes or no

positions on validity claims. Whenever, citizens engage in political discourse, informally or as representatives within political institutions, the force of shared beliefs and normative reasons reached by an agreement generates communicative power. The common ground of shared beliefs, achieved discursively in different political situations, also generates communicative power (Flynn, 2004; 446). As a result, communicative power springs from the interactions among legally institutionalized will formation and culturally mobilized publics (Habermas, 1996; 301). In addition, it is dependent on reasons, but independent of the specific kind of reasons, it only links up with the properties of the procedure which generates those reasons. These properties enable the participants to advance and question reasons and counterreasons for the cluster of validity claims which is always connected with political issues (Günther, 1996; 1036). Communicative power comes from the further fact that every individual legitimately believes that he or she belongs to a “singular action community”, and that he or she wants to belong to that community. Thus communicative power is a motivational resource for a community and a medium for the allocation of powers to act (Günther, 1996; 1050-51).

As in the case of Foucault’s conceptualization of power as totalizing discourses, communicative power of Habermas also has a positive influence that is produced in communicative space. Indeed, it is regarded as a discursive situation, freed from external constraints that amounted to intersubjective agreement, and it mobilizes public opinion and will formation, influencing the process of institutionalization and hence determining the legitimacy of law (Habermas, 1996; 149-151). At the same time, it should be stated that communicative power diverges from the original concept of power, mentioned in the *Theory of Communicative Action*, that is the influence that distorts the discursive situation. Communicative power is a sort of influence that is

resulted from the agents' consensus seeking interaction rather than being an outcome of conflictual relations.

2.3 Power as Totalizing Discourses: Foucault in Perspective

Habermas' understanding of society, rationality and power considerably differs from Foucault's approach. Indeed, these two philosophers encountered in a number of debates with each other, and both side evaluated the other's work as incomplete and incoherent. To keep the issue short and within the context of this study, there are major differences between the two lie at their perceptions of rationality, society and power. While Foucault explains the power in relation to the discourse which produce knowledge and shape all aspects of human life starting from human body in terms of defining its 'true' actions, Habermas argues that Foucault evaluates discourses from outside and he does not pay attention to the meaning that is carried out through discourses. In all of his criticisms against Foucault, Habermas continuously gives reference to the importance of language, meaning and communication within the society. Indeed he states that,

Foucault's empowerment theory lacks a mechanism for social integration such as language, with its interlacing of performative attitudes of speakers and hearers, which could explain the individuating effect of socialization. Yet, Foucault aims to purifying the concept of individuation of all connotations of self determination and self realization, and reducing it to an inner world produced by external stimuli and fitted out with arbitrarily manipulable, representative context (Habermas, 1994; 94).

In addition, Habermas argues that Foucault underestimates the complexity of modern societies and he does not fairly treat legal law formation which constitutes the core part of modern societies for him. Indeed, Habermas questions that how social order is established and how individual and society are related to one another (Habermas,

1994; 85-86). On the other hand, Foucault argues that the formation of society, its values, norms, and rules are all the products of discursive mechanisms of exclusion and disciplining. Consequently, the values, norms, culture, rules and regulations treated as key factors in a society for Habermas did not have any reflection beyond being constructed through discourses and disciplinary mechanisms in Foucault. In this respect, another criticism of Habermas to Foucault is that exclusion of any stabilizing domains of action in terms of values, norms and processes of mutual understanding cause weaknesses in Foucault's theory of society and empowerment.

The diverging views between Habermas and Foucault are also present in their conceptions of power. Yet it should be stated that even though they have different approaches of power, both of these views have considerable validity and applicability in the context of global governance as in many other areas. In this respect, rather than evaluating them as competing and contending perspectives, this study intends to view them as complementary approaches to develop a coherent understanding of power in governance of world trade. Indeed, the production of communicative or strategic action brings out certain outcomes in terms of agreements, rules, regulations, and norms. The interaction between the subjects, communicatively or strategically, as elaborated in Habermas can be the complementary foundations of Foucault's conception of power as totalizing discourses.

The original basis of Foucault's philosophy is the analysis of the insurrection of the subjugated knowledges. Indeed, he argues that historical analysis of discourses clearly shows that even some knowledges appeared as dominant and common knowledges within the universe, the others that are in conflict with them are subjugated and disciplined under the control of those dominant knowledges. In the process of disciplining, the unitary discourses, which constitute the every miniscule of human

nature, have the ability to disqualify, ignore and then annex those local knowledges. Based on this understanding, Foucault aims to develop a genealogical critique of existing disciplines, institutional practices and social relations (2000a; 79-81). In relation to this, he insists that power is in every aspect of those established structures, and the critique of those established structures and knowledge is also a rethinking and re-conceptualization of power. For Foucault,

Power is the way in which relations of forces are deployed and given concrete expression, rather than analyzing it in terms of cession, contract, or functionality. So power is war, struggle and conflict. It is neither given, nor exchanged, nor recovered, but rather exercised, and that it only exists in action (1994a; 29).

According to Foucault, the emergence and maintenance of power is dependent on the production, circulation and functioning of a discourse. In this respect, there is continuous interdependence between discourse and power. Indeed, discourse is what links the technological, economic, social and political conditions to the functioning network of practices which reproduced again and again. Discourses together with the other discursive practices, in all of which knowledge is produced and shaped, form the power complexes in a society (Foucault, 2000b). According to Foucault, power needs to be analyzed from bottom where the initial discourses are formed and actualized by individual subjects. In this context, Foucauldian approach of power constitutes the basis of poststructural thinking of power. The poststructural analysis of power requires the evaluation of each micro element that affects, contributes and shapes power dynamics in an interaction. This, in turn, brings ones to extend the study of power beyond the pre-given material conditions, which is the basis of realist

conceptions of power, and to delve into the more subtle units of power such as culture, identity, and ideology.¹

In the reformulation of the concept of power, discourse is located at the center of Foucault's analysis, and to simplify it, he traces power as totalizing discourses. Discourses are linguistic units that are revealed in the domain of symbolically represented knowledge. The social space is established through obtaining discourses, and transforming into institutional orders and socio-structural positions (Honneth, 1993; 137-142). According to Foucault, the production of discourse means the production of truth for any society and truth discourses are institutionalized and turned into common norms and understandings in the society. Indeed, Foucault states that

Truth is produced only by virtue of multiple forms of constraint. And it induces regular effects of power. Each society has its regime of truth, its general politics of truth – that is, the types of discourse it accepts and makes function as true; the mechanisms and instances that enable one to distinguish true and false statements, the means by which each is sanctioned; the techniques and procedures accorded value in the acquisition of truth (2000b; 131).

Any society continuously needs the production of truth that provides us a certain mode of living. Consequently, the production of truth discourses brings certain lifestyles and common knowledges that inherently establish power relations within the society (Foucault, 1994a; 30-33). Yet, it should be clarified that, in Foucault, truth is just a mechanism of exclusion. Indeed, there is not absolute truth and truth emerges only under the condition of a hidden “will to truth” (Foucault, 1994b). In other words, human beings are always in search of truth, and there is continuous “will to truth” for

¹ The realist notion of power briefly focuses on the possession of material capacities on other persons as an imposition on the freedom of those persons. Dahl argues that power is the ability to make someone to do something that he or she would not otherwise do (1968; 405-415). With a similar line of thinking Weber defines power as ‘the probability that an actor in a social relationship will be in a position to carry out his own will despite the resistance of others’ (1978; 941-948).

them. As a result, the emergence of truth discourses establishes certain mechanisms, disciplines and institutions within the society, and they try to prevent the rise of opposing views and knowledges. Hence, power is constantly embedded within those discourses and it produces, and being produced by, knowledge (Foucault, 1980). For Foucault, the only function of power is to suppress, control and reproduce human bodies through being present in all levels of human life. As a result, he gives little importance on norms and cultural modes of thought. The key thing in Foucault's understanding is the body-bound expressions of life, and societies need to control those expressions in order to sustain stability and continuity of their own sake. Power produces the systematic knowledge about the modes of action and bodily processes of humans, and that knowledge, in turn, translated into disciplinary mechanisms and administrative structures such as schools, prisons, and hospitals (Honneth, 1993; 170-173).²

In addition, it should be stated that since there are many discourses of truth on multiple areas, there are manifold relations of power within the society. In this respect, power should not be analyzed as a relationship between the ruler and its subjects, but in mutual relations of the subjects within the society. As a result, the ongoing relations between the individuals within the society also contribute to the circulation of power. People are not only the targets of power; they are also part of its articulation (Foucault, 1994a; 36-38). Consequently, when assessing the political power, one needs to “cut the head of king”, and try to analyze power relations between subjects (Foucault, 1980; 94). Conceptualizing power on the basis of

² Foucault's works of *History of Sexuality*, *History of Madness*, and *Discipline and Punish*, specifically deal with the emergence of those disciplines and their related administrative structure. Even though he did not introduce a general theory of power in those writings, his later works on power mainly gives reference to those works and he tries to support his earlier works on the emergence of disciplines with a concrete theory of power.

discourses that shape the social interaction present in every miniscule of human life makes it necessary to analyze power from the bottom. In other words, power should be analyzed in each and every small kind of relationship between the subjects. Then, it should be tried to see how these minor mechanisms of power have been invested, utilized and transformed by ever more general mechanisms and by forms of global domination (Foucault, 2000c; 328-334).

Power is manifested in the instruments, techniques and procedures that may be brought to bear on actions of the others. As a result, there is not a unique form of power, and it is heterogeneous and either hierarchically organized or socially dispersed. So, power is in everywhere and available to anyone (Hindess, 2000; 100-101). The heterogeneous and unstable nature of power, for Foucault, makes it ambiguous and reversible. To be clear, since there is not absolute and non-changing truth, in an environment of continuous interaction between subjects, power is also subject to change. Hence, the exercise of power necessitates a considerable degree of freedom that will provide room for resistance. Resistance may produce the conditions for refinement and modification of power techniques, and holders of power would become subject to that power over time. Even in the case of domination there is still little room for resistance (Foucault, 1980; 138-142). Those who are subject to the effects of power are also free and they are themselves in a position to act and engage in the exercise of power on their own account.

One of the differences of the Foucauldian conception of power from the realist understanding is that power is both repressive and productive. In terms of productivity, since the heterogeneous and unstable nature of power makes power to be exercised in every aspect of human interaction at individual, institutional, governmental and intergovernmental levels, power relations through discursive

mechanisms carry out the intention to teach and to instill the forms of self awareness (Foucault, 2000; v-x). In addition, the bilateral interdependence of power and knowledge, producing each other, enhances the productive nature of power. Indeed, discursively produced truth and knowledge that have also exclusionary mechanisms cause the formation of social productive relations. For instance, ideology is the effective instrument for production, accumulation and reproduction of knowledge. In addition, ideologies give way to the emergence of certain methodologies, procedures and apparatuses of research that also produce power mechanisms within themselves. Since the ideology emerges as one of the most prominent examples of a unitary discourse, power exercised through and within an ideology organizes and puts into circulation of knowledge and its apparatuses (Foucault, 2000d; 351-355).

Power relations should be distinguished from relationships of communication. Although the objective or the outcome of communication has certain results in the realm of power, power is not an aspect of communication (Foucault, 2000c; 327). Power exists only as exercised by some on others, only when it is put into action. Yet, power relations are modes of action based on the actions of individuals while violence is acts upon a body or things. In this respect, existence of free subjects plays the key role in differentiating power from violence. Indeed, power can be actualized under the condition that individuals or collective subjects face with a number of possibilities in which multiple ways of consent, reaction and other modes of behavior are available (Foucault, 2000c; 342).

Turning the emphasis towards Foucault's perception of politics and government further provide opportunity to develop a coherent body of understanding power in global governance. Foucault identifies government in between the power and domination, and he argues that the government develops certain technologies to

balance ‘the strategic games between liberties and the states of domination’ (Foucault, 2000e; 219-220). According to Foucault, in modern politics, population emerges as the ultimate end of government, and welfare of the population is main purpose for government (Hindess, 2000; 110-112). At the same time, Foucault radically resists the application of discipline on individuals, and he argues that these disciplinary mechanisms just create resistance and exclusions within the society (Foucault, 1980b). He argues that the aim of the government to sustain the well being of its subjects through comprehensive regulation of their behavior. In this respect, Foucault uses the concept of pastoral power, and he argues that as a shepherd of a flock, government should care for society both collectively and individually. In addition, like governing of a flock and each of its members, government should govern both the state and each of its citizens, and the removal of government would cause the collapse and dispersion of individuals (Hindess, 2000; 117-120). In a nutshell, pastoral power is a power that both individualizes and totalizes.

Foucault’s conception of pastoral power has certain reflections in understanding the power politics in the global governance of world trade. Indeed, the existence of the WTO as a shepherd guarantees the safety of the system, and even though there are considerable problems and asymmetries, the parties within the WTO do not want the total collapse of the system or to inactivate the WTO. In other words, the WTO both functions as the governor of trade policies of its individual members as well as the governor of the whole world trading system. Consequently, it has still considerable credibility and legitimacy recognized by the relevant parties. Yet, it is still questionable to what extent the WTO staff seriously takes into account the problems of the disadvantaged parties. Consequently, it can be argued that if the WTO as government of world trade system could take care of the needs and problems of its

members effectively, currently, the existing problems within the system have not been the issue of main concern.

In his lecture on Governmentality, Foucault also addresses on the role of civil society in widening the scope of freedoms and providing more space for free interaction between subjects. He certainly states that in order to increase the well being of citizens both individually and collectively, there should be liberty. In this respect, civil society serves as a bridge between political rules and procedures and economic interests. Hence, it was a vehicle for “the common interplay of relations of power” (Foucault, 2000; 214-216). The increasing activism of civil society also decreases the application of disciplinary, so exclusionary, mechanisms, and government can more effectively provide the common welfare of all. According to Foucault, governmentality covers all forms of power, including sovereign, disciplinary and pastoral, and it tries to reformulate those techniques in a specific way that will pave way for the development of complex knowledge structures (Foucault, 2000e; 219-220). By the concept of governmentality, Foucault tries to build a linkage between political power which is directed towards legal subjects and pastoral power that wielded over live individuals. Civil society, in turn, carries out the individual expectations within the society to the political realm, and that makes those expectations and problems an issue of political power.

To link the issue with the global governance of multilateral trade, the WTO and dynamics at the multilateral trade negotiations are still limited under the impact of political power. Even though, the role and participation of the civil society organizations at the Ministerial meetings increased since 1999, they still face with serious challenges in terms of making their voices heard by the Secretariat and member states. Hence, the functioning of world trade regime is subject to major

criticisms and opposition come from various stances. At the same time, existing problems in civil society participation at the WTO causes the under-representation of developing and less-developed countries that in turn increase the domination by developed counterparts. Based on Foucault's insistence for the elimination of domination and extension of liberties for a good government, the governance of world trade still falls behind the optimum level of effective governance.

In his conceptualization of power relationships, Foucault pays particular attention on the role of strategies in activation and maintenance of power. There is permanent struggle to get, implement and maintain power, and these struggles are also composed by strategies. Foucault states that,

Every strategy of confrontation dreams of becoming a relationship of power and every relationship of power tends, both through its intrinsic course of development and when frontally encountering resistances, to become a winning strategy (2000c; 347).

He argues that the acquisition and maintenance of power takes place in the shape of a continuous struggle of social actors among themselves, and they employ certain strategies to acquire the discourses of power (Honneth, 1993; 155). In a situation of continuous conflict, power can stabilize itself through employment of effective instruments. Therefore, every strategy of a power relationship has the goal of maintaining as dominant power. From this point of view, both the physical violence and the ideological influence are used as means of procuring power. It is also the case for institutions. Foucault argues that institutions should be analyzed on the basis of power relationships rather than trying to analyze power relationships through institutions (2000c; 343).

In order to understand the dynamics at the governance of world trade, the emphasis should be diverted towards the power politics rather than reframing power relations through the institutional structure of the WTO. In order to understand power relationships, Foucault defines five points of analysis. These five points of analysis in power relations directly shed lights on the dynamics of power politics in the governance of world trade, and within the context of those principles, a study can be conducted to develop a Foucauldian approach on power relations at the WTO. First, the differentiations between the subjects should be clarified in terms differences in economy, know-how, linguistic and culture. Second, the ultimate motive in the minds of subjects shape their actions, and for an effective analysis of power relations, one needs to define the objectives of subjects such as exercise of authority, increasing profits or building a consensus. In addition, instrumental modes should be identified. One should analyze that whether power is exercised by threat of arms, by the effect of speech, through economic disparities, by rules, explicit or not and with or without means of enforcement. Fourth, forms of institutionalization and its structures in terms of regulations, loci, and apparatuses should be taken into account in analysis of power relations. Finally, Foucault argues that the degrees of rationalization are important in analyzing power relations. In other words, the field of possibilities and which one is actualized should be defined for an effective analysis (Foucault, 2000c; 344).

2.4 A Gramscian Supplement to the Theory of Power: *Hegemony*

The starting point for Gramsci's concept of hegemony is that a class and its representatives exercise power over subordinate classes by means of a combination of coercion and persuasion. Exercise of hegemony, hence, is composed by binary oppositions. For instance, force and consent, authority and hegemony, violence and

civilization can exist at the same time with the application of power. In Gramscian terms, hegemony is a relation, not of domination by means of force, but of consent by means of political and ideological leadership. It is the organization of consent.

For Lenin, the working class should develop a national approach, fighting for the liberation of all oppressed classes and groups. Hegemony was a strategy for revolution, a strategy which the working class and its representatives should adopt to win the support of the great majority. Gramsci adds a new dimension to Lenin's approach by extending it to include the practices of a capitalist class or its representatives, both in gaining state power, and in maintaining that power once it has been achieved. Gramsci distinguished between domination (coercion) and 'intellectual and moral leadership':

A social group can, indeed must, already exercise leadership before winning governmental power (this is indeed one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercises power, but even if it holds it firmly in its grasp, it must continue to lead as well (Gramsci, 2001; 506).

Thus Gramsci transforms hegemony from a strategy into a concept, which is a tool for understanding society in order to change it. Hegemony is a relation between classes and other social forces. A hegemonic class, or part of a class, is one which gains the consent of other classes and social forces through creating and maintaining a system of alliances by means of political and ideological struggle. In this respect, the notion of building up a system of alliances is central to the concept of hegemony. Indeed Gramsci says that

The proletariat can become a leading and dominant class to the extent that it succeeds in creating a system of alliances which allows it to mobilize the majority of the population against capitalism and the bourgeois state (Gramsci, 2001; 598).

The working class can only develop into a hegemonic class by taking into account the interests of other classes and social forces and finding ways of combining them with

its own interests. For Gramsci, a class cannot achieve national leadership, and become hegemonic, if it confines itself only to class interests; it must take into account the popular and democratic demands and struggles of the people which do not have a purely class character, that is, which do not arise directly out of the relations of production (Gramsci 2001b, 375-381). Thus, hegemony has a national-popular dimension as well as a class dimension. It requires the unification of a variety of different social forces into a broad alliance expressing a national-popular collective will, such that each of these forces preserves its own autonomy and makes its own contribution. The task of creating a new hegemony, in opposition to that of the capitalist class, can only be achieved by means of a transformation of popular consciousness, of people's ways of thinking and feeling, of their 'conceptions of world', and of their standards of moral conduct (Roger, 2001; 25-29).

The need to transform popular consciousness and people's ways of thinking and feeling in order to reach and stay in position of hegemony have certain similarities both with Habermasian notion of strategic action as well as with Foucault's conceptualization of power as totalizing discourses from below. Indeed, as previously discussed, by their very basic understanding, the exercise of power in Habermas and Foucault needs certain level of control over the subjects and it is achieved through shaping or formulating the identities, understandings and perceptions of relevant actors in social relation. Hence, Gramsci's notion of hegemony works on the basis of same logic.

Gramsci suggests that power is best understood as a relation. The social relations are embodied in a great variety of organizations and institutions including churches, political parties, trade unions, mass media, cultural and voluntary associations. One set of institutions, the apparatuses which make up the state, are separated from all the

rest in having a monopoly of coercion. All these social relations and the organizations which embody them are called civil society. Civil society is the sphere of class struggles and of popular democratic struggles. Thus it is the zone in which a dominant social group organizes consent and hegemony. It is also the sphere where the subordinate social groups may organize their opposition and construct an alternative hegemony – a counter hegemony (Cox, 1993; 53-57). As a result, the social relations of civil society are also relations of power, so that power is diffused throughout civil society as well as being embodied in the coercive apparatuses of state. Gramsci used the term integral state to describe the nature of power, which he summed up as ‘hegemony armoured by coercion’ (Gramsci, 2001; 506-520). Civil society is the market place for ideas. Intellectuals succeed in creating hegemony to the extent that they extend the worldviews of the rulers to the ruled, and thereby secure the “free” consent of the masses to the law and order of the land. If the intellectuals fail to create hegemony, the ruling class falls back on the state’s coercive apparatus which disciplines those who do not “consent” (Bates, 1975; 353). Thus, it is necessary to win a substantial measure of hegemony in civil society as a condition for gaining control over the state, and intellectuals play the key role in this process. Gramsci argues that the hegemonic struggle requires the leadership of intellectuals, for, on a mass scale: Critical self-consciousness signifies historically and politically the creation of intellectual cadres. A human mass does not distinguish itself and does not become independent by itself without organizing itself and there is no organization without intellectual, without organizers and leaders. (Gramsci, 2001; 440-443).

The importance of civil society in the generation of power based on consent has also critical importance for Habermas. Indeed, effective communicative action is dependent upon an environment of unconstrained interaction. The widening of public

sphere intensifies the process of communication, and as stated in *Between Facts and Norms*, the scope of deliberative processes at the public realm with the participation of civil society generate consensus in relation to legal rules and procedures (1996; 430-433). On the other hand, while in Gramsci, public opinion is shaped by political hegemony, and thus, it is prone to the articulations of both civil society and political society; in Habermasian understanding of consensus and communication, public opinion is the source of legitimate power. He argues that through the engagement of argumentation in public spheres, individuals reach mutual understanding on subject, and these mutually recognized claims turn into legitimate law and power in political sphere (Habermas, 1996; 346-439). At the same time, there are certain similarities between the role of intellectuals in Gramsci and the role of disciplines and government in Foucault. Like the intellectuals activism to bring masses under consent to rule and land, the disciplines and truth discourses, for Foucault, create forms of life and action, and they aim to regulate and control human behavior. In addition, as in the conceptions of Foucault and Habermas on power, Gramscian notion of hegemony is both productive and repressive. Indeed, even though ruling classes tries to advocate their own interest, after a while they could not stay indifferent to the demands of the other classes, and a significant process of rapprochement takes place. Even more important, intellectuals' involvement in the process of diffusing ideas and norms within the society to establish consent and consensus creates ideological and cultural belief system within the society (Fontana, 1993; 140).

According to Gramsci, hegemony has never been granted, and there is continuous struggle to get hegemonic control among the classes. As a result, ruling class always needs to be active in terms of sustaining compromise within the society and preserving the means of control. At the same time, staying in hegemony does not only

depend on defensive interests. In a situation of deep crisis, the ruling class should try to shift the balance of political forces for their own sake, and sometimes, they should opt for making compromises and building new alliances (Cox 1993; 65-67). Similar to the case of competing discourses and power complexes in Foucaultian understanding, the source of continuous struggle for hegemonic leadership is the conflict between ideologies. In Foucauldian terms, even masses show their consent to the ideologies, cultures and moral belief structures introduced by the ruling elites, there is still room for resistance. If the masses engage in building new bloc of social forces against the ruling class, they enter into a stage of passive revolution at the end of which hegemony may change hands (Boothman, 2008; 210).

Given the comprehensive and complex nature of trade policymaking at the national level, the struggle between interest groups and classes became increasingly apparent in influencing the decisions of policymakers. Depending upon the issue of concern, the prominent classes may change in the process of policymaking, and that shows there is no permanent hegemonic domination between classes in the national context, and the classes that have better organizational structure as well as intellectual capacity in articulating their interests would gain the hegemonic position in shaping the trade policy on a specific issue. At the same time, the other groups would continuously seek to get hegemonic influence. In this respect, while analyzing the domestic factors that shape national discourses of key actors at the MTNs, one should keep in mind that there is no single hegemonic class at the domestic level that shapes the whole agenda. Depending upon the issue, the interest groups as well as their lobbying and intellectual capacity may diverge, and there may be multiple classes that have pivotal role in the formation of national trade policy discourses.

Finally, in Gramsci's concept of hegemony, knowledge is not an established body of data and ideas possessed by a culturally superior entity; rather, knowledge is itself the product of the "conversation" (the "rational discourse") between teacher and student, and "truth" is now understood as the "intersubjective" product of the interaction and common activity of the democratic philosopher and the people. In this context, the revolutionary party is the bearer of a knowledge that the subordinate classes can never reach or attain through their own life activity. The party is the conscious subject actively engaged in the world and the subordinate classes are the instruments subordinated to the direction and purposes elaborated by the bearer of knowledge, the party (Fontana, 1993; 150-153). In this respect, the production of knowledge under hegemony has similarities with the assessments of knowledge both in Foucault and in Habermas. The production of knowledge through interaction of democratic philosopher and people could be accompanied with Habermasian view of communicative rationality and production of agreed norms and rules. Yet, in Habermas, the parties need to see each other as equivalent partners in order to engage in communicative action. On the other hand, social interaction forms between philosopher (modern prince) and the people, and it is impossible to claim that these two sides can see each other as equal partners. Indeed, even though the philosopher's power depends on the consent of the people, he is still in a superior position than people.

At the same time, hegemonic production of knowledge has considerable correlation with Foucault's understanding of disciplines and knowledge. According to Foucault, the production of knowledge and the emergence of disciplines are mechanism of regulating human behavior in society. In this sense, the production of knowledge between democratic philosopher and people has also the intention to form modes of

behavior, culture and norms in society for sustainable consent to the existing hegemony. In addition, the exclusionary character of disciplines and discourses of knowledge is also apparent in hegemonic production of knowledge because it works for the well-being of a particular group, and the others are kept away from available opportunities. One may argue that in Gramscian understanding of hegemony, ruling class should not exclude population but tries to make them to believe the hegemonic will as common will of society. However, in its very nature, this kind of inclusion also excludes population to reach communicative rationality and to construct their own truth mechanisms.

2.5 Conclusion

The different notions of power presented in Habermas, Foucault and Gramsci provides opportunity for a comprehensive analysis of power relations at the WTO in a radical – critical perspective. Indeed, Habermas, Foucault, and Gramsci present a three-dimensional analysis of power that starts with the interaction between subjects; continues through construction of discourses as an outcome of those interactions, and ends up through the domination of a particular discourse over the others with regard to a particular issue or situation.

Under the light of the theoretical framework drawn in this chapter, the following chapters will empirically analyze the validity and relevance of those different notions of power observed in Habermas, Foucault, and Gramsci in the context of multilateral trade negotiations. The multilateral trade negotiations are processed at multiple levels through multifarious discussions on a complex agenda, and as a result, it will be intended to re-conceptualize the role and impact of power on the MTNs through a poststructuralist and critical point of view.

CHAPTER 3

RESTRUCTURING WORLD TRADE: RETHINKING POWER IN THE URUGUAY ROUND NEGOTIATIONS

3.1 Introduction

The governance of world trade entered into a rapid transformation period with the launching of the Uruguay Round in 1986 at Punta del Este, Uruguay. Starting from 1970s, the interest of countries towards international trade rapidly intensified, and they became more concerned about the multilateral trade regime. Consequently, the nature of multilateral trade negotiations has become more complex and contentious. It was obvious that developed countries had vested interests on the liberalization of trade, and they were the cornerstones of the multilateral trade policy making in the earlier GATT rounds. On the other hand, developing countries had limited or no interest towards multilateral trade liberalization until Tokyo Round. Consequently, the rules of the world trade regime were generally designed through discussions among developed countries during the first three decades of the GATT regime. Starting from 1970s, developing countries increasingly concerned about the governance of world trade, and they tried to voice their concerns (Cohn, 2002; 33-83). The increasing

number of countries that have certain interests in world trade governance with considerable divergence in their approaches has driven the multilateral trade policymaking into constellation.

The GATT Uruguay Round emerged as one of the most comprehensive rounds of trade negotiations with the involvement of both developed and developing countries, and it has become subject to the major struggles among the participating countries. In other words, the Uruguay Round can be defined as the first round with the most intensive exercise of power politics among the largest group of participants. The formation of the WTO, a more organized and all-inclusive organization in comparison to the GATT, clearly signifies that the Uruguay Round constitutes a rupture in the governance of world trade. In this respect, this chapter intends to analyze that how the relations of power between countries shaped the negotiation process and the outcomes of the Uruguay Round. Based on the power perceptions of Foucault, Habermas and Gramsci, the complex nature of negotiations during the Uruguay Round necessitates a multi-level analysis ranging from domestic policy making to coalition building with other states, from strategies used by states and coalitions to the subjective interaction of official negotiators with each others, their domestic constituents, international officials and non-state actors.

The Uruguay Round negotiation process clearly reflected that each party had its own objectives, and it tried to get the best possible outcome. While engaging in strategic activism, countries were also to act in collectively on the issues of shared interests. When they had some shared norms, ideas and interests, it became possible to construct a coherent strategy and discourse regarding the issues of negotiation in the Uruguay Round. In addition, the Uruguay Round also reflected that in case of

continuous struggle on key issues and impasse, the dominant group that had advanced opportunities in terms of access to knowledge, to produce truth discourses and technical expertise could easily challenge the weaker parties by making little or no concessions.

The general outlook of the Uruguay Round negotiations clearly shows that developed countries based on their prior experience in world trade governance and their ability to produce disciplinary discourses over the non-conforming parties played the key role both in building the negotiation agenda and in reaching the agreement over the new rules and structures. Even though, there were considerable divergence and conflict of interests among themselves, after a certain period of strategic activism, major trading countries turned into a consensus seeking activity through argumentation at various platforms such as Quad, G-7 and OECD, and they were able to develop a coherent and strong stance. On the other hand, developing countries tried to raise their concerns and to get some favorable outcomes through acting either individually or collectively, but they could not follow a proactive and sustainable approach against the developed countries due to their lack of appropriate knowledge and experience in negotiating trade, their failure to develop strong truth discourses and their inability to reach consensus communicatively in the coalitions. In a nutshell, various forms of power relations, such as totalizing discourses, structural violence and strategic action, communicative power and hegemonic power, were mutually embedded at various stages of negotiation in the Uruguay Round

3.2 Pre-negotiation Phase of the Uruguay Round: Agenda Setting under Discursive Hegemony of Developed Countries

In the pre-negotiation period of the Uruguay Round, the change in the world economic structure directly affected the approaches of countries, and both developed and developing countries thanks to their growing interests towards international trade came up with new strategies for the future multilateral trade negotiations. In this sense, understanding the existing economic and political climate in late 1970s and early 1980s is necessary to get a more comprehensive outlook over the power politics during the Uruguay Round. The severe impacts of the twin oil crises in 1970s and the rapid increase in food prices deteriorated the world economy, and national economies became more sensitive to international developments. The failure of post-war international settlement in terms of generating sustainable growth and preventing economic crisis shifted interests from Keynesian economics to a more neoliberal understanding (Preeg, 1995; 25-27). Furthermore, growing interdependence between countries thanks to the achievements in communication, transportation and technologic innovation fostered a new understanding, globalization. In an environment of economic slowdown and increasing globalization, national policy circles became more inclined towards multilateralism and global governance structures. In regard to the world trade, the rise of protectionist sentiments through new mechanisms such as Voluntary Export Restraints (VERs) and Multi-Fiber Agreement (MFA) on textiles perpetuated the hostility in world trade regime while, at the same time, generating a common sense among the countries in terms of the need to strengthen the world trade system (Winham, 1989; 284-285).

In an environment of increased uncertainty in world economics as well as world trade, major trading nations began to formulate new roadmaps for multilateral trade regime. Especially, the recession in the US economy and its increasing trade deficit intensified the interests of domestic policy circles towards world trade regime (Wilkinson, 2006a; 65-79). As the world hegemonic power, much of the discussions about the future of world trade took place in the US public. Indeed, there were multiple parties intended to involve in the US trade policy making process and agenda. Consequently, it is needed to analyze power relations from the national level before looking at the multilateral trade negotiations. Concerning the US trade policy making process in the aftermath of the Tokyo Round, there were considerable dissatisfaction from the decisions reached at the Tokyo Round in 1979. Both the Congress and the business circles pushed for further liberalization and empowering of the rule based nature of the world trading system. The US Congress, especially, signaled the need for removing barriers in front agricultural trade, expanding the free trade regime towards services and strengthening the system with new rules on intellectual property and investment (Winham, 1989; 283 & Cohn, 2002; 128-132). Business groups also lobbied both to the Congress and Administration for the incorporation of the services, investment and intellectual property rules into the world trade agenda. It can be argued that there had been significant deliberations and bargaining among the Congress, the Administration and the business circles in building the US Trade agenda in the aftermath of the Tokyo Round. The communicatively reached consensus at the domestic level, consequently, strengthened the hands of US in terms of exerting more pressure on other parties through both coercive as well as persuasive measures. Particularly, revision of the Section 301 of the US Trade Act in 1974 provided the US Administration to apply sanctions against the countries that did not

comply with the US intellectual property and investment rules (Noland, 1997; 369-372).

The agreements reached through the mutual exercise of the communicative and strategic action at the domestic level turned into certain truth mechanisms and discourses of the hegemonic group. For instance, the increasing demands of the major US firms such as Pfizer, Samsonite, IBM and Gucci to take the intellectual property rights as an issue related with trade caused the emergence of a new discussion. Hence, the instrumental rationality of those actors directly generated a bargaining at the heights of the US trade policy making. The formation of Intellectual Property Committee (IPC) in 1986 and International Intellectual Property Alliance (IIPA) in 1984 to protect copyrights and patents of major industries, ranging from software to pharmaceuticals, from audiovisual equipment to books and music, in the US further strengthened the hands of those organizations, and the US strongly tried to push TRIPs issue into the Uruguay Round agenda (Singh, 2006; 52-53). The reports prepared through the advocacy of particular interest groups provided knowledge for the USTR that can be sold out at the multilateral level in order to convince other parties. In other words, knowledge produced at the domestic sphere with the communicative consensus of relevant parties turned into a hegemonic discourse in the pre-negotiation period of the Uruguay Round. While arguing that the inclusion of the intellectual property rights into the international trade regime would contribute to the well being of all countries, the US also build coercive measures under the Section 301 of US Trade Act to overcome the opposition from other countries.

Domestic trade policy making was also present for other negotiating parties. With regard to other developed economies, the continuing integration at the Europe under

EC consolidated its economic power as a regional bloc, and the EC's key importance in the international trade negotiations enhanced. Yet, widening and deepening process in the EC caused certain tensions within the community, and those tensions prevented the EC to follow a more pro-active approach in the preparation phase of the Uruguay Round. The main concerns of the EC were generally defensive interests in terms of protecting its Common Agricultural Policy (CAP) from immediate liberalization. Agriculture constituted key pillar of the EC trade policy in the pre-Uruguay period, and it developed strategies in other realms such as services, intellectual property, anti-dumping measures with an intention to get concessions for other parties on agricultural trade liberalization (Griffith-Jones, 1993; 44-47).

Japan and Canada were other two major trading powers in during the pre-Uruguay period, and they had considerable interests from the future trade negotiations. For Japan, the growing protectionist policies of the US and EC against its exports in 1970s was major problem for its economy, and it was strongly advocating for the elimination of those barriers and further liberalization of trade in industrial goods. Like the US, as one of the major technology exporter in world trade, Japan also pushed for incorporation of intellectual property rights rules into the new round's agenda. On the defensive side, agriculture was among the sensitive sectors for the Japanese economy due to the cultural role of rice in Japanese society. Consequently, the domestic interests groups in cooperation with the policy makers and politicians strongly resisted to the full liberalization of agriculture, and they argued that the future negotiations should take into account the national sensitivities of the countries (Wilkinson, 2006a; 88). The rice case clearly shows that culture and norms of a society has certain impact on the trade policy making processes which in turn shape affect the power relations at the international level. The share of common norms and

rationalities provided room to build a coherent approach on agricultural trade in Japan at least in the domestic politics. As a result, the communicatively produced rationality toward protecting sensitive areas in agricultural trade liberalization made the Japan to engage in strategic activism at the multilateral negotiations in terms of seeking alliances and challenging the others in order to reach success over the issue of trade in agriculture. In contrast to Japanese protectionism, Canada was centrally interested in liberalizing trade in agriculture, and it strongly supported the US approach during the pre-negotiation period of the Uruguay Round (Cohn, 2002; 154).

In a nutshell, the formation of domestic interests through communicative and strategic actions of interested parties in the domestic politics creates the rationalities for the trade representatives at the international fora. Yet, the negotiations at the international level did not limited with the GATT forums, and many countries collectively or individually raised their concerns and proposal on the future of GATT regime at various organizations, informal meetings or formal coalitions. Especially, during the G-7 meeting of 1981, the US, the EC, and Japan decided that their trade ministers should hold regular informal meetings. Later on, Canada was also included within this group, and it became an integral, even the key, part of the multilateral trade policy making. The Quadrilateral Group (Quad) is defined as an informal institution in which the trade ministers of the four major trading countries exchange their ideas and try to come up with a common view about the global trade regime (Cohn, 2002; 135). Hence, the meetings of the Quad ministers provide considerable room for engaging in strategic and communicative action among the major trading partners of world trade. Since, the agendas of earlier trade rounds were set by those countries and they are the key nations in world trade, the decisions reached at the Quad meetings significantly shape the negotiations at the GATT/WTO negotiations. Each member of the Quad

tries to initiate its own agenda during the meetings while all of them intend to reach a compromise on a common agenda that will eliminate the barriers and facilitate the negotiations at the multilateral fora. Small number of representatives present in the meetings also provides opportunity to build personal contacts that contribute to reach a compromise between major trading countries.

In the pre-negotiation period of the Uruguay Round, the four trade ministers of the Quad strongly stated their commitment to decrease protectionist measures, to accelerate the process of trade liberalization, and to strengthen the rules of the international trade regime. Even they agreed upon the general principles on the Uruguay Round of negotiations, there were significant divergence over the specific issues of negotiation. On the one hand, the US strongly insisted for the inclusion of services trade into the new round's agenda in line with other new issues that are intellectual property and investment rules. The key reason in the US push for those new issues was the growing trade deficit of the US that caused certain economic problems. Especially, in the domestic circles, it is believed that liberalization in services trade would rebalance the trade due to the growing role of services sector in the American economy and its comparative advantage in international trade. In addition, the US also argued that liberalization in agricultural trade would be an integral and indispensable part of the new round, and there should be considerable liberalization in the short time period. On the other hand, the EC was sensitive on agriculture due to its Common Agricultural Policy (CAP), and it was lukewarm to include agriculture into the multilateral trade negotiations. Japan was also lukewarm on agricultural trade liberalization, and it argued that there should be certain flexibility in the negotiations in terms of protecting sensitive products. Indeed, Japanese officials stated that the rice and fisheries have national sensitivity in their

culture as well as economy, and the negotiation should take care of those (Cohn, 2002; 135-140). Consequently, larger parts of the Quad meetings were devoted to the bargaining among parties on those core differences.

The differences in their approach did not prevent those countries to agree on the need to launch a new round of trade negotiations. Indeed, in the twelfth Quad ministerial that took place before the GATT Punta del Este meeting launched the Uruguay Round, ministers were able to develop a common strategy in supporting to launch a new round to discuss the problems in front of world trade. The earlier strategic activism of each member in the Quad turned towards consensus seeking activity with the increasing time pressure. Indeed, the pre-negotiation of the Uruguay Round took four years, from 1982-1986, and the increasing problems in world trade and constant need to take action towards trade liberalization with the impact of emerging Washington Consensus forced countries to seek for consensus at least in bringing momentum to trade negotiations. Hence, although the earlier stages of negotiation between major trade powers contains the elements of strategic action which was based on self interested calculations and success oriented approach, they had become more willing to reach a compromise, at least on the least common denominator, in the later stages of negotiation.

The consensus reached within the Quadrilateral group generated a discursive regime towards launching a new round of trade negotiations. What was critical at that stage was the hegemonic domination of those countries. Indeed, the Quad constituted more than three fourths of the world trade, and they had considerable economic and political influence over other countries. In this respect, the agreement that took place within the Quad in terms of the need to launch a comprehensive trade round caused the

emergence of new truth discourses and disciplinary knowledges over further trade liberalization and strengthening the existing rules. Even though developed countries agreed on the need to expand the scope of international trade through further negotiations, there was considerable need to convince other parties, developing countries. Therefore, the Quad members used the available knowledge as the truth discourse, free trade and effective trade governance. At the same time, from a Gramscian point of view, truth is the intersubjective product of the interaction and common activity of democratic philosopher and people, and intellectuals and bureaucrats, trade representatives and epistemic community in the developed world, as philosophers played significant role in forming a discursive regime towards a comprehensive trade round to deal with the problems in international trade.

The agreement reached within the Quad to launch the new round of trade negotiations after Tokyo Round was not the only factor in the inception of the Uruguay Round, but other developed country organizations and forums also contributed to the process of discourse formation on the need for further multilateral trade negotiations. Particularly, the works of the OECD in the areas of services and agriculture trade had a significant impact in generating support for the new round from all relevant parties. In 1985, it is declared that the members of the OECD strongly committed to engage in future negotiations under GATT regime. Beyond their declaration for new round, the work program of the OECD in the areas of services and agriculture gave significant impetus in building the agenda for MTNs. The works of the Rey Group in the OECD called for the liberalization of trade in services. It is argued that services trade is as vital as merchandise trade for many economies in a globalizing world, and the removal of barriers in front of the services trade would contribute to the well being of economies both in developed and developing countries (Cohn, 2002; 143-145). As a

result, the background studies in the OECD considerably clarified the uncertainties over the role and impact of services trade on national economies. This clarification, in turn, created a disciplinary discourse in terms of liberalizing trade in services that was used by developed countries in the pre-negotiation period of the Uruguay Round to persuade the opponents from developing world.

The OECD composed by newly industrializing and industrialized economies was interested in promoting favorable conditions for the well being of its members. Consequently, the needs and interests of the small and medium sized economies were not taken into account in the studies. Particularly, the US push for the liberalization of trade in services opened the discussion on services trade in the OECD. Therefore, one can argue that even though the emerged discursive regime on services trade has developed under the hegemony of developed economies, especially the US. In an environment of continuous struggle between developed and developing countries, developed countries as bearers of knowledge used the OECD reports to persuade the opponents of services trade liberalization. Yet, the lack of appropriate and in depth knowledge on the side of developing and least developed countries made them prone to the discursive pressures of the US and other developed countries.

Another area in which the OECD studies had a significant influence during the Uruguay Round negotiations was agriculture. However, the OECD work on agriculture shows that even though the OECD can be used as a platform to influence the ideas and attitudes of the opposition parties in the case of a coherent stance within the group, the organization itself has been subject to the strategic activism of interested parties. Agriculture was among the most sensitive sectors for major trading nations, Canada, the US, the EC, and Japan, but the sensitivities of those countries lay

on diverse and opposing grounds. The US strongly insisted on the liberalization of trade in agriculture through removal of export and domestic subsidies, and market access barriers. Canada also sided with the US on agricultural trade liberalization. On the other hand, the EC and Japan were reluctant to this idea. The conflict between these two groups also affected the works of the OECD. Indeed, the preparations in the Rey Group with the involvement of officials from both sides did not produce a coherent approach. Even though, the 1982 OECD report on Problems of Agricultural Trade indicated that government supported agricultural policies both constitute a challenge to development and resource management and distort the functioning of an effective trade regime (Cohn, 2002; 150-152). However, the report did not propose a clear solution due to the conflicting ideas of the US and the EC. In this respect, the OECD studies played an important role in the agriculture negotiations through accumulating knowledge for the interested parties. Yet, at the same, the study reflected the existing divisions between the major players that also became apparent during the Uruguay Round negotiations.

The agreement reached among the major powers was crucial for the launching of the Uruguay Round, but it was not sufficient by itself. Indeed, on the other side of the coin, there were developing countries, and at that time, they had firm interests from the world trading system. In earlier GATT rounds, the pyramidal structure of the agenda setting through leadership of two superpowers, the US and the EC, was the key factor (Winham, 1989; 290). However, in the pre-negotiation period of the Uruguay Round, not only developed countries engaged in power relations and advocated their interests, but also developing countries tried to maintain their cohesion in order to get favorable outcomes from the future talks. One of the most important developments that shifted developing countries' interests towards world

trade regime was the boom of severe economic crises in developing world. In many of those economies, import substitution industrialization was the dominant economic paradigm and they were indifferent about the earlier GATT negotiations. However, the spread of economic crisis in 1970s and 1980s in those developing economies changed their understandings that ended up with a turn in the direction of export oriented policies (Cohn, 2000). As a result, the rules and structure of the world trade regime would have a direct influence on their policies, and they tried to be more active in the formulation of future rules and structures.

The most important sign of fastened developing country participation in global governance was the introduction of the idea of New International Economic Order (NIEO) that intended to re-structure the existing international institutions in order to make them work for common good, beyond developed countries' interests (Cohn, 2002; 109-112). From a Foucauldian understanding of power in terms of continuous struggle that is actualized through conflicting discourses and strategies, the developing world attempt to re-structure international system was a strategy to acquire power. Indeed, by calling for a new international economic order, they developed a counter-discourse based on development problems in third world and rising volatility in world economy. Yet, the mistake that developing countries fell into was that the call for the NIEO just rhetorical phenomenon, and they could not provide realistic solutions. Hence, their communicative power could not turn into action. In Gramscian terms, developing countries were able to introduce a new ideology in response to the hegemonic one, but they could not cope with developed countries strategies in an environment where severe economic crises hit many developing economies and they became subject to the IMF and the World Bank policies of further liberalization. Although developing countries failed to generate a counter discourse in

opposition to developed countries demands for further liberalization, they made their presence felt at the multilateral level.

Starting from the Tokyo Round, developing countries particularly demanded more flexibility under the Generalized System of Preferences (GSP), and removal of protectionist measures against developing country export, especially textile and agriculture, to the developed markets (Jara, 1993; 17-19). In the preparation period of the Uruguay Round, developing countries followed a lukewarm approach for a new round of trade negotiations. The main argument of developing countries was that developed countries could not meet the requirements of the Tokyo Round decisions in the areas of textile, agriculture and removal of protectionist measures such as MFAs and VERs (Winham, 1989; 289-291). They argued that without the application of the Tokyo Round decisions, they will not discuss any more issues in a new round. In this respect, they strategically intended to get further advantages from the developed countries in the areas of textiles and agriculture. The impact of the economic crises and shift towards export oriented policies changed the minds of domestic policy circles towards world trade liberalization, and based on their instrumental rationality, they engaged in strategic action in the pre-negotiation period of the Uruguay Round in order to get expected concessions from developed counterparts.

One of the most significant developments concerning the developing countries participation was the formation of region based or issue based coalitions. Indeed, Odell argues that forming coalitions would increase the prospects for developing countries for gaining more from negotiations (2006; 13-14). For instance, ten developing countries, G-10³, leaded by Brazil and India objected on the inclusion of

³ The G-10 countries are: India, Brazil, Egypt, Yugoslavia, Argentina, Chile, Jamaica, Pakistan, Peru, and Uruguay

new areas into the future negotiation processes, and they argued that without necessary actions taken in the realms of agriculture and textile, they would not enter any negotiation process (Jara, 1993; 22-27). Consequently, in opposition to hegemonic pressure for new round and further and wider liberalization, developing countries insisted on development related problems, and they tried to build a counter-ideology on trade politics that called for compensation of developing country losses with liberalization of trade in key areas of interest.

In addition to developing country coalitions, developing countries also aligned with some middle powers. The formation of Cairns Group⁴ with alliance of proponents on agricultural trade liberalization was the most significant example of those groups. The Cairns and Pattaya meetings of those countries 1984 served to dramatize the level of concerns among agricultural exporters over the issue at agricultural access. Participants in the coalition were able to heighten awareness over the effects of the crisis in world agricultural trade, which in their view had sharply reduced farm incomes, depressed export earnings, reduced their capacity to - import, worsened their external debt servicing problems, reduced their development and growth possibilities and created social and; in some cases, political tensions. The pressure exerted by the Cairns group was one of the factors which led the European Community to agree in Punta del Este to an inclusion of discussions on agriculture in the trade round, over initial strong objections by France and Italy (Tussie, 1993; 184-185). In this respect, developing countries had some part in pre-negotiation period, and in the cases where they had developed strong alliance on shared ideologies with the developed

⁴ The Cairns Group countries are: Argentina, Brazil, New Zealand, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, Philippines, Thailand, and Uruguay. Later on Bolivia, Costa Rica, Guatemala, Paraguay and South Africa included into the Group.

counterparts, they were able to develop coherent discourses of truth and engage in active bargaining with the hegemonic powers.

Like the developed countries that involved in discussion at various forums and organizations on the future of world trade regime, developing countries also discussed the prospects in a possible round of trade negotiations under UNCTAD and informal coalitional meetings. At the discussion in UNCTAD, developing countries shared the view to re-shape the world trade regime and make it fair for all parties. Yet, due to large number of developing countries, there were considerable divergences over the issue areas. For instance, while large group of developing countries shared the idea of agricultural trade liberalization, net food importing countries of Sub-Saharan Africa looked hesitant over agricultural trade liberalization due to their fear from possible rise in food prices (Kumar, 1993; 211). Consequently, the meetings in UNCTAD, like DCs' Quad meetings, reflected those divergences between the countries, and in the absence of a communicative rationality of participants, it became very difficult, even impossible, to establish a coherent approach in the pre-negotiation period. Consequently, the attempts to build an alternative ideology and alternative discourse to the hegemonic and near hegemonic discourse on further trade liberalization through widening and deepening the world trade regime failed, and developing countries started to get involved in the discussions on the new round's agenda. Yet, it should be underlined that not all of the developed country proposals were in conflict with developing world's demands. Indeed, there is no unique classification of developing world due to differences in economic structure, including trade structure, and that wide variety of interests made it possible to find some convergence on key issues with major trading nations. Particularly, the shared interests of net agriculture exporting developing countries and the US and Canada over agricultural trade liberalization

clearly became apparent during the pre-negotiation period of the Uruguay Round. Consequently, developing countries found more space to exert pressure on agriculture protecting countries, the EC and Japan.

The pre-negotiation period of the Uruguay Round clearly reflect that the nature of power politics at the multilateral trade negotiations based on the strategic actions of the relevant parties. The parties that have easy access to knowledge and technology, good institutional structure, and early established norms on free trade and liberalization, all of which were present in developed countries, could find more space to shape the agenda at the pre-negotiation period. Consequently, major trading nations, the Quad, found more space to shape the agenda for the Uruguay Round. Even though there had been major differences within the group, after a certain period of impasse, they shifted their orientation from self interested calculations to communicatively reached collective goals. The communicatively reached consensus on general principles of the new round, on the other hand, turned into discursive disciplinary mechanisms posed on the weaker ones, developing countries, at the multilateral fora. In addition to divergence of interests within developing world, they were in constant lack of technical experience in terms of preparing detailed policy proposals and actively engaging in argumentation as well as bargaining with developed counterparts (Page, 2001; 13-15). Their lack of knowledge and technical expertise, consequently, provided further room for developed countries, particularly for the Quad to exercise hegemonic discourse over developing world. In their exercise of hegemony, developed countries also paid some attention to the problems of developing world through inclusion of developing country related issues such as textiles, tropical products, agriculture and antidumping measures into the Uruguay Round agenda in order to get the consent of those countries.

3.3 Negotiating the Uruguay Round: Discourses, Strategies and Domination

The agenda setting process in the Uruguay Round reached a conclusion in Punta del Este Meeting in 1986. The parties agreed on the issues of discussion for further liberalization and strengthening of the regime. It was decided to negotiate issues related to the trade in goods under fourteen groups and, in addition, services trade would be dealt in another heading (Wilkinson, 2006a; 87). The agreement among the countries to start the negotiations after long-lasting discussions during the pre-negotiation period of the Uruguay Round was not the end of power politics, but it was just the beginning of a more contentious era in power relations between countries. At the same time, the pre-negotiation period was a prototype of the formal negotiations process in the Uruguay Round in terms of power dynamics and the nature of agreements reached at the end of the Round. Indeed, the discussions among the major trading powers played the key role in forming the rules and regulations on issues. On the other hand, although developing countries have engaged in strategic activisms in order to advocate their demands from the world trade regime through coalition building with some middle powers and other developing counterparts, they gained little or no while signing an agreement that bears further costs on them at the end of the negotiations (Hamilton & Whalley, 1995; 33-34).

3.3.1 Negotiations in Agriculture

The negotiations in agriculture constituted the core part of the Uruguay Round negotiations. The major breakthrough was between the US and the EC since they

were the leading powers of the world trade regime. Both sides acted strategically and in opposite directions. While the US strongly demanded the liberalization of trade in agriculture with the immediate removal of quantitative barriers and all forms of subsidies, the EC was reluctant to make immediate reductions from its CAP. The approaches of the two sides were based on their national discourses. Indeed, from a Foucaultian perspective, a good government should take into account both the collective as well as individual interests of the individuals. In this respect, while the EC was aware of the financial costs of CAP, it was still lukewarm to make reforms due to the strategic importance of agriculture in some of its member countries, France and Italy. Consequently, the discursive presence of the protectionist sentiments at the EC provided limited flexibility for the EC negotiators on agriculture during the Uruguay Round, and the EC, based on the instrumental rationality over agriculture, followed a strict approach during the negotiation period. In opposition, agricultural subsidies in the US were posing heavy burden on the US economy that faced with a major slow down, and the US policy makers called for the removal of all sorts of subsidies in the world in order to increase market access opportunities for its producers as well as to alleviate the economic burden of agricultural subsidies (Noland, 1997; 372-374). In addition to those two countries, Japan, another major trade power, was also reluctant on trade liberalization in agriculture both for cultural as well as economic reasons. As a result of the strategic conflicts among the major trading countries, the negotiations in the Uruguay Round continued in a slow motion (Preeg, 1995; 24-25).

The disagreements among the major traders were not only elaborated in GATT forums, but trade was also subject to elaboration at various arenas. Especially the G-7 and Quad meetings played the determining role in reaching an agreement over

agriculture. As in the preparation period, the G-7 and Quad meetings regularly took place before the meetings in Geneva, where the GATT is was located. In the meetings from 1985 to 1990, the parties could not develop a coherent approach due to the lack of flexibility on agriculture at both G-7 and Quad meetings (Cohn, 2002, 164). The hardliner approaches of the US and the EC prevented the emergence of a compromise. From a Habermasian point of view, absence of communicative rationality and intensity of self interested calculations perpetuated the crisis both among those countries as well as for the Uruguay Round. Indeed, the deadline for concluding the Round was set as 1990, but inability of parties to reach compromise on common values and ideas that need communicative consensus caused to miss the deadline in 1990s. In other words, all countries participating in the Quad and G-7 meetings were in search of acquiring their self interests and they tried to exert pressure on the other parties. All of the four countries had their own truth discourses over agricultural trade, and they constructed their own strategies. Even Foucault argues that power is action, not communication, the multilateral trade policy making process is a negotiation, so communication, driven process, and power is embedded into the negotiation process. The strategies and ideologies presented by the four major trade powers in terms of negotiation reflect the struggle over power between themselves.

The negotiation over agriculture was not limited to the in-group discussions of developed countries. Many developing economies were net agriculture exporters, and they were facing with major setbacks in a protectionist environment. Even though they called for liberalizing agriculture during the Tokyo Round, they could not get favorable results. Consequently, they brought their demands to the Uruguay Round, and at that time, those countries were more proactive than ever. Indeed, net agriculture exporters succeeded in building an alliance, Cairns Group, with the middle

powers, Canada, Australia and New Zealand, during the Uruguay Round. During the actual negotiations, the Cairns group under the leadership of Australia strongly presented their demands with well formulated proposals (Higgott & Cooper, 1990; 598-599). The share of a common interest, and the communicative consensus reached at the inner circle provided opportunity for them to frame effective proposals and engage in active bargaining with the opposition parties, particularly the EC and Japan. Consequently, they were able to produce counter discourse in their struggle with the hegemonic powers, and they were in search for an alternative hegemony that prioritizes agricultural liberalization. The presence of middle powers within the group provided easy access to information and provision of their own truth discourses over agricultural liberalization (Higgott & Cooper, 1990; 623). Consequently, when the representatives of the Cairns group entered into strategic bargaining with the other parties, they were able to stay in coherence while defending their position based on their self interested validity claims.

The activism of the Cairns Group played a key role during the Uruguay Round negotiations. Indeed, they played the mediator role in struggle between the US and the EC over agriculture. The proposal prepared by the Cairns Group in 1987 emerged as a middle ground alternative between the US and the EC proposals. It was proposed the gradual elimination of export subsidies over a long period of time. In this respect, in comparison to the US' "zero option" proposal, the Cairns Group's proposal provided a protracted period of phasing out all sorts of distortionary policies with a primary emphasis on export subsidies and quantitative import barriers (Tyers, 1993; 55). Yet, the strategic activism of the EC in terms of protecting its Common Agricultural Policy (CAP) and its resistance to the proposals prepared by the US and the Cairns Group challenged the progress in negotiations. The EC refusal to make definite commitments

for the removal of export subsidies, the Cairns Group withdrew from all the other issues of negotiation and the initial deadline to conclude the Uruguay Round in 1990 was missed. The eventual deadlock in the Uruguay Round further exacerbated the uncertainties over concluding the Round and rescuing the world trading system from a possible collapse (Cohn, 2002; 195-199).

The failure to meet the deadline in 1990 caused the uncertainty over the future of the negotiations. In addition, the US fast track authority would be expired on 1991, and the possibility of failure in renewing the fast-track authority further exacerbated the fears over the future of the Round as well as world trading system among the participating countries. Indeed, if the US Administration failed to renew the fast track authority, it would be more difficult to reach an agreement due to the increased pressure and involvement of the US Congress on the nature of final agreement (Cohn, 2002; 201-201). Consequently, the missing the targeted deadline as well as the risk of failure to renew US fast track authority created a new negotiation environment over agriculture as well as in other areas.

In aftermath of collapse in the Brussels Meeting, the activism of the GATT Secretariat under the leadership of Director General (DG) Arthur Dunkel played a significant role in the revival of the negotiations between major trading nations. Arthur Dunkel called the key countries to the green room negotiations in order to break the impasse between the EC and the US, and to make the parties continue on negotiations. The exercise of those green room negotiations during the Uruguay Round has become an integral part of the WTO decision making structure. Yet, the initiation of the green room meetings made the world trade governance subject to major criticism and caused the emergence of doubts about the legitimacy of the system both during the Uruguay Round as well as in its aftermath. The small group informal meetings

provided the opportunity for major trade countries to discuss their concerns more openly and effectively in comparison to the open plenary meetings with the participation of full GATT membership. However, the green room negotiations had a discriminative nature since large part of developing countries could not involve in discussions. The domination of the green room meetings by developed countries, in turn, made the developing country representatives subject to the threats and pressures of those developed counterparts (Narlikar, 2002; 176-178). Consequently, green room meetings became the forums for the exercise of the hegemonic power through discursive as well as materialistic pressures of developed countries.

The outcome of the earliest green room meetings in 1990 was the production of a GATT Secretariat text under the leadership of DG Arthur Dunkel. It was intended to break the impasse in negotiations by providing more opportunity to parties to make concessions and reach compromise. Particularly, the text signaled the necessity of the “single undertaking” of the negotiations which means that in order to conclude the Round, there should be agreement on all of the negotiating issues. The introduction of the “single undertaking” principle and the attempt of the Dunkel text to find a middle ground between the EC and the US approach became subject to the major criticism of developing countries. They mainly argued that the concept of single undertaking put developing world into a dilemma since it proposes either to agree on all issues without reservation or opt out from the system (Wilkinson, 2006a; 89-90). Depending on developing country objections, one can argue that the GATT Secretariat, while trying to reach a compromise between the major trade powers, failed to take into account the concerns and needs of developing countries. Consequently, the institutional functioning of the GATT fell behind the Foucaultian notion of pastoral power. Indeed, Dunkel text solely interested in the stability of the regime by focusing on the concerns

of major trading nations without caring the needs and demands of the developing and less developed countries. However, the Dunkel text succeeded in building a new discourse on the principles of future negotiations in the Uruguay Round. In this respect, absence of a pastoral power coincides with Gramsci's idea of hegemonic domination. Indeed, the Secretariat intending to end the dispute between the EC and the US functions as a bureaucratic and intellectual group that tried to advocate an ideology that will contribute to the well being of the two major trading powers, and force the others to accept those ideas and future agreements without any reservation on them.

The green room negotiations and the preparation of the Dunkel text did not produce expected outcomes, and the differences between the relevant parties still continued until the end of 1993. Agricultural stalemate was at the center of the disagreement between major trade powers as well as the whole membership. The Dunkel Text underlined the need to make reform for liberalizing trade in agriculture, but the EC strongly opposed the idea and defined it as unacceptable while the US continued to be adamant on agricultural trade liberalization. The impasse between the two sides continued until the end of 1992. In November 1992, the two sides agreed on a comprehensive agriculture deal during the Blair House Accord. Yet, France was still reluctant on the Blair House Accord agreement on agriculture, and it rejected opt for an agreement that will conclude the Uruguay Round unless there would be changes in Blair House Accord (Cohn, 2002; 203). Even the discussion took place between the EC and the US, the Cairns Group also tried to advocate its interests towards agricultural trade liberalization. In response to French demands to revise Blair House Accord agreement on agriculture, the Cairns Group also sided with the US, in contrast to its earlier stance in between these two countries, and underlined the need for

agricultural liberalization in order get best outcomes from other areas of the negotiations (Tussie, 1993; 199-201).

The progress in the aftermath of the collapse in Brussels Ministerial of 1990 showed that without an agreement between the major traders, it is very difficult to reach a final deal. Consequently, the conflict in interests among the US and the EC prevented the emergence of a consensus to conclude the Round until 1993. Both sides acted strategically and tried to defense its claims on agriculture. The bargaining over agriculture reached conclusion in 1993 with the US flexibility on agricultural subsidies in exchange to get further commitments from the EC on market access in industrial goods (Wilkinson, 2006a; 91).

Even though the Cairns Group strongly objected on the revision of the Blair House Accord and introduction of flexibilities to domestic subsidies through classification by three boxes⁵, they could not effectively protect their interests. After the agreement between the US and the EC, they were able to frame a collective discourse on concluding the negotiations in agriculture, and net agriculture exporters both in developing world and in middle powers could not overcome the discursive hegemony of the US - the EC alliance. Even though the Cairns Group was a group composed by developed and developing economies and they had considerable access to knowledge that would pave way to the formation of strong ideologies and discourses, there were considerable differences among those countries (Narlikar, 2003; 141-146). For instance, some of those countries were mainly concerned about trade in tropical products while the others demanded the complete liberalization without any exception in product coverage. When the US and the EC agreed on a deal in agriculture, they

⁵ The Uruguay Round Agreement differentiates domestic subsidies under three boxes that are green, blue, and red boxes.

were also committed to make further reforms in tropical products trade which, in turn, caused fragmentation within the Cairns Group, and they could not maintain the group coherence. In this sense, the US and the EC through acting strategically blocked the communication among the Cairns Group. The two major trading economies, in other words, tried to persuade the Cairns Group through weakening its membership structure by making concessions on a minor issue while preserving their hegemonic interests in general on agriculture.

3.3.2 Services Trade

The Uruguay Round negotiations was not limited with the agriculture although it constituted the core part. The negotiations also continued in a contentious manner in the new areas, services, intellectual property and investment. Particularly, the services trade negotiations emerged as one of the most problematic area since the pre-negotiation period, and it reflect the actual struggle between the North and the South. At the same time, the services negotiations also presented the divergence in developing country approaches over a negotiation issue, and their lack of coherence needed to engage in active bargaining with the developed counterparts.

The previous section clearly identified that the main initiative for services trade liberalization was taken by the US due to domestic reasons, economic slowdown, growing trade deficit and the need to realize benefits from services trade as one of the most competitive sectors in the US economy. Consequently, the US took the most active role during the formal negotiations in the Uruguay Round. The decision to negotiate services trade under a different heading, consequently, gave the negotiations a more complex and detailed nature which, in turn, increased the role of epistemic

communities both in the US as well as in other countries. The first phase of negotiations mainly focused on defining the general principles in services negotiations, and both developed and developing countries actively involved in those discussions. One of the most important goals was to reach a clear understanding on services, and the epistemic communities played significant role in this process. Particularly, the earlier experience of the epistemic communities in the US and the EC strengthened their hands in discussions with developing and less developed countries over reaching a definition of the services trade (Drake & Nicolaidis, 1992; 71-73).

The services trade was defined as follows:

...the supply of services from one country to one another (1) through cross border flows neither the supplier nor the consumer moves physically (for example through telecommunications networks), (2) through the movement of a consumer to supplier's country, (3) through the movement of an individual supplier to a consumer's country, or (4) through the movement of a commercial organization to consumer's country (Drake & Nicolaidis, 1992; 71).

The above definition reached in 1988 midterm review of the Uruguay Round did not mention anything about the free movement of services labor between countries. Since many developing countries had comparative advantage on labor, developed countries had a lukewarm approach on a possible from of services labor to their countries, and as the bearers of knowledge thanks to their easy access to the knowledge and domination in intellectual circles, there had been no reference to the free movement of services labor in formal definition. However, it should be stated that developing and less developed countries expressed their demands regarding the free movement of the services labor, and they actively promoted for the inclusion of such a clause that would provide opportunity to services labor movement (Winham, 1998; 121). For instance, new industrialized countries (NICs) and India had comparative advantage in electronic and technology intensive products as well as labor markets of those

countries were more professionalized in those sectors. Consequently, they demanded flexibilities over the movement of skilled labor in services trade during the negotiation (Narlikar, 2003; 113-114). Despite their insistence on labor movement, developing country groupings failed to develop a consistent approach during the negotiations while developed countries had firm understanding on the possible risks of the inclusion of “services labor movement” clause into the agenda. In this respect, the shared interests of the Quad members concerning the labor movement in services provided an opportunity space to act collectively. The Anglo-American community, including trade representatives as well as epistemic community members, therefore, did not pay any attention to the labor side of services trade in their preparations (Singh, 2006; 56-57). This indifference, in turn, generated a strategy to block developing country efforts on inclusion of the clause on free movement of the services labor. However, it is difficult to say that developed countries were fully successful in eliminating the “services labor” issue from the agenda. Indeed, it became a part of future services trade negotiations with the agreement reached at the Uruguay Round, but it was defined as the fourth mode of services negotiations and has given little or no importance in comparison to the first three. Consequently, even developing countries activism did bear some fruit in services negotiations, it was not sufficient for them to get favorable outcomes (Wade, 2003; 87-88).

The consensual agreement on the general principles of services trade negotiations moved the discussions into sectoral aspects. At this stage, it should be clarified that services sector covers wide area of sub-sectors, ranging from education to transportation; from finance to telecommunications and from transportation to tourism. It is impossible for countries, developed and developing ones, to have comparative advantage in all of those sectors. Once the formal negotiations started, all

parties recognized the need to continue negotiations on sectoral basis that in turn would offer more flexibility to national economies to conduct studies over their services sectors while moving the system into a phase of gradual liberalization (Drake & Nicolaidis, 1992; 76). In other words, the move towards sector specific negotiations gave the right to the countries to define which sectors they can open in specified time period and which sectors they were demanding to be opened in the negotiations. Since the liberalization in services were dependent upon the “request and offer” principle through clarification of services sectors at national level, the role of epistemic communities and relevant organizations became significant.

The OECD studies provided the necessary background on the growing role of services sectors in national economies and its possible contributions to the world trade in case of liberalization (Cohn, 2002; 191-195). Developed countries considerably benefitted from those studies in their negotiations at the GATT on services, and they, primarily the Quad members, strongly advocated the liberalization of trade in services on a number of areas, including finance, tourism, education, construction and information. The OECD report, as a result, constituted the basis of a discursive strategy for developed countries in their negotiations with developing counterparts. Since Foucault identifies power and knowledge as mutually embedded concepts, the production of knowledge on services trade by the OECD empowered the positions of the US and the EC, and they found further room to exercise domination over developing countries. In other words, the OECD reports on services generated an ideology, so a disciplinary mechanism, about the trade in services, and developed countries used that information both to bloc the activities of the opponents of the services trade liberalization as well as to persuade the hesitant countries on the advantages of liberalization in services trade.

Even the OECD reports frame a general understanding; it does not produce enough information about the national structure of services sectors. Indeed, developed countries have competitive advantages in different areas, and a full liberalization would not work for the interests of those countries. Consequently, each country prepared its own services strategy through an in-depth sectoral analysis, and they continued the negotiations on services based on those national papers. Indeed, depending on the report prepared by the Office of Technology Assessment, the US advocated for liberalization in the information and telecommunication areas while becoming increasingly lukewarm on liberalizing finance and construction sectors. On the other hand, the EC supported the liberalization in finance and tourism sectors while strongly opposing to liberalization in audiovisual and telecommunications sectors (Drake & Nicolaidis, 1992; 78-82).

As in the case of developed countries, there were significant divergences among the developing countries. Although they tried to act as an issue based bloc in services negotiations, the variations in their competitive advantage prevented those countries to follow a unique approach during the actual negotiations. In the pre-negotiation period of the Round, the G-10 opposed to the inclusion of the services into the Round's agenda, and it continued its opposition during the formal negotiations (Narlikar, 2003; 74-78). Yet, a group of developing countries looked hesitant on G-10's position during the preliminary period of the Uruguay Round, and they started to follow a more flexible approach on the issue services trade. The Group led by Colombian Trade Minister, Felipe Jaramillo, prepared earlier reports that assessed the role of services in developing country economies and the possible contribution of the liberalization in services trade. Consequently, the group centrally aimed to share information among developing and less developed countries, and in turn, they were

able to develop a balanced, more flexible approach on services trade. The split in the developing countries became apparent with the formation of G-20⁶ and its later alliance with the G-9⁷ that was later called Café au Lait Group. The Café au Lait alliance played an active role during the agenda setting process and it contributed to the discussions through producing proposals (Narlikar, 2003; 84-96). In this respect, through sharing information and agreeing on general principles, developing countries and small and medium sized developed countries were able to build a strong coalition. The prevalence of the communicative rationality regarding the services trade liberalization in a gradual manner played key role in sustainability of the group until the launching of the Uruguay Round. However, with the start of the formal, sub-sector negotiations in services trade, the interests of the countries significantly diverged, and they acted on the basis of their instrumental rationality. In other words, each country tried to protect its sensitive sectors while demanding liberalization in areas where it had competitive advantage (Narlikar, 2003; 108-115).

The later stages of the negotiations in services mainly driven by the self interested calculations of the actors, but there was an integral coherence in negotiations. Indeed, since all countries were interested in protecting their sensitive sectors and demanding liberalization in the sectors where they were competitive, all sides were more willing to make concessions and to reach an agreement on the least common denominator. In this respect, the services negotiations emerged as one of the earliest areas where the parties reached an agreement. Based on the agreement, each country should list its sectors and provide a timeline for liberalization. In this sense, countries gained time to

⁶ G-20 countries of the Uruguay Round are Bangladesh, Chile, Colombia, Hong Kong, Indonesia, Ivory Coast, Jamaica, Malaysia, Mexico, Pakistan, Philippines, Romania, Singapore, Sri Lanka, South Korea, Thailand, Turkey, Uruguay, Zambia, and Zaire.

⁷ G-9 countries are Australia, Austria, Canada, Finland, Iceland, New Zealand, Norway, Sweden, and Switzerland.

strengthen their weaker sectors before liberalization. On the other hand, the pressure that came from developed countries forced the developing world to make bigger commitment to open large number of sectors which would threat their economic stability in the long run (Finger & Nogues, 2002; 330-332 & Wade, 2003; 182). At the same time, the acceptance of request – offer principle in future services negotiations made it prone to further power struggle between countries, especially between developed and developing countries.

3.3.3 Trade Related Intellectual Property Rights

Trade related intellectual property rights and trade related investment measures were two of the three new issues that incorporated into the GATT agenda during the Uruguay Round. These issues were mainly driven into the agenda by the US and Canada, with later supports of the EC and Japan (Winham, 1998; 123-124). As a result, the negotiations in those issues generally took place between developed and developing countries. In other words, TRIPs and TRIMs emerged as the issue where Quad has limited or no conflict, and they were able to build a strong position right from the beginning of formal negotiations. The strong stance of the Quad under the leadership of the US in terms of TRIPs and TRIMs provided considerable space to exercise hegemony and structural violence over the non-conforming parties, developing countries.

The negotiations in TRIPs constituted the most dramatic cases of coercive bargaining embodied by the US over developing countries. The problem of counterfeit products in the US economy voiced the concerns of the American TNCs, particularly the pharmaceutical sector. They strongly demanded from the Administration to take

action against the illegal copying and distribution of patented products. These pressures resulted with a revision in the Section 301 of the US Trade Act in 1982, and the Administration started to impose sanctions on the countries that violate the US intellectual property rules. In line with the domestic reforms, the US also pushed the issue into the GATT agenda, and it became an integral part of the Uruguay Round negotiations (Sell, 1995; 321-322).

The strategic interests of the US defined through interest groups activism and the Administration's decisions continued during the formal negotiations, and developing countries found themselves in a restricted environment. Indeed, in the aftermath of the revision in the Section 301 of the US Trade Act, the Administration started to impose restrictions to the countries that violate US rules on intellectual property. Since, the US market constituted largest share for many developing country exports, facing with trade sanctions would have a distorting impact on their trade balance and overall economic performance. Indeed, the sanctions applied to Brazilian exports to the US due to Brazil's failure to pass new laws on copyright protection in pharmaceutical sector caused big problems in the Brazilian economy 1985 onwards. Thailand, South Korea, Mexico, India and Argentina also faced with similar sanctions (Sell, 1995; 324-327). Hence, the US used its market power strategically in order to persuade other countries to comply with intellectual property standards (Drahos, 2003; 82). On the other hand, developing countries, initially, resisted to the new measures on TRIPs under GATT umbrella and they signaled the WIPO as the organization to discuss those issues (Winham 1998; 123). Although developing countries resisted discussing TRIPs, the US as the hegemonic bearer of knowledge presented the linkage between trade and intellectual property. Hence, the US developed its of discursive strategy on TRIPs and Section 301 of the US Trade Act was used as a disciplinary mechanism

against the violators of the American truth discourse on intellectual property rights. In addition, through imposing sanctions on the countries and forcing them to make necessary reforms on intellectual property, the US succeeded to bloc communication within the developing world, and developing countries could not build a collective opposition against US demands on TRIPs during the negotiations.

The coercive strategy used by the US started to get expected outcomes in TRIPs during the negotiations. Indeed, South Korea, Thailand, Argentina and Mexico changed their intellectual property laws in period between 1989 and 1992, and they followed an indifferent or pro-TRIPs approach during the Uruguay Round negotiations (Sell, 1995; 327-330). Consequently, the hardliner and coercive attitude of the US challenged the emergence of any stalemate on TRIPs. In addition, it should be stated that TRIPs agreement was also backed by other Quad members and developed countries, and their support also enhanced the US position in comparison to the diversified positions of developing countries. While the US exercised its hegemonic power coercively, during the formal negotiations, the US and other developed countries tried to persuade developing and less developed countries through claiming to provide necessary technical and financial assistance to those countries in order to protect those countries from possible costs of TRIPs agreements and to integrate them into the new regime as quickly as possible. However, those statements only remained in rhetoric without any realization (Wade, 2003; 624-627). Consequently, while TRIPs was incorporated into the governance of world trade, the failure to take into account the concerns of developing countries and the possible risks they may face caused the emergence of questions on the future impact of TRIPs agreement (Cline, 1995; 13-15).

3.3.4 Textile and Apparel

Textiles trade was one of the most important areas of negotiation, especially for developing countries. Indeed, textile had large share for many economies in developing world, especially in Asian economies, and protectionist measures applied by the US and the EC through bilateral quotas under Multi-Fibre Agreement (MFA) prevented developing countries to maximize net gains from textile and apparel exports. During the prenegotiation phase of the Uruguay Round as well as in the actual negotiations, developing countries decisively asserted the need to eliminate all forms of barrier in front of the textiles trade (Cline, 1995; 4-5). In this respect, developing countries employed an offensive strategy in the negotiations over removal of MFA and liberalization of trade in textile while the US and the EC tried to preserve their interests through getting concessions and flexibilities from developing world.

Throughout the negotiations, it became apparent that developed countries used textile trade as a bargaining tool in the negotiation of other issues, especially intellectual property, services trade and investment. Consequently, developed countries participated in discussions of the liberalization of textile with a strategic intention to get further concessions from the developing world in other areas of negotiations. At the same time, the textile and apparel producers deliberated with their respective governments in order to protect themselves from an immediate liberalization in textiles trade in developed world. Cline states that textile and apparel producers in the US and the EC lobbied for reciprocal liberalization of textile and apparel industry in the developing world. Indeed, it was expected that the reciprocal liberalization of textiles and apparel would provide reciprocal advantages for both industrialized countries in terms of producing technology-capital intensive textiles and apparel as well as developing countries in trading labor intensive textiles and apparel (Cline,

1995; 4). In this sense, developed countries also acted in the context of pastoral power of Foucault. Indeed, the central concern of the US and the EC was to extend the agenda of the world trade regime towards intellectual property rights, services trade, and investment rules while protecting their agricultural sectors as far as they can. Yet, they also aimed to protect the interests of textile and apparel producers in the Uruguay Round negotiations through proposing gradual and reciprocal elimination of subsidies and barriers. Therefore, while the main concern of developed countries was to increase benefits from trade through expanding its scope and eliminating barriers, they also took care of the individual, sectoral, demands.

The agreement reached at the Uruguay Round clearly reflects that developed countries were able to get substantial concessions from developing world in the context of textile trade. Indeed, the parties agreed to phase out all sorts of barriers in textile trade in a ten years period, and developed countries gained additional ten years to liberalize their textile and apparel sector. At this stage, the critical thing was that the ability of developed countries to accumulate knowledge through coordinating with their respective domestic institutions and interest groups, and with each other (Drahos, 2003; 83-84). By the way, they were able to establish a persuasive discourse in terms of gradual liberalization of trade in textile whilst gaining further concessions in other areas from developing countries.

3.4 Implications of the Uruguay Round Agreement on Future Negotiations

The conclusion of the Uruguay Round opened a new phase in the governance of the world trade with the formation of an institutionally stronger organization, WTO. The

inception of the WTO that has wider issues to cover and manage through functioning as pencil sharpening organization while settling the disputes through a stronger dispute settlement mechanism (DSM) constructed a new environment for future power relations (Blackhurst, 1995). Indeed the decisions reached at the Uruguay Round were not produced through shared understanding and common beliefs based on the principle of communicative rationality. The actors had particular strategic interests over world trade, and they tries to incorporate those interests into the world trade regime. Consequently, in an environment of continuous strategic action, the relations between dominant and subordinate classes became apparent in the negotiation period, and most of the agreements clearly favored developed countries (Nguyen et al, 1995; 28-29).

During the Uruguay Round, the actors who had comparative advantage in information, technology, human capital, economic size and resource expertise easily persuaded or coerced the non-conforming parties in favor of their ideas and beliefs. Yet, the Round clearly shows that in cases of strategic conflict between major players, it is impossible to reach an agreement. When the US and the EC were able to agree on agriculture and other issues, they succeeded in framing a common strategy, a truth discourse, and they exerted pressure on developing countries to comply with their proposals. Developing countries with an increased interest toward the governance of world trade tried to present their demands and they tried to engage in active bargaining with developed counterparts through forming alliances. In a way, they get some considerable outcomes from the negotiations in agriculture, textile and antidumping measures, but those were not sufficient in comparison to their earlier demands. In addition, the activism of developing countries through forming various

issue based or bloc coalitions provided them considerable experience which is used in the forthcoming negotiations (Glover & Tussie, 1993; 228-230).

Concerning the areas of negotiations, the Uruguay Round can be identified as a starting point for future negotiations. Indeed, in none of the areas of agreement, the parties have full consensus. In addition, the outcomes of the agreement reached through the strategic and discursive domination of one side over the other provided room for resistance to the weaker parties. Meanwhile, the implementation costs of the Uruguay Round, especially on developing countries, became higher than expected and they significantly called for the revision of the terms of the agreement (Finger, 2007; 440-442). As a result, the Uruguay Round just opened a new battle area in old wines that will be discussed in the forthcoming chapters.

CHAPTER 4

THE MYSTERY OF THE “DEVELOPMENT” ROUND: DISCREPANCY BETWEEN THE RHETORIC AND THE REALITY

4.1. Introduction

The inception of the WTO in 1995 and the broadening scope of the world trade governance made it prone to new features of power politics. Indeed, the implementation period of the Uruguay Round imposed the heavy burden of transformation in developing and less developed economies (Finger & Schuler, 2001a: 117-118). Consequently, developing countries became increasingly dissatisfied from the outcomes of the Uruguay Round. Especially, the financial and technical burden of adjustment to new rules in the areas of services, intellectual property rights, and investment measures deteriorated the conditions in many developing and less developed economies. As a result, they started to feel that the move towards freer trade worsened the conditions in their economies since they could not have enough maturity and resources to compete with the key actors in world trade. Despite the costs mostly paid by developing and less developed economies, the world trade continued to grow in a stable manner that further accelerated the willingness

towards liberalization. As Bhagwati pointed out, the growth in the world economy directly coincided with the liberalization of trade with the Uruguay Round decisions. He argues that the introduction of new measures and new areas of governance into the world trade regime enhanced the international economic activism. Especially, the measures to guarantee trade related investments and liberalization of services in line with further strengthening of the dispute settlement mechanism directly increased the confidence of TNCs as well as nation states towards free trade (Bhagwati, 2001).

The paradoxical environment with regard to world trade governance caused the emergence of two opposite views in the post-Uruguay period. On the one hand, developing countries demanded the re-consideration of the existing rules in the world trade system in order to lessen the costs of implementation as well as to promote rapid development in their economies. On the other side, developed countries that significantly benefitted from the new structure of the world trade started to discuss the structure of the future negotiations at the WTO and launching a new Round (Cohn, 2002: 210-214). The existence of contesting position over the future of the world trade regime, consequently, pushed the WTO into new power relations and struggles between the parties. This chapter aims to analyze the dynamics of negotiations for launching the new round, namely the Doha Round. The chapter aims to analyze the negotiations between countries from the pre-Seattle period, and how they framed the structure of the Doha Round. In addition, a major objective is to elaborate whether the development dimension of the Doha Round has realizable and strong prospects for the development of third world, or it is just a rhetorical, discursive clause in order to persuade developing countries for further strengthening of the regime through inclusion of new issues. In this respect, the evaluation of negotiations during the

Cancun Ministerial would provide considerable output with further implications over the future of Development Round as well as future of the world trade regime

4.2. The Collapse at Seattle: Resistance of Developing World to the Hegemonic Domination of the US and the EU

4.2.1 The pre-Seattle Period: Articulation of Contending Perspectives between North and South

The earlier Ministerial Conferences that took place in Singapore in 1996 and in Geneva in 1998 clearly reflected the emerging conflict between countries regarding the current status of the world trade regime as well as its future scope. Indeed, the higher costs of implementation in developing countries caused tensions within the domestic politics, and they started to increase their voice on the unbalanced outcomes of the Uruguay Round. Especially, the shared idea among the developing world was that even developing countries had signed binding agreements on new issues, TRIPs, TRIMs and GATS, and they had been forced to apply those obligations in a limited time period, developed countries failed to make necessary reforms in key areas of interest to developing countries, agriculture and textile (South Bulletin, 1998). Indeed, the informal group of developing countries called to action against the increased burden of implementation on TRIPs agreement during the Geneva Ministerial. In addition, the group also called for development-oriented revisions in the Uruguay Round agreements in order to enhance the integration of less developed and developing countries to world trade (Narlikar, 2003: 213-214).

The developed world, on the other hand, had a different vision concerning the future of negotiations at the WTO. Starting from the Singapore Ministerial, developed countries claimed the need to strengthen the existing rules with new measures. Admittedly, they called for the introduction of new rules on competition, investment, government procurement and trade facilitation, the so called Singapore issues. Indeed, the TNCs in developed world pressurized their respective governments in terms of further strengthening the rules in international trade (Bergsten, 2000: 45 & Deutsch, 2001: 35-36). It is needed to clarify that the lobbying came from the TNCs on the rules of competition, investment, trade facilitation and government procurement at the domestic sphere forced the US and the EU to promote these issues at the multilateral level. Hence the strategic interests of the businesses in domestic sphere shaped the minds of policy makers through generating a discursive pressure at the domestic level. These domestic dynamics, in turn, contributed a new strategic activism of the US and the EU on Singapore issues in Singapore and Geneva Ministerials. In other words, strategically constructed ideas on Singapore issues in the domestic sphere engendered a new discursive approach for the US and the EU during the Singapore and Geneva Conferences, and they attempted to integrate those issues into the agenda of future negotiations. In Gramscian terms, the hegemonic and near hegemonic countries in the world trade regime were determined to strengthen their domination and their advantages through inclusion of new rules into the regime.

In response to the attempts of developed countries to include Singapore Issues into the WTO agenda, developing countries reacted in a collective manner. Indeed, the core arguments of the developing world were based on the agreed built-in agenda during the Uruguay Round. They argued that built-in agenda proposes that future negotiations would cover agriculture and GATS. In addition, they underlined the need

to pay attention to the developmental problems of the developing world (Finger & Schuler, 2001b: 67-69).

The gap between developing world and developed countries concerning the fate of future round further widened in the pre-Seattle period. One of the major discussions about the new round was centered on its scope and intention. Indeed, the US called for an “early harvest” in the new round, and argued that there should be limited agenda of issues for negotiation. The EU, on the other hand, ambitiously argued that there should be a comprehensive round of negotiations. It is argued that the new round should include government procurement, competition, investment, social and environmental standards, and developmental issues in addition the negotiations in agriculture and services (Speyer & Deutsch, 2001: 6). While the two leading parties of the world trade regime discussed the new prospects for the new round, developing countries called for the ramifications of the unbalanced Uruguay Round agreements

One of the most significant developments at this period was the emergence of non-governmental organizations (NGOs) as new actors in the world trade governance. The NGOs, first, became active at the national level in industrialized countries. In this sense, a new political environment structured at the domestic level with the inclusion of the NGOs. Indeed, in the earlier periods, the key actors of trade policy making were sector specific business interest groups, bureaucrats and politicians (Ostry, 2001: 287). The key motivation of those former groups was to increase the benefits from international trade by further liberalization in key areas of interest, and by changing the rules to make them more favorable. However, the rise of the NGOs expanded the zones of discussion with regard to the governance of world trade since many of those organizations centrally concerned about the social and environmental consequences of

multilateral trade liberalization. As a result, they started to instigate new issues such as labor rights and environmental protection into the agenda of the WTO (Schott, 2000: 11-13).

The activism of the NGOs in the US reached its peak in 1999, and they mainly called for the introduction of labor standards into world trade governance. Through taking the support of labor groups, the NGOs constituted a significant portion of the US population, so the US electorate. Consequently, the Clinton Administration shifted its attention towards labor standards, and issued the need to include labor standards into the new round's agenda (Brewer & Young, 2002: 126-129). The forthcoming elections in the aftermath of the Seattle Ministerial had a major impact on Clinton's approach to labor standards. Indeed, in order to generate support for Al Gore, the next Democrat Party candidate for presidency, Clinton hardly pushed for the labor standards (Nau, 2001: 247-249). The strategically motivated interactions at the domestic level, and self interested calculations of the Clinton Administration based on the gaining the support of public in the forthcoming election, hence, produced a new mechanism of truth discourse with regard to labor standards and trade at the multilateral trade negotiations in pre-Seattle period.

The activism of the NGOs was also present in the European context. Particularly, the environmentalist NGOs certainly urged for the need to issue global standards in environmental protection. In addition, the trade unions and the labor organizations persistently demanded the regulations for labor rights, and they called for action in the new round discussions (Paemen, 2000: 56). Depending on the pressures that come from labor and environmentalist groups, the trade policymakers shifted their interests towards those areas, and they started to develop a new trade strategy through

inclusion of those issues. In addition to the lobbying activities of the trade unions and the NGOs, the trade policymakers at the EU were willing to discuss those issues at the WTO. Indeed, the central concern of the EU was to get more maneuvering space in the agricultural trade negotiations and to get further concessions from developing countries in agriculture (Deutsch, 2001: 38-40).

The pre-Seattle period did not only stage the struggle on agenda issues between the major interested parties, the US, the EU, and developing countries and their coalitions, but also witnessed the contention between developing world and developed over the appointment of the new Director General (DG) of the WTO. Developing countries argued that it is time to see a DG from the developing world, and they declared their support to Supachai Panitchpakdi from Thailand. In this respect, developing countries tried to make their presence felt along their developed counterparts through attempting to seize the top positions at the WTO. Hence, they engaged in a struggle with the hegemonic powers both on the issue based negotiations as well as on acquiring the positions on the institutional level. On the other hand, the US and the EC voted for Mike Moore from New Zealand. The central motive in the US support to Mike Moore was his stance as a trade union member and Labour Party politician. Hence, the US policymakers believed that the appointment of Mike Moore would directly contribute to the US attempts on including labor standards into the agenda of new round (Odell, 2002: 415-418).

The approaches of developed and developing countries had considerable valid grounds in terms of decision making structure at the WTO. Indeed, the WTO secretariat did not only work for the organization of the ministerial conferences and meetings of trade negotiations committees. In addition to those, the Secretariat had a

pencil-sharpening role. Through mediating among the conflicting parties, the DG of the WTO and Deputy Director Generals of negotiation committees function as a conciliator between warring parties, and they attempt to find a middle way (Narlikar, 2002: 175-178). The important thing at this stage is that even though the DG should be impartial and objective in its actions, their beliefs and ideas are shaped within the social milieus in which they live and came from. The DG and Deputy DGs, therefore, to some extent, represent the social and political ideas in which their identity shaped. In other words, they are subject to the national discourses on trade policy matters. Hence, consciously or unconsciously, the actions of the DG and Deputy DGs may be shaped through the discourses constructed in their respective countries, and they may, sometimes did, reflect those discursively generated ideas in their proposals on an issue of negotiation at the WTO. In this sense, both developing and developed countries attempted to get a strategic advantage in the negotiations concerning the nature of the new round through pushing their own candidate as the new DG of the WTO.

4.2.2 The Seattle Ministerial: Bargaining without Seeking Consensus

During the Seattle Ministerial, negotiations were organized under five headings: agriculture, market access, new issues, implementation and systemic issues, transparency and relations with civil society (Wilkinson, 2006a; p. 114). Even the issues of negotiation were defined under five headings; the discussions could not proceed in an expected way due to the various reasons. First, the organization of the Ministerial fell behind the expectations and it caused certain challenges in terms generating effective communication. Indeed, the inadequate facilities such as ill-

designed sound systems of the conference rooms, limited telephone networks and distance between the conference halls seriously distorted negotiations between states. Trade representatives could not contact with their heads of government or any other domestic constituency due to limited telephone systems. At the same time, simultaneous negotiations that take different places prevented smaller countries that had limited number of delegates in the Ministerial to actively participate in all of the negotiations. Furthermore, the street protests and demonstrations disrupted the conferences (Schott, 2000; 43-45). Consequently, from a Habermasian point of view, the conditions in the Seattle Ministerial were not appropriate to engage in communicative action for the negotiating parties. Indeed, trade representatives and delegates could find necessary conditions to actively communicate with their respective counterparts as well as with their domestic constituencies. Yet, providing appropriate facilities for the delegates and other participants did not guarantee the emergence of communicative action and reaching consensus. But Risse points out strategic and communicative actions are mutually embedded and failure to establish an environment suitable for effective communicative hinders the possibility of communicative action among member countries right from the beginning of the Ministerial (Risse, 2000).

In addition to the lack of adequate facilities at Seattle, the lack of adequate leadership of the WTO Secretariat drove the negotiations into a hard-bargaining context that had no possibility of convergence among parties. Indeed, the selection of the Director-General, Mike Moore, just eight weeks before the Conference, and absence of appointed Deputy Director-Generals until November 1999 restricted the time space for the institutional preparation (Odell, 2002). However, it should be stated that institutional preparation and leadership did not guarantee a fair agreement since the

legitimacy and credibility of the DG and Deputy DGs under heavy criticism due to their failure to produce impartial norms and ideas for common good. Most of the time, the DGs and DDGs are being influenced by the politics of their home countries, and they try to settle things in favor of their home countries interests. Since most of the DGs and DDGs are former developed country trade representatives at the WTO, they generally had the vision to accommodate negotiations in favor of developed country demands. In this respect, the presence of a weak Secretariat at the Seattle Ministerial significantly reduced the strategies for developed countries since in the earlier Ministerial Conferences developed country originated DGs significantly pushed the negotiations in favor of the Quad (Kwa & Jawara, 2003: 191-198). Indeed, as Gramscian notion of hegemony stated, the intellectuals and bureaucrats have certain credibility over the dominated classes in terms of spreading the ideas of ruling class over the other. Hence, occupation of the Secretariat by a newly selected DG with limited experience prevented developed world to advocate their demands on the new round's agenda.

The absence of institutional and technical infrastructure needed to facilitate and ease the contentious negotiations between the parties, the issue specific negotiations also turned into a blame game. The main source of impasse was the US push for labor standards and the hardliner approach of the US President Clinton. In an interview just before the Ministerial, Clinton clearly stated his support for the inclusion of labor standards into the WTO agenda, and he declared his commitment to apply sanctions against the countries that fail to comply with labor standards (Clinton, 1999). Hence, as the hegemonic country in world politics, including world trade, the US tried to exercise its hegemony coercively during the Seattle Ministerial. As discussed above, the activism of the pro-labor standards NGOs at the domestic level and the interest of

the Clinton Administration towards the forthcoming elections generated a discursive strategy with regard to the linkage between trade and labor standards (Falke, 2001: 27-28). The approach of the US on labor standards was backed by the EU during the Seattle Ministerial even though the EU chose to stay in background and was not as aggressive as the US (Deutsch, 2001: 41-42).

The consensus between the two leading powers on the inclusion of the labor standards into the agenda produced a certain truth discourse with a strong disciplinary mechanism in terms of the US trade sanctions on non-conforming countries. Yet, it did not bear the expected outcomes at Seattle unlike to the TRIPs Agreement signed in the Uruguay Round. At this time, the increasing burden of the Uruguay Round agreements on TRIPs and TRIMs caused the formation of a defensive approach on negotiating new issues without solving the existing problems in the system (Rucipero, 2000: 36). In this sense, many developing countries prepared proposals that argued the need to discuss labor standards under the auspices of the International Labor Organization (ILO) (Schöppenthau, 2001: 225-227). In a way, the earlier experience of developing countries on multilateral trade negotiations created a new kind of consciousness that ultimately aimed to get concessions from the developed counterparts and compensate the losses of earlier agreements (Page, 2003). Consequently, they strongly resisted to the proposals of developed world in incorporating labor standards into the new round's agenda, and they tried to get some advantageous situation in other areas that have key importance for developing world. At the same time, by resisting to the demands of developed countries on labor standards, developing countries tried to break the domination of the agenda by the hegemonic and near-hegemonic countries.

Another issue of confrontation was the debate on the inclusion of Singapore Issues of government procurement, investment, trade facilitation and competition policy. Particularly, the EU attempted to launch an ambitious round through incorporation of those issues into the agenda (Deutsch, 2001: 39-40). The business lobby in the US also pressurized the government on competition policy and investment that in turn created an alliance between the US and the EU during the Seattle Ministerial (Narlikar, 2004: 420). Hence, in their support towards Singapore Issues, the ultimate motive was to increase profits of the US and the EU originated firms in international trade, and the trade representatives of both side employed the language of possible economic benefits of those rules for all countries. They strategically argued that implementation of stronger rules concerning the government procurement, competition, investment, and trade facilitation process would fasten the transnational economic activities, and that, in turn, would directly contribute to the well being of economies both developed and developing (Boyd, 2002: 97-100). The missing side of their approach was about the possible cost of implementing those new rules in developing and less developed economies that were still experiencing difficulties in implementing the Uruguay Round commitment. In this respect, both the EU and the US employed a rhetorical language that presented the possible advantages of the Singapore issues without making any reference to the threats and costs.

In response to the US and the EU demands on the inclusion of the new issues, which were the Singapore issues of government procurement, competition, investment and trade, and trade facilitation, into the WTO agenda in the aftermath of the Uruguay Round, developing countries prepared counter proposals that highlighted the need to pay attention to the implementation problems of the Uruguay Round agreements that developing countries faced. As a result, developing countries strongly opposed to

negotiate the Singapore issues without solving the existing problems in the system. Particularly, the Like Minded Group (LMG)⁸ emerged in 1996 as one of the most active developing country coalitions that aimed to bloc the inclusion of Singapore issues into the agenda whilst attempting to divert attention towards the implementation problems (Narlikar, 2003; 179-181). The communicatively generated consensus among the LMG members opened an opportunity space to develop their own discourse over the scope and content of the new round, and they effectively entered into bargaining with the developed counterparts in Singapore, Geneva and Seattle Ministerial Conferences. Indeed, the significance of effective communication in preserving the internal coherence of the LMG became clearly apparent in the outlook of its strategies. The group convened on a weekly basis with the participation of experts, ambassadors, and sometimes ministers that generated an opportunity space to construct a common perspective on wide ranging issues of discussion. In addition, the group had flexibility to share information and resources both within its membership as well with the non-member countries (Narlikar & Odell, 2006: 126-128). As a result, from a Foucaultian point of view, they were able to produce accredited knowledge in their proposals, and the production of knowledge while claiming certain interests directly generates a new discursive mechanism for the LMG that enhances the coherence and stability of the group in a long time period. Consequently, they successfully defended their arguments during the Seattle Ministerial, and the coherent stance of the LMG challenged the US and the EU attempts to incorporate new issues, labor, environment and Singapore Issues into the agenda of new round.

⁸ The members of the Like Minded Group were Cuba, Egypt, India, Indonesia, Malaysia, Pakistan, Tanzania, and Uganda. Later on new members joined the group Dominican Republic, Honduras and Zimbabwe in 1998, and Sri Lanka and Jamaica in 2000.

Agriculture and services were expected to be main areas of confrontation between developing and developed countries, but the heavy impasse on labor standards and the Singapore issues prevented detailed discussions on agriculture and services. Yet the struggle on agriculture still played an important role in the failure of the Seattle Ministerial. Especially, the continuous struggle over agriculture took root from the controversial understanding of Article 20 of the Agreement on Agriculture which is about the continuation of reform process in agricultural trade. On the one hand, the EU, S. Korea, and Japan offered a new proposal to negotiate agriculture based on Article 20. Particularly, the EU argued that agriculture has a multifunctional nature beyond being a trade concern. They argued that it is necessary to take into account the impact of agricultural policies on rural development, food safety and biodiversity, and demanded that liberalization of agriculture should take into account those special concerns (Anderson, 2000). On the other hand, the US, Canada and Cairns Group preferred a formulation of reductions on the barriers in front of agricultural trade which is in line with Article 20 (Cohn, 2002: 264-265). Consequently, the semantic confusion of Article 20 and the lack of clarity over the commitments made on agriculture during the Uruguay Round hampered the negotiation process. The hindrance of the negotiations and continuing impasse between the actors, in turn, prevented the formation and emergence of consensus seeking rationalities among the negotiating parties. At the end, one of the most important reasons of the failure at the Seattle Ministerial was the conflicting interpretations of the previously agreed decision among and lack of commitment to keep on the track of communicative dialogue based on norms, values and rules for agricultural trade liberalization.

The negotiations over services had a different nature due to its sector based character. In other words, the “bottom-up” approach of the GATS Agreement requires countries

to present the list of sectors that they can liberalize and the list of sectors demanded from the others to be liberalized. Hence, by its nature, the “bottom-up” would lead the countries to select the services areas for liberalization. It is argued that developing countries do not have anything to lose from the GATS agreement. However, the dark side of the picture was still prevalent during the Seattle Ministerial. Indeed, the “bottom-up” approach also called as “request-offer” approach, and countries could engage in bilateral or plurilateral negotiations among themselves with regard to the sectors expected to be liberalized. Consequently, there is considerable room for bargaining between countries. Hence, the hegemonic and near-hegemonic countries could pressurize developing ones to liberalize the sectors in which developed countries have competitive advantage (Kwa & Jawara, 2004: 31).

The Seattle Ministerial demonstrated the divergence in the sectoral approaches of developed and developing countries. On the one hand, the US, the EU and other developed countries push for liberalization in financial, air, transport, information, and professional services (Schott, 2000: 17-18, Deutsch, 2001: 44, Brewer & Young, 2002: 137-145). Yet, developing countries, on the other hand, argued that GATS negotiations should also cover the maritime, construction and engineering sectors in which developing country firms have competitive advantages. In addition, many developing countries demanded further progress in mode four negotiations that is specifically concerned with the free movement of labor services (Mattoo, 2001: 81-84). The approaches of two sides clearly reflect that they both acted based on their self interested calculations, without carrying any intention to find a common ground in the negotiations. Indeed, each side viewed the arguments of the other side as unacceptable, and the stalemate in services negotiations also became one of the factors that led to the collapse of the Seattle Ministerial.

4.3. Launching the Doha Round and Discursive Ambiguity over Development

4.3.1 Setting the Stage for the New Round

In the pre-Doha period, the country positions were generally similar to their positions in Seattle. Yet, one of the most significant changes made in the US stance on labor standards due to the major resistance originated from developing countries, the US Administration backed down from its insistence on labor standards. It is also needed to state that the election of George W. Bush from Republican Party as the new president of the US also lessened its insistence on labor standards (Haworth & Hughes, 2005: 132-133). There had also been divergence within developing countries. Indeed, Singapore, South Korea, Mexico, Morocco and South Africa declared their support for a comprehensive round that includes the Singapore Issues (Kwa & Jawara, 2004: 54). Even there had been those changes in the positions of negotiating parties, the key debate still centered on the issues discussed during the Seattle Ministerial.

As in the case of earlier ministerial conferences, inner-circle meetings of developed and developing countries took place in the preliminary period of the Doha Round. Particularly, the meetings among the Quad members and the Mini-Ministerials held in Singapore and Mexico had significant impact on setting the stage at the Doha Ministerial. Particularly, the personal contacts between the USTR Robert Zoellick and the EU Trade Commissioner Pascal Lamy provided room for bilateral contacts among the two leading trading powers in world, and in the aftermath of those bilateral exchanges, the Quad meetings were held in order to set a coherent stance among the key members of the WTO. The mini-ministerial held in Mexico and Singapore hosted

thirty one out of 142 members of the WTO in addition to the WTO Secretariat, and the participant were the US, the EU, Canada, Japan, Argentina, Egypt, Jamaica, South Africa, Tanzania, India, Hong Kong, Singapore, Switzerland, Uruguay, Mexico, Brazil and Australia. Ironically, among those attendants, only Brazil, India, Jamaica and Tanzania had certain objections for a comprehensive round that will include the Singapore issues of government procurement, trade facilitation, competition, and investment. As a result, throughout the discussions in these meetings, the four countries could not raise their voice effectively, and they became subject to the criticisms of the other in terms of not showing flexibility in the process of defining the agenda items for Doha Ministerial (Kwa, 2004: 58-70).

These two mini-ministerials can be labeled as derivatives of informal decision making processes at the WTO. In other words, they were the bigger versions of green room negotiations of key actors during the formal negotiations that are conducted under the authority of DG. Similarly, the WTO Secretariat involved in the organization of those mini-ministerials. Indeed, the irony lies in the organization of the Mexico and Singapore Mini-Ministerials. The mini-ministerial in Mexico took place just after the consensus reached among the Quad members, and they decided to expand their agenda to more members of the WTO with a mini-ministerial. The participation in those mini-Ministerial conferences was dependent upon the invitation made by the WTO Secretariat, and the countries invited clearly show that those developing country representatives would not have much to do against the developed ones that constituted the majority. In this respect, the mini-ministerial conferences became the areas where Quad dominated the discussions and presented its own proposals without paying enough attention to developing world's concerns. Only the above expressed four countries were on the opposition side, and they could not raise their concerns on the

proposals produced by the Quad due to lack of support from other developing country participants. Therefore, the mini-Ministerials organized in cooperation with Quad and WTO Secretariat constituted the zones of strategic action in which the dominant group, the Quad, attempted to impose its agenda over the others. At the same time, through silencing down the voices of key developing countries, India and Brazil, in those mini meetings, the hegemonic and near-hegemonic countries intended to strengthen their positions in the forthcoming ministerial conference.

The decisions reached at the mini-ministerials with the participation of the WTO Secretariat and under the domination of the Quad with limited or no involvement of developing countries and their respective coalitions generated a Quad originated discourse concerning the scope of next round of trade negotiations. The preparation of ministerial text in the aftermath of these two mini-conferences by DDG Stuart Harbinson demonstrated the significance of those meetings. Indeed, the decisions reached at these meetings were directly incorporated into the ministerial text despite the strong opposition of India, Brazil and African Group (Kwa, 2004: 71-73). In this sense, the WTO cannot be identified just an impartial institution that is mainly interested in the production of common good in world trade governance. It is also an actor that consolidates the power and ideology of the hegemonic and near-hegemonic countries in global governance.

In addition to those informal processes, the terrorist attacks on September 11 created a new environment prior to the Doha Round. The US changed its discourse towards the future of multilateral trade negotiations, and the USTR Robert Zoellick stated that free trade and further integration of world economy would be one of the central tools in countering terrorism (Zoellick, 2001b). In addition, it is also declared that the US would play the necessary leadership role in order to accelerate the process of

launching a new trade round (Zoellick, 2001b). Consequently, the new environment in the aftermath of September 11 changed the landscape in multilateral trade negotiations. The attachment of the fate of the new round with countering terrorism by the US had a considerable impact on developing countries. Indeed, they feared from being identified as enemy by the US if they continue their objection on launching a new round. As a result, inception of a new discursive understanding based on the linkage between free trade and counter-terrorism, the US as world hegemon found new opportunity spaces to persuade, also to coerce to some extent, the other parties, especially developing countries, on launching a new round.

The draft ministerial declaration issued before the Doha Ministerial presents the impact of the informal processes under the discursive hegemony of the Quad and September 11 attacks. The Harbinson text sketched out the key areas of negotiation for the Doha Ministerial. Despite the strong opposition raised by African Group and G-77 of developing countries, the text included the Singapore Issues into the agenda. In addition, the text failed to meet the expectations of developing countries due to its weak reference on special and differential treatment for developing countries (Kwa, 2004: 67-69).

4.3.2 The Content of the Doha Development Agenda: Is It Truly Development Oriented?

The Doha Ministerial started on November 9, 2001, and plenary sections were held in order to appoint “friends of the chair” that will help the conference chair throughout the Ministerial by moderating the specific negotiations. The specific negotiation issues were agriculture, new issues, environment, TRIPs and public health, rule-making, and implementation issues, and according to Kwa and Jawara, none of the

selected chairs in those areas had a negative perception on the US and the EU proposals (2004: 90). The chairs had the responsibility to consult with member states in order to bring parties on a common ground, and to produce a text with regard to negotiations reached by consensus. In the consultations, the chairs also present their own views. Consequently, the appointment of chairs leaned towards the ideas of the US and the EU carried the danger for them to function as intellectuals that intend to spread the ideas of the US and the EU to other negotiating countries.

Another issue in the Ministerial setting was the declining role of trade ambassadors that had solid knowledge on the negotiation issues. In Doha Ministerial, the ambassadors were not allowed to comment on the draft text, and it was argued by the DG Mike Moore that since it is a ministerial conference, there is no need to ambassadors to comment on the pretext in the presence of their respective ministers. Yet, the decision had certain costs on developing countries. Many of the trade ministers in developing countries did not have a sophisticated view on the ongoing negotiations at the WTO and their possible impacts. In addition to the limited knowledge of the trade ministers on the dynamics of negotiations, the small sized delegates of developing countries with restricted technical capacities further exacerbated the conditions for developing country representatives (Narlikar, 2004: 421-423). The decision to forbid ambassadors involvement in negotiations, as a result, weakened the hands of developing countries against the developed counterparts. Furthermore, developing country ministers could not effectively present their ideas on negotiation issues due to lack of concrete and technical knowledge on relevant issues. Hence, they could not urge their concerns in a successful discursive manner. In Habermasian terms, the decision to limit ambassadors' participation by the WTO Secretariat was a challenge to the production of communicative action within

developing countries and their coalitions that in turn weakened the bargaining capacity in their engagement with developed countries.

The formal negotiations at the Doha Ministerial, as in the case of previous meetings, continued in a simultaneous manner on head issues. The negotiations on the inclusion of the new issues, Singapore Issues, hosted one of the hottest debates in the Conference. Primarily, there was a divergence in the EU and the US approaches on the government procurement, trade facilitation, competition policy, and investment. While the US demanded only the inclusion of the first two issues, the EU strongly urged for the need to incorporate all of the four issues into the agenda (Panagariya, 2002: 1207-1209). On the other side, developing countries, particularly the members of the African Group, LDC Group, India, and LMG strongly opposed to the inclusion of those issues into the agenda in the earlier phase of negotiations. The central concern of those countries with regard to the new issues was the possible costs of reaching an agreement. Indeed, many of those countries encountered with serious implementation problems, and inclusion of Singapore Issues would require further reforms in their economies. The LDCs and many of developing countries were in constant lack of technical and financial assistance, and they hesitated that the inclusion of these new issues would completely deteriorate their development prospects (Stiglitz & Charlton, 2005a).

Even though, those countries tried to prevent the inclusion, there was considerable divergence within the developing world with regard to the Singapore Issues. For instance, Mexico, Argentina, South Korea, South Africa, and Kenya right from the beginning of the negotiations declared their support to include Singapore Issues into the agenda (Kwa & Jawara, 2004: 102). Interestingly, Kenya was also the leader of the African Group and the member of African Caribbean Pacific (ACP) Group and

South Africa was also active within the African Group and the shift in their positions considerably weakened the bargaining power of the African Group that was the main source of opposition to the inclusion of Singapore Issues into new round's agenda.

The split within the developing world did not originate only from the changing perceptions of each country. The EU and the US had also engaged in "carrot and stick" policy against the opposing coalitions as a part of their "divide and rule" strategy. The EU effectively used the Cotonou Agreement signed with ACP countries as a bargaining tool during the Doha Ministerial. The Cotonou Agreement was providing further access to the EU market for the ACP countries, especially in their exports of tropical products, and they had considerable interest in extending the time period of the agreement. As a result of the ACP countries' vested interests on Cotonou Agreement, the EU used its linkage with ACP countries both as an incentive as well as a coercive mechanism. Through threatening the opposing countries by the suspending the Cotonou Agreement or freezing the relations, the EU tried to coerce African and ACP group. On the other hand, it also promised to extend the scope of the Cotonou Agreement to new areas in agriculture and textiles if these countries support the position of the EU on the Singapore Issues (Jawara, 2003: 10-14). Similarly, the US also had linkages with the African countries thanks to the US African Growth and Opportunity Act (AGOA) that aims to provide aid to the African countries, and the USTR Zoellick consulted with some of those countries both in the preliminary period as well as during the actual negotiations in order to get their support (Kwa & Jawara, 2004: 86-87). In a nutshell, both the US and the EU strategically countered the opposing African Group and LDC Group members by bilateral consultations with their representative and by accommodating their economic and political power on those weaker actors. Hence, both the EU and the US exercised their hegemony both

coercively and persuasively, as stated by Gramsci, in order to get the consent of sub-parties. By the way, they were able to promote their own discourse on Singapore Issues.

Although India, Cuba, Tanzania, and some other LDC countries tried to maintain their positions until the end of the Doha Ministerial, in the aftermath of the green room negotiations that held in the last two days of the Ministerial, they could not resist the pressures of both developed countries and developing countries. As a result, it was agreed that the Singapore Issues would be an integral part of the new round of multilateral trade negotiations, and the modalities concerning the rules and implementation period of those rules would be discussed during the fifth ministerial of the WTO, which was held in Cancun in 2003 (WTO, 2001).

In the negotiations over the TRIPs and public health, developing countries actively presented their ideas in a coherent discourse, and the TRIPs and public health declaration issued at the end of the Doha Ministerial considerably reflected the demands of developing world. The TRIPs agreement reached at the Uruguay Round brought considerable problems for the developing countries during the implementation period. Indeed, the absence of necessary technical and financial assistance needed to make reforms in domestic regulations of those countries caused considerable economic losses in developing economies. The short transition period, which would end in 2000, further worsened the conditions in many developing countries that had insufficient funds and expertise to re-build their intellectual property rights system. Particularly, the new regulations introduced in the pharmaceuticals and chemical products had a deteriorating impact on public health conditions in many less developed countries as well as in some developing ones (Braga & Fink, 2000: 194-195). Consequently, developing countries, during the

Seattle and Doha Conferences, certainly insisted on the need to revise the existing rules in TRIPs agreement and to make it more flexible (Odell & Sell, 2006: 86-88).

One of the most tragic consequences of the TRIPs agreement became apparent with boom of the HIV/AIDS in Africa and other less developed and developing countries. Even though, the TRIPs agreement gave right to use medicines without getting the permission of the producers in cases of emergency, when Brazil, Thailand and South Africa used the drugs in order to deal with the HIV/AIDS, the pharmaceutical industry in the US pressurized their respective governments to threaten those countries due to their non-compliance with the TRIPs agreement. Indeed, in the aftermath of the Thai government's decision to apply compulsory licensing to produce the generic version of the AIDS drug, the US aggressively responded with a decision to block Thai exports to the US. The US Pharmaceutical Research and Manufacturers Association (PhRMA) significantly lobbied to the USTR to take actions against the countries that violate TRIPs agreement, and it played the key role in the issuance of the sanctions against the exports of Thailand. Later on, similar measures were taken against South Africa and Brazil (Odell & Sell, 2006: 91-92). Consequently, those countries found themselves into a dilemma; either to opt for TRIPs rules or to take action against spreading HIV/AIDS pandemic. In the Doha Ministerial, large group of developing countries campaigned for the removal of TRIPs penalties in the areas concerning public health.

Developing countries succeeded to change the key provisions of the TRIPs Agreement at the end of the Doha Round. Indeed, the Declaration on the WTO Agreement on Trade-related Aspects of Intellectual Property Rights and Public Health called for the relaxation of the TRIPs rules in the cases where protecting public health

was the main concern. In their success to revise the existing provisions of the TRIPs Agreement, the key thing was developing countries ability to carry their problems in public health to the mass media in industrialized countries. In this respect, a pro-developing country discourse engendered in the industrialized countries, and that in turn, directly contributed to the activism of NGOs and civil society organizations (Sell & Prakash, 2004: 146-149). Consequently, an intrinsic alliance was built between developing countries and developed country NGOs based on the shared idea on the linkage between IPR and public health. In comparison to the developed countries ideas on the connection between trade and intellectual property protection at the Uruguay Round negotiations, developing countries were able to frame intellectual property protection in relation to public health issue, and their argumentation backed by the mass media and the NGOs of the developed countries. As a result, a counter discursive regime on intellectual property protection emerged on the principle belief of public health protection.

African Group, composed by forty-one countries, took the leadership role in the bargaining with the developed countries, particularly the US, on reforming the existing rules in TRIPs Agreement during the Doha Ministerial. Zimbabwe, leader of the African Group, called for the right to access medicines and relaxation of the TRIPs rules. The call from the African Group facilitated the expansion of the group into sixty members that included Brazil and India that later on took the leadership role. The shared idea on the right to access medicines sustained the coherence within the group. The presence of valuable pharmaceutical industries in Brazil and India provided opportunity to engage in technical work, and group succeeded to produce detailed and validly grounded proposals (Odell & Sell, 2006: 98-99). In other words, the shared ideology on access to medicines produced a communicative consensus

among the members on a specific issue, and through using available resources and expertise, the group was able to introduce a new knowledge based discourse that linked public health and TRIPs Agreement with each other. As a result, in response to the discourse on the relationship between trade and intellectual property rights of hegemonic powers, developing countries framed a counter discourse through claiming the connection between intellectual property rights and public health. In addition to the collective working within the group, the coalition also requested support from other international institutions and NGOs in the process of preparing its proposal. Consequently, developing countries were able to build a broader alliance in their resistance to the US hegemony in the realm of TRIPs Agreement and public health.

The broadening of coalition on TRIPs and public health clearly reflect the three approaches of power analyzed in the second chapter of the study. Indeed, there was an intersubjectively shared belief of the negative balance between TRIPs provisions and the public health among developing countries, civil society organization and international institutions, including World Health Organization (WHO). That shared belief, in turn, generated a public opinion with its appearance in the mass media, and contributed to the process of will formation towards re-formulation of TRIPs measures. From a Foucaultian point of view, the broader alliance of the TRIPs and public health successfully presented their knowledge and ideas concerning TRIPs Agreement and its impact on public health problems in a new discursive framework. Hence, they developed a counter strategy to the US strategy on strengthening the rules in TRIPs without any lessening. That kind of strategy brings us to the Gramsci's concept of hegemony and resistance. Indeed, for Gramsci, intellectual and moral leadership is necessary for winning and holding the power. Consequently, developing countries with their emphasis on the public health and right to live gained the public

support on moral grounds. In addition, the support of Northern NGOs and international institutions further accelerated the spread of ideas on reforming TRIPs measures with regard to public health. Consequently, the balance tilted towards developing countries, and the US could not continue its opposition to relax TRIPs agreement during the Doha Ministerial.

Even the US could not promote its own agenda and agreed to make concessions on the TRIPs Agreement, it still attempted to weaken the coalition through divide and rule tactics in the Doha. For instance, the USTR Robert Zoellick offered to the LDCs to extend the transition period for pharmaceutical products until 2016 without guaranteeing to increase supplies of medicines (Kwa & Jawara, 2004: 97-99). In this respect, from a Habermasian perspective, the strategic concerns of the US on TRIPs forced it to use its material power over the TRIPs coalition of developing countries. It tried to persuade, sometimes to coerce, some of its members and tried to bloc communication within the group through fragmentation. Through the lenses of hegemony theory of Gramsci, to maintain the benefits acquired at the Uruguay Round, the US attempted to develop a new strategy based on its ideological and political influence on the weaker states of the coalition that would pave the way to the dissolution of the TRIPs coalition and re-shuffling the balance towards itself.

Even though developing countries gained considerable concessions in the intellectual property rights, they could not mobilize their collective capacity in other areas of negotiation. Like in the Seattle Ministerial, developing countries called for taking action for liberalization of trade in agriculture and removal of market access barriers in developed countries. Technically speaking, developing countries primarily concerned with the export subsidies used by the EU and Japan, and in Doha

Ministerial, they argued that those subsidies totally distort trade in agriculture that, in turn, push agricultural sector into crisis in developing world (Panagariya, 2002:1209). One of the central arguments that developing country negotiators was that even the EU had made reforms in CAP, these reforms were still far from removing protectionist measures. Indeed, the direct export subsidies just shifted to the subsidies for rural development and food safety (Anderson, 2001: 32-34). In addition, it was criticized that the clause on special products in agriculture that developed countries apply protectionist measures had a trade distorting impact for developing country exports because many of the products under special product protection were the products where developing countries had comparative advantage. As a result of the existing challenges in agricultural trade, developing countries called for immediate removal of export subsidies and further work on eliminating market access barriers and domestic support in agriculture. The US position was also close as in the previous negotiations, and it called for immediate elimination of export subsidies in agricultural trade (Beierle, 2002). On the other hand, the EU and Japan rejected the immediate removal of export subsidies, and they just called for a feasible time table to reform their agricultural sectors. In this sense, both sides were forcing in order to attain nationally or collectively defined goals.

One of the important changes in agricultural trade negotiations was the new strategy employed by the EU. The EU strongly advocated for the inclusion of the Singapore Issues into the Doha Round's agenda. The main reason behind the EU's insistence on the Singapore Issues was that it tried to get further concessions in the agricultural trade negotiations. In other words, to promote its interests at Doha, the EU actively seeks for concessions on a *quid pro quo* basis between negotiation issues (Maswood, 2006: 158-61). For instance, the EU Trade Commissioner stated that if developing

countries want concessions in agriculture, they should offer something in environment and Singapore issues (Kwa & Jawara: 2004: 105). In this respect, the self interested calculations of the EU undermined the developmental importance of agricultural trade for developing and less developed countries. Through employing a language on the integral structure of negotiations, the EU tried to get further concessions in agriculture. At the end, the EU was successful in its insistence on export subsidies. Although the Doha Declaration affirms the necessity of further liberalization in agriculture through elimination of export subsidies, due to the EU objection, the declaration also contained a “getting out” clause in agricultural trade liberalization which gave further time to EU to extend the primarily agreed deadline on the removal of export subsidies (WTO, 2001). In addition, the environment also became an integral part of the Doha Round agenda.

In a nutshell, the Doha Declaration even it is called as Development Round fell behind the initial developing country expectations while the EU and the US gained significant concessions from the developing world in areas of government procurement, competition, investment, trade facilitation, and environment. On the other side, developing countries were able to relax the TRIPs agreement with regard to public health issues. Yet, the key interests of developing countries on agriculture, textile and implementation related problems could not be brought into a feasible solution. As a result, defining the agreed agenda at Doha as the agenda for a Development Round emerges as an irony. Indeed, the key development related concerns of developing countries were not taken into account by the developed countries, and calling the round as the Development Round does not go beyond the rhetoric.

CHAPTER 5

DEVELOPING COUNTRIES AT CANCUN AND HONG KONG: CRISIS DISCOURSE, TIME PRESSURE AND UNCERTAINTY

5.1 Introduction

The Cancun Ministerial Conference, which was held right after the inception of the Development Round (Doha Round) and was aimed to formulate the agenda for the Development Round, became the turning point for the developing world, and rather than following a path of active criticism on the existing problems of the system, developing countries entered into a phase of active bargaining at the multilateral level, through formation of strong and coherent coalitions. Unlike previous conferences, the new coalitions of Global South were able to remain united until the end of the negotiations despite the pressures of hegemonic and near-hegemonic states in Cancun. At the same time, they also collectively mobilized their resources in terms of preparing proposals and formulating alternative policies, and engaged in hard

bargaining with their developed counterparts. Increasing activism of developing countries at the WTO, to some extent, represents a new form of resistance by the Global South to the unfair structure of neo-liberal trade liberalization. However, the decisions arrived at the Hong Kong Ministerial Conference in 2005 and the developments in its aftermath, in terms of suspension of negotiations and emerging uncertainty about the future of the WTO, clearly reflect that developing country participation is necessary but not sufficient to get fair and favorable outcomes from multilateral trade. Indeed, developing country activism failed to produce expected outcomes both in Cancun and Hong Kong due to the weak commitment on the part of hegemonic and near-hegemonic countries. In spite of focusing on the developmental problems, developed countries formed a discursive strategy based on the blame game and rhetoric on the rapid conclusion of the Development Round to challenge developing countries' bargaining power and to force them to make further concessions.

5.2. The Battle at Cancun: Reframing Power Relations in the Doha Round Negotiations

The pace of negotiations in the aftermath of the Doha Ministerial did not go in an expected way, and there had been slow or no progress on the negotiations of agenda items. Even though the deadline to conclude Doha Round was set as the end of 2005, slow-motion of negotiations at Geneva in line with the continuing divergence among the membership put the possibility to conclude the Round in 2005 into doubt (Sally, 2004: 2). As a result, the Cancun Ministerial was seen as an opportunity to give a new momentum to the Doha Round negotiations.

5.2.1 A New Vision of Developing Country Coalitions at Cancun

Agriculture became the main area of confrontation at the Cancun Ministerial. The negotiations in agriculture at Cancun revealed the key importance of a deal in agriculture in order to conclude the Doha Round on time while, at the same time, pointing out the difficulties to build consensus between developed and developing countries. The joint proposal prepared by the US and the EU on agriculture triggered the impasse at Cancun. Actually, it was a surprising as well as paradoxical to see a strong EU-US alliance on agriculture due to the inherent struggle between the two since the GATT Tokyo Round. Greater market access and wider exporting opportunities through elimination of export subsidies in agriculture were among the central interests of the US while the EU was mainly concerned to protect its agriculture from further liberalization due to the key importance of the CAP on regional integration (Woolcock, 2005: 236). The reason that contributed to the convergence of interests between the US and the EU was the US Farm Bill of 2002 that guaranteed more than 180 billion \$ support to the American farmers for the next decade (Cho, 2004: 226-227). The introduction of the Farm Bill changed the interests in the US towards a more protectionist approach that, in turn, caused a drift from its earlier pro-liberalization stance in the multilateral trade negotiations. Hence, the shift in economic interest in the US also produced a room to cooperate with the EU at Cancun with in the discussions on agriculture. There was a considerable move in the US language toward trade liberalization in agriculture. Unlike to the earlier demands to remove export subsidies immediately and lower the protection level in the products grouped under blue box, the joint proposal proposes an extended period for the removal of export subsidies with no reference to reformulating tariff rates in blue box

(Bridges, 2003: 1-3). In this respect, the change in the US objectives also caused a radical transformation in its discourse on agricultural trade, and by making alliance with the EU, the other major power at the WTO, it tried to strengthen its new position against the developing countries. At the same time, the EU was also willing for an alliance with the US for the same reason of strengthening its hands in negotiations.

The joint proposal of the US and the EU on agriculture attracted major objections by the developing countries, and India and Brazil prepared a counter-proposal immediately. The proposal took the support of other eighteen developing countries, and the coalition of G-20⁹ emerged as the new developing country coalition at the WTO. The G-20 consistently urged for the need to liberalize agriculture while, at the same time, underlining the necessity to take necessary measures for net-food importing countries of developing world (Narlikar & Tussie, 2004: 456-458). The emergence of the G-20 as one of most active groups at Cancun, concurrently, challenged the hegemonic activism of the EU and the US on agriculture negotiations. In addition, formation of the G-20 with its sole interest on agriculture radically re-structured the negotiations in agriculture. Indeed, in the earlier negotiations, developing countries voiced their demands at various forums, but they did not build a coalition that only focused on the agriculture. The birth of G-20, therefore, changed the terms of conditions in agricultural trade bottles (Constantini et al, 2007: 866-867). Depending on Foucault's approach of power as continuous struggle between free subjects and Gramsci's notion of hegemony, the formation of the G-20 can be regarded as a formalized action in developing countries resistance to the developed

⁹ G-20 countries are Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Mexico, Indonesia, Pakistan, Paraguay, Nigeria, Philippines, Tanzania, Thailand, Uruguay, South Africa, Venezuela, Zimbabwe

countries' protectionist policies. At the same time, the ability of the G-20 in sharing information and statistics about the role of agriculture in world trade and their commitment to the need to liberalize agricultural trade while taking into account the concerns of net food importing countries of developing world represented one of the few examples of communicative power at multilateral trade negotiations. Despite the agriculture's different levels of importance in their national economies, the members of the G-20 succeeded to overcome their self interested calculations and reach compromise on a shared idea that, in turn, established a counter discourse and strategy against the proposals of the hegemonic countries, the US and the EU.

The presence of India and Brazil as the co-leaders of the group further contributed to the well functioning of the group. Indeed, both of those countries had considerable experiences of multilateral trade negotiations with significant amount of technical and human capital. As a result, these two countries played the catalyst role in enhancing communication within the group and supplying information and technical assistance in the process of proposal making (Hurrell & Narlikar, 2006: 422-425). Ironically, these two countries had opposite objectives with regard to agricultural trade. Indeed, Brazil as one of the major agricultural producers seek greater liberalization in agriculture. It is believed the large share of agriculture in Brazilian economy would directly benefit from the liberalization in terms of increase in prices, further market access, and growth in farmers welfare (Azzoni et al, 2007: 1570-1581). On the other hand, India was one of the net food importers, and it certainly interested in further decline in world prices and easier access to food. Although larger segments of the Indian population were located in agriculture, the low level of production hinders the development of agricultural sector in India (Narlikar, 2007: 990-993). Despite, these internal problems in agricultural sector, India's stance in the G-20 in cooperation with

Brazil and other pro-liberalization countries lie on strategic concerns of the India in terms of taking a more active role in international institutions. At the same time, it is difficult to validate India's presence within G-20 purely on its intention to get more voice in global policy making even it would have considerable costs on itself. In addition, the inner group cooperation and communication which brought the actors to pay attention to the problems of net food importing countries in developing world while advocating the removal of barriers and elimination of subsidies in agricultural trade (Clapp, 2004: 1443-1447).

The G-20 was an issue based coalition centrally focused on the negotiations in agriculture, but at the same time it had a hybrid structure in its membership. For instance, Nigeria as a member of the G-20, an issue based coalition on agriculture, is also a member of the African Caribbean Group, a block coalition of less developed countries of Africa and the Caribbean (Narlikar & Tussie, 2004: 952-955). The major advantage of multiple memberships was that developing country coalitions were able to build inter-group dialogue, and they supported each other during the negotiations of different chapters of the DDA. Thus, they have been able to reach a compromise among each other and they succeeded in adopting a coherent stance on a common ground besides their diverging, sometimes conflicting, interests. Consequently, the emergence of the hybrid coalition that carries the characteristics of both block type and issue based coalitions produced a new environment for developing country activism at the WTO. Indeed, the cross-over membership among the coalitions accelerated the share of information, deliberation and communicative action among coalitions. Increased communication, in turn, strengthened the coherence of their discourses and ideas on negotiating issues.

The cross-coalition membership and continuous contacts with the other coalitions prevented G-20 and other coalitions to follow an isolated approach during Cancun. Indeed, the earlier ministerials, particularly the Doha Ministerial, clearly showed that the coalitions that tried to participate solely based on in-group dynamics and resources were more prone to dissolution due to divide and rule tactics of hegemonic and near-hegemonic countries (Hocking, 2004: 9-14). The G-20 consulted with other groups, particularly with the alliance on Strategic Products (SP) and Special Safeguard Mechanisms (SSM) (G-33¹⁰), and the African Caribbean Group (ACP). The inter-group consultation was an important development because developing countries have various interests from world trade, and they participated in different groups during the Ministerial Conferences, and building an inter-group linkage contributed to the effective mobilization of resources as well as increasing power through support. As a result of effective cooperation and strong unity, developing country coalitions succeeded to stay on the negotiation table until the end of the Conference (Narlikar & Tussie, 2004: 953-958). In this sense, in defending their strategic interests at the MTN, developing countries, for the first time, were able to build an internal alliance even though they had different, sometimes conflicting, interests in world trade. The main reason of the cooperation among developing country coalitions was the dissatisfaction of those countries from both the Uruguay Round agreements as well as the agenda items of the Doha Ministerial Declaration that had limited reference to developing world concerns (Kobori, 2003). Therefore, the feeling of being marginalized in MTNs and being pressurized under the hegemonic activism of developed countries, constructed counter-hegemonic intentions among developing

¹⁰ Barbados, Dominican Republic, Honduras, Indonesia, Jamaica, Kenya, Mongolia, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe, Tanzania, Ecuador.

countries. Their earlier experience of bargaining, in addition, generated a common consciousness within the developing world in terms of preserving the coherence of their respective coalitions and establishing networks of interaction with non-coalition member countries.

In the broader debate over agriculture, cotton took a special place due to the enormous cry of the four African countries, Benin, Burkina Faso, Chad, and Mali. Cotton production was the key source of those economies, and increased protection of the US without any attempt to reduce tariffs and eliminate barriers drastically distorted the trade and economic growth patterns in those countries. Namely, the cotton sector constituted more than half of the economic activity in those countries, and they were the major exporters of world cotton. In this respect, the support mechanisms of the US, the second major exporter of cotton, provided to the cotton producers caused decline in world cotton prices while the protectionist measures applied to the cotton imports prevented these African countries to enter into the US market (Anderson & Valenzuela, 2007). As a result of those negative measures, the level of poverty as well as hunger increased dramatically in these four countries, and they called for urgent action in re-balancing the world trade in cotton while demanding financial support from the US, the IMF and World Bank to compensate the losses (South Center, 2004).

The US stance was far from expected. Despite the increasing problems of these four countries in terms of poverty and underdevelopment and their call for urgent action, the US argued that cotton is an integral part of agriculture negotiations and it should be discussed within that context. In addition, the linkage between the cotton exports and textile presented as a reason on existing barriers of cotton exports, and argued that the completion of the transition period in textile would directly contribute a steep rise

in cotton exports of African economies (Anderson & Valenzuela, 2007: 1285-1288). Hence, the domestic interests and lobbying power of the cotton producers in the US caused the indifferent stance of the USTR to the demands of Cotton–Four initiative.

Another area of confrontation that is identified as the core reason of the collapse at Cancun was Singapore Issues. Developing countries announced their dissatisfaction from the chair text and argued that text contains imbalanced elements due to the lack of clarity concerning the negotiations in agriculture and overemphasis on Singapore issues (Wilkinson, 2004: 151). Particularly, there was a central disagreement between the two camps of Singapore issues. The source of disagreement dated back to the Doha Declaration that contains “explicit consensus” clause with regard to the future negotiations on Singapore issues. The ambiguity over the ultimate aim of the “explicit consensus” clause paved way to two different interpretations. On the one hand, developed countries and some developing countries supporting further negotiations in Singapore issues related the clause with the modalities of negotiations. On the other hand, majority of developing countries argued that explicit consensus is needed to start negotiations (Narlikar & Wilkinson, 2004: 450). Hence, there was an initial deadlock between the two camps concerning the nature of future negotiations in Singapore issues, and different interpretations of “explicit consensus” clause prevented the birth of shared rationalities between the parties even on the structure of negotiations in Singapore Issues.

The initial disagreement continued with beginning of formal negotiations on Singapore issues. At this time, the African Group and LDC Group constituted the Core Group on Singapore Issues, and they strongly opposed to the inclusion of those issues into the Development Round’s agenda. In response to their demands, the EU,

South Korea, Singapore, and Japan strongly demanded that they will not sit the negotiation table unless there had been progress in the negotiations on Singapore issues (Baldwin, 2006). As a result, there had been hard bargaining between the two camps. Unlike to the Doha Ministerial, the African and LDC groups were able to stay in coherence until the end of the negotiations, and they refused to negotiate any of those issues (Wolfe, 2004: 591-592). The strategic motives of the actors prevented them to make any concessions. For instance, the African Group did not accept to sit on negotiation table because it was thought that if they sit on the table, they would have to give something to their counterparts, and due to the possible costs of implementing Singapore issues they fully opposed to go on negotiations.

The struggles that blocked the negotiations also staged the arm twisting and divide and rule tactics of hegemonic players. In order to persuade leading developing countries on the negotiation agenda, US President George W Bush made direct telephone calls to the leaders of key developing countries, South Africa, India and Brazil. These calls may be interpreted in two ways. One, the US tried to find a common ground through engaging in bilateral deliberations with the most active developing countries at the WTO. The second interpretation would be that the US engaged in bilateral bargaining with the leaders of developing country coalitions in order to consolidate its proposal and its own discourse through using its economic and political power. The accounts presented by Narlikar and Wilkinson clearly illustrate that the US as the hegemonic actor in world trade attempted to coerce developing country leaders (Narlikar & Wilkinson, 2004: 449). For instance, the US and the EU particularly aimed to divide the G-20 coalition in order get necessary concessions in agriculture and to weaken inter-coalition cooperation as well. The failure of their attempts to bribe or threaten the leaders of the group, India and Brazil, diverted their

attention to the weaker members. The US and the EU pressured to the weaker members bilaterally to opt out from coalition, and intended to have a tsunami impact within the G-20 membership in aftermath of these earlier opt-outs. Even though, the US was successful in forcing Columbia, Peru, Guatemala, El Salvador and Costa Rica out of the G-20, it did not reap the expected fruits and G-20 remained as one of the key players of negotiations while maintaining its unity (Clapp, 2006: 571-573).

5.2.2 The Real Meaning of Cancun: The July 2004 Framework and Changing Power Structure

After the collapse of the Conference at Cancun, many of the developed countries' officials blamed the hard stance of developing countries, and they, intentionally or not, tried to present developing countries, particularly Brazil, India and African countries, as the major actors, responsible for the failure (Jawara & Kwa, 2004). Unlike the Seattle Conference that also ended with failure and the reason of the failure was presented as anti-globalist movement and developed countries' inflexibility, the post-Cancun reflections signaled the emergence of a new area in power politics that is the blame game. Like developed countries, developing countries also followed the same strategy, and the main target was developed countries (Da Silva, 2003).

Another view after the failure in Cancun was the ineffectiveness of developing country coalitions in acquiring favorable outcomes. It was argued that developing countries' hard-line approach in negotiations and the absence of flexibility prevented the members from reaching a compromise (South Center, 2004). To assess the effectiveness of the developing country coherence at the Cancun Conference, looking at the Ministerial as a five days process would lead to misinterpretations, and there should be a long term view that leads to a totally different conclusion.

First, the failure of the Cancun Conference was not a total disappointment for developing countries because their unity and active involvement in negotiations changed the power dynamics within the WTO in the forthcoming meetings as well as in the Hong Kong Conference. Until the Cancun Conference, the Quad, composed by the U.S, the EU, Japan, and Canada, was dominating the decision making mechanisms, and they were present at all informal meetings. The launching of the July 2004 Framework after the collapse in Cancun was also the beginning of a new term in the balance of power within the WTO. The Quad was replaced with the Five Interested Parties (FIPs) in which the U.S., the EU, Australia, India and Brazil took part (Das, 2006: 309-313). Many of the informal negotiations were among these five countries, and Australia, Brazil and India were also obliged to report back to their coalitions about the progress in meetings. In other words, these three countries attended the informal meetings as the representatives of their coalitions: Australia in the name of the Cairns Group, Brazil in the name of the G-20 and the ACP, and India for the G-20. The changing dynamics of power in the WTO to the advantage of developing countries was a major achievement for developing countries. Therefore, developing countries' unity and coherence can be regarded as the most important attempt of developing countries in challenging developed country domination of the WTO.

Furthermore, the July 2004 Framework agreement could be identified as the prize of developing countries active bargaining in Cancun because the EU and the U.S. agreed to withdraw their demands on three Singapore Issues, except trade facilitation which is also in the interests of developing countries particularly for South-South trade. In addition, they recognized the need of developing countries in being treated specially and differentially, particularly the less developed ones, and they agreed on further

negotiation for liberalization of trade in agriculture (ICSTD, 2005). In this respect, it cannot be argued that developing countries' coherence and hard bargaining do not bring any positive outcome. Since the continuation of the multilateral trade regime brings more benefits for developed countries, they have to recognize the problems and demands of developing countries sooner or later if the developing countries act collectively and effectively present their interests in a meaningful manner.

5.3 The Hong Kong Ministerial: One Step Further or One Step Back for Developing Countries?

5.3.1 The Exercise of Time Pressure in a Discursive Manner and the Outcomes of Hong Kong

After the collapse of the fifth Ministerial Conference, the importance of the Hong Kong Ministerial Conference increased even further. The major concern of both the Secretariat and the member states was that a third collapse in the system would totally distort the sustainability and legitimacy of the WTO, and it would cause the emergence of an uncertain future in international trade (Wilkinson, 2006b). Indeed, it carried the danger that the Doha Round may totally divert from its "development" principle and would end up with limited or no achievements in terms of dealing with the growing trade-related problems. Despite the risk of total collapse in multilateral trade regime, major parties still acted selfishly and they tried to advocate their own interests while trying to persuade or coerce opposing sides. Indeed, the blame game after the failure in Cancun emerged as a new tool in influencing the rival parties'

attitudes and forcing them to follow a more flexible approach to reach an agreement in order to avoid being identified as the wet blanket and being the target of criticisms and sanctions. In the pre-Hong Kong period, development of a discursive strategy was certain, and the introduced discourse particularly by the Director General and the representatives of the US and the EU imposed certain restrictions on developing countries. In this sense, starting from the blame game of the post-Cancun era and particularly in the pre-Hong Kong period, a new strategy based on the promotion of a certain discourse that strongly pushes for the conclusion of the Round as soon as possible was applied by the developed countries to exert pressure on developing countries. Hence, the classical “bilateral arm twisting” and “divide and rule” tactics based on the material powers of the developed countries were further strengthened with a deeper and broader systematic strategy. In other words, discursive means such as calling for immediate action, blame game and the use of media became increasingly apparent in the pre-Hong Kong Conference period. Developed world tried to pressurize developing countries to reach an agreement at any cost by carrying the struggle into public through speeches at the media as well as in other forums.

The core ideology promoted by the WTO Secretariat and developed countries’ trade representatives was the connotation of Hong Kong Ministerial Conference as the last chance for the conclusion of the Doha Development Round (DDA). In one of his speeches, the Director General Pascal Lamy stated that:

My message today will come as no surprise. We are less than three months away from the WTO's Hong Kong Ministerial Meeting, four years after the Doha Round was launched, and well past the deadline set for its completion. Hong Kong is not just another checkpoint in the negotiations. It is our last and best chance to move this Round to a successful conclusion by the end of 2006 (2005a).

Similar notions were also present in other speeches of the Director General, and from the employment of such a language, there emerged certain suspicions on the ultimate goal of the Hong Kong Conference in terms of the Director General's perception. To make it more clear, in the same speech, Pascal Lamy said that:

But there is also a growing recognition that part of the challenge lies outside the WTO, if we are to translate improvements in market access or in new trade disciplines into realities for developing countries. Building the capacity they need to take advantage of open markets or helping them to adjust is now part of our common global agenda. The WTO's core role is trade opening; we are not a development agency. This is where the Bank, the Fund and other donors come in (2005b).

The words of Pascal Lamy clearly showed that the approach he has employed for the conclusion of the DDA is far away from the actual principles of the Development Round. Moreover, the language used by the Director General during the pre-Hong Kong Period did not just intend to build a multilateral consciousness among the member countries, but also aimed to make them lower their expectations at the Doha Round for rapid conclusion of the Round (Lamy, 2005b). Yet, the problem was not the delay in the conclusion of the DDA, but the failure in issuing and implementing pro-development policies in world trade. In this sense, the calls for the immediate conclusion of the Development Round without really focusing on the development aspect of the possible agreement only caused the emergence of a discourse that kept developing countries under pressure.

A very similar kind of approach was also apparent in the US context. In one of his speeches, the former US Trade Representative, Portman, clearly stated that:

The United States wants Hong Kong to be successful. The United States wants the Doha Round to come to a successful conclusion at the end of 2006. Make no mistake about it. The United States will not be backing off on having a meeting in Hong Kong. We believe it's important. We believe that it

is a milestone toward a successful Doha round. It was never meant to be the completion of Doha but it is an important step in the process of a successful completion. The United States believes strongly that we must deal directly and aggressively also with reducing barriers to services, as I said earlier, and reducing barriers to manufactured products, getting industrial tariffs down. (2005).

In the above quotation, there is no mentioning of the development goals of the Doha Round and the necessity to reach those goals. However, the USTR strongly proposed the conclusion of the Doha Round with the reduction in barriers in services, manufactured goods, and the industrial tariffs that are totally at interests to the US, and again, there is no reference to agricultural liberalization and other development concerns of developing countries. More generally speaking, there has been considerable transformation in a negative manner in the US attitude on multilateral trade order, and it became increasingly concerned about regional or bilateral free trade agreements (Maswood, 2006). To threaten other countries in terms of divergence from multilateral trade order and moving towards a more regional and bilateral approach also increased fears of developing countries. Indeed, many of the regional or bilateral trade agreements contain more concessions and rigid rules on critical issues such as property rights and services liberalization, and to negotiate these issues with the hegemonic power, the US, would be more challenging for themselves (Ammendola, 2007).

In a nutshell, the developments in the pre-Hong period clearly highlight a changing strategy of developed countries against the developing country coalitions. It can be argued that like the developing countries that learned to organize themselves more effectively and were able to engage in active bargaining through coherent stance based on past experiences, developed countries also entered into a similar learning process in terms of containing increasing developing country power, and they developed the discourse strategy as a way to exercise power over the Global South.

The impact of these speeches became more apparent during the negotiations at Hong Kong. The major issue of negotiations was agricultural trade liberalization, and the main struggle took place between the EU and the G-20 representatives, Brazil and India. The EU took a hard-line negotiating position until the last minute of the Conference in order to get more concessions in agriculture as well as in other areas, especially in the issues of non-agricultural market access (NAMA) and services liberalization (Oxfam, 2005). On the other hand, Brazil and India, unlike the Cancun Ministerial, did not keep their strong position during the negotiations even there was no change in the position of the G-20 and in its membership. Prior to the Hong Kong Conference, the G-20 prepared its own Ministerial Communique, and underlined their determination in the liberalization of agriculture and special needs of least developed countries (2005). Moreover, the participation of India and Brazil within the informal meetings of Five Interested Parties provided more opportunity in terms of influencing the decisions. Yet, the major reason for their weakness was their fears in being labeled as trouble makers in a possible collapse of talks. Hence, it was obvious that the discursive environment created by the speeches of the Director General and trade representatives of economically powerful countries reached their intended goal. As a result, the battle on agriculture did not bring favorable outcomes for the developing world although it was agreed on a target date for the removal of export subsidies. Towards the end of the Conference, the EU accepted 2013 as the deadline for eliminating all sorts of export subsidies in agriculture, and there was no clear date for the elimination of domestic support that constituted the largest part in developed countries' subsidies on agriculture (Elliot, 2006: 132-134). However, the initial demands of the G-20 were 2010 for the elimination of export subsidies and to put a timeline for the removal of domestic support. Consequently, the gains for the

developing world in agriculture were marginal, and when the costs of NAMA and services agreements at Hong Kong were taken into account, developing countries, again, became the net losers of trade liberalization (South Center, 2006a).

The NAMA and trade liberalization in services emerged as the most critical issues in the Hong Kong Conference. NAMA was a new issue introduced after the July 2004 Framework negotiations, and it gave the chance to the Hong Kong Ministerial Conference to host a new developing country coalition that is NAMA 11.¹¹ In their Ministerial proposal, those countries sought flexibility for developing countries on NAMA, and a balanced outcome between NAMA and agriculture. However, the international pressure and fear of a possible collapse of negotiations challenged the bargaining positions of those countries, and it would be fair to say that while developing countries gave more on NAMA through being subject to the equal amount of tariff reduction, they gained very little from agricultural trade liberalization (TWN, 2006). In the realm of services negotiations, developed countries hardly bargained on the application of a plurilateral approach in spite of the bilateral approach. According to the former approach, a country would be involved in negotiations on a particular services' sector liberalization, if the interested parties requested its participation. Consequently, developing countries would face further pressures from developed countries, and governments and domestic firms in the developing world could find themselves in a crisis situation in terms of maintaining their control over highly sensitive areas of nationally provided services (South Center, 2006b).

The developments since the end of Cancun Conference to the end of the Hong Kong Ministerial, presents that there has been no dissolution in the developing country

¹¹ Argentina, Brazil, China, Venezuela, Egypt, India, Pakistan, Indonesia, Namibia, Pakistan, Philippines, and South Africa.

coalitions but transformation has occurred based on the removal of old issues from agenda or inclusion of new issue areas. Furthermore, no country withdrew itself from the coalition due to the pressure that came from a developed country. Therefore, the relative failure in the Hong Kong Conference needs a different explanation from divide and rule, and arm twisting policies. In this respect, building a constrained environment through employment of a new discursive strategy has emerged as a new mechanism of power politics.

5.3.2. Dealing with the Ambiguity in the Post-Hong Kong Era

The agreement reached at Hong Kong was not a finalized agreement, but it was just an agreement on the framework of the modalities of which would be fulfilled in further negotiations. In this respect, the June/July Trade Negotiations Committee (TNC) was as important as the Hong Kong Conference because the Director General called for an agreement in modalities on agriculture and NAMA. In his speeches prior to the TNC meeting, he said that the approach of the G-20 would be the key factor in reaching an effective conclusion of the DDA (Bridges, 2006a). Whatever the aim of the Director General, the reality was that the G-20 was put into to the center of negotiations, and if the negotiations ended with a stalemate between the G-20 and any other party, the culprit of the failure would be the G-20 while it was the victim in the world trade regime. Furthermore, the end of June was targeted as the critical date with no alternative, and the relevant parties were forced to set their proposals for negotiation and for conclusion. In the language of Pascal Lamy, there were references to the rhetorical action- *“the strategic use of the norm based arguments which can modify the collective outcome that would have resulted from constellation of interests and power alone.”*(Schimmelfenning 2001, p. 48). Yet the problem lies in the

prioritization of the wrong norms. Lamy focused on the free trade aspect of the world trade system, but without taking into account the difference in development levels of member countries and without building a strong emphasis on the developmental concerns of developing and less developed countries, there would be production of unfair outcomes that would lead to the malfunctioning and collapse of the system.

Ironically, the July meetings at Geneva were a total disappointment for the future of the world trade regime because the G-6, composed of the EU, the U.S., Japan, India, Brazil and Australia, did not reach an agreement over the cuts in agriculture. The gap between the G-6 countries was too wide to reach a compromise, and as a result, Director General of the WTO, Pascal Lamy, called for indefinite suspension of Doha Round. The underlying reason of the collapse of the G-6 talks, ironically, was the conflict between the EU and the U.S. on their offers in agriculture rather than an expected clash between developed and developing countries in the G-6. The EU blamed the US for its inflexibility over cuts in domestic farm support, and it argued that although each member presented certain flexibility in their approaches, the U.S. failed to do so. Like the EU, Brazil and India also indirectly pointed out the attitude of the U.S. as the core reason in failure. On the other hand, the US Trade Representative, Susan Schwab, argued that the proposals put on the table by the EU on agricultural market access and by developing countries on industrial tariffs fell behind the US expectations, and they did not make a major change in the existing conditions. One of the important things that should be underlined is the relative silence of Brazil and India in terms of defining the major source of failure (South Center, 2007). They indirectly, not directly, signaled the U.S. as the deal broker. The process in the WTO negotiations in the post-Hong Kong period signified that although developing countries formed stronger coalitions and were able to engage in active bargaining with

the developed countries, there is still considerable influence of powerful actors, especially the hegemonic power, on developing countries (Collier, 2006: 1436-1440). Therefore, the individual impact of the US should not be underestimated although there has been growing impact of the power as vitalization of discourses.

The key issue after the suspension of talks is what would happen in the future? In the aftermath of the G-8 Summit, the G-6 countries met again, but it did not produce any promising outcomes. The hard line approach of the US seems the major source of impasse, and the USTR Schwab argued that the offers of the EU and developing countries were far from the US expectations (Bridges, 2006b). In the current state of affairs, it seems more difficult to exert pressure on the US while it is regarded as the trouble-maker. Moreover, the collapse of talks may bring further costs for developing countries. Particularly, a new discourse that would pressurize developing countries can be assumed in the medium term if the talks are resumed. The end of the Trade Promotion Act (TPA) of the US President by the end of March 2007 is the most hotly debated issue among the epistemic communities (Collier, 2006:1426). Furthermore, the Republicans' loss of majority at Congress lowered the possibility to renew the TPA. As a result, there is a possible danger that future negotiations will be more difficult, and the US impact will be more evident. In this sense, the resumption of the negotiations in the short term will also bring a new wave of urgency to conclude the Doha Round. Thus, developing countries would find themselves totally bounded by the discursive pressures. According to this scenario, the well known developing country argument that is "no agreement is better than a bad agreement" would lose its ground, and developing countries would be obliged to choose the lesser of two evils. Yet, it should be stated that in an uncertain future, developing countries would also find more favorable conditions if they were able to act in unity and they would

effectively negotiate their demands. However, the strategically use of power by the WTO Secretariat and the powerful countries in terms of producing pessimistic scenarios for the future would force many developing countries to accept a bad agreement.

The other side of the coin is more promising. The rhetorical action employed by the Director General was based on the wrong principles that were the promotion of free trade and the elimination of barriers without taking into account the developmental concerns of developing countries. The collapse of negotiations showed that the problem is not originated from excessive demands from developing countries, but it is the current state of affair in world trade, particularly in agriculture. To bring the system onto a sustainable path, the Secretariat should advocate trade liberalization on fair grounds rather than becoming a part of the dominant understanding that is advocated by developed countries. Thus, building a new norm based discourse that puts special emphasis on development and liberalization of trade under fair principles will create a new multilateral discourse, and force the US that faces increasing problems in the world politics and also the EU to change their attitudes in the world trade regime.

In addition to the discursive nature of power politics, the self interests of the member countries should not be underestimated. Indeed, Bello argues that during the Hong Kong Ministerial Conference, Brazil and India did not protect the interests of developing countries that they represent in order to get bilateral or regional concessions from the EU and the US for their own benefits. For instance, India agreed to sign a new deal with the EU on the free movement of skilled services labor in exchange to forgive its demand on the inclusion of the free movement of labor phase

into the services agreement (Bello, 2005). In this sense, the future of the negotiations is still prone to bilateral bargaining and bilateral pressures. The excessive power of the US would lead it to follow a more aggressive strategy in the multilateral trade negotiations and in such an environment developing countries would totally be suffered from US domination. Furthermore, the continuation of regional and bilateral trade agreements, large part of which are between developed and developing countries, would strengthen the interdependence between individual developing countries and developed ones. As a result, there is still the threat of the dissolution of developing country coalitions in future negotiations.

5.4 Concluding Remarks

Developing countries reached a coherent unity and defended their interests with active bargaining during the Cancun Conference. The net benefit of the Cancun Ministerial for developing countries was the change in the balance of power at the WTO, and Brazil and India as the representatives of the developing world became the key players of formal and informal decision making structures. Although the Cancun Ministerial ended up with failure, it does not represent a dichotomy in coherence and effectiveness because the July 2004 Framework brought certain benefits to developing countries. Developing country coalitions and their effective bargaining at Cancun would change the state of play to some extent, but in order to conclude the Doha Round as a real Development Round and to establish a well functioning and fair trade regime, developed countries' commitment in reforming the system and their recognition of interests and problems of developing world in the WTO are the necessary condition. The process in the aftermath of the Cancun Ministerial clearly

shows that developed countries' attitudes are far from developing countries' concerns, and rather than acknowledging developing countries' needs, developed countries build new coercion strategies based on discourses. One of the important things is that these discourses sometimes emerge unintentionally, particularly in the speeches of the Director General, Pascal Lamy. Consequently, developed countries still continue to exert pressure on developing countries through discourses, and it goes beyond the exercise of classical divide and rule politics. The challenge of discourses over developing countries became increasingly apparent in the pre and post-Hong Kong periods, the agreement at Hong Kong and further developments at the Trade Negotiations Committee in July 2006 drove the Doha Round into an uncertain future (Warwick Commission, 2007).

CHAPTER 6

CONCLUSION

International trade policy making is a multidimensional process with the involvement of many actors in simultaneous discussions at various levels and forums. In this complex structure, building a well functioning multilateral framework based on the principles of fairness, legitimacy, and credibility requires considerable effort produced by the relevant parties based on the principle of mutual understanding. However, the member driven nature of world trade regime, regulated under the umbrella of the WTO, unfortunately falls behind to meet the expectations of an effective and just system. The prevalence of power asymmetries during the decision making processes significantly hinders the emergence of fair and balanced outcomes at the WTO. As a result, the legacy of the WTO and existing rules clearly produce a disadvantageous situation for developing countries while developed and newly industrialized economies gained considerable benefits. Particularly, the current structure of the world trade regime challenges the prospects for the development of developing and less developed countries. Indeed, both the developing country policymakers and interest groups, and key members of Western epistemic

communities increasingly call for the need to reform the system with an ultimate emphasis on the 'development' (Stiglitz & Charlton, 2005b).

The growing gap between developed and developing countries in terms of reaping the fruits of the WTO-sponsored free trade and the continuous need to reform the existing regime towards a more legitimate, fair and effective system directly bring ones to question the underlying sources of this asymmetric structure. In this sense, due to the member-driven nature of decision making structures at the WTO, the key source of the existing problems and weaknesses in the world trade regime directly related with the conflicting and contradictory approaches of the key actors that actively involved in the decision making processes since the Uruguay Round, or even before. The striking point in understanding the dynamics of the multilateral trade negotiations, hence, is that since the negotiations are conducted through inter-subjective interaction of two or more actors, the language and discourse they employ during the negotiations constitute the basis of power dynamics at the WTO. The linguistic and discursive approaches of the negotiating parties are not independent from the materialistic interests, but these materialistic and ideological expectations are concurrently embedded with the languages and discourses. As a result, this study intended to evaluate trade negotiations at the WTO from a poststructuralist and critical approach based on the notions of power of Habermas, Foucault, and Gramsci.

Multilateral trade negotiations was not only limited with the discussions that took place under the auspices of the WTO. Rather, there are continuous debates and deliberations at multiple levels concerning the future of world trade regime. Consequently, trade policy making that starts at the national level can be regarded as the initial stage of defining strategies and objectives for countries. Among the interest

groups, state bureaucrats, epistemic communities, civil society organizations and politicians, some or all of them may have vested interests towards international trade policy and each interested group involves in argumentation, deliberation and bargaining with other interested parties. If the interested parties have a shared common approach on an issue, they communicatively reach consensus and put that issue on the agenda. For instance, the US public support towards the liberalization of trade in services during the Uruguay Round negotiations was a consensus based attempt in response to the increasing trade deficit of the US economy. On the other hand, there may be divergence among the perceptions of interested parties over a topic, and they engage in active bargaining with each other in order to persuade or coerce the others to comply with its own approach. In that case, the group that effectively presented its approach through the use of both materialistic and discursive tools of coercion and/or persuasion can able to shape the agenda. Indeed, the advocacy of the EU on environmental standards was directly related with the increased activism of environmentalist NGOs in the EU and their dominance over the agenda despite the lukewarm approaches of the business community.

Either produced through mutual consensus or through domination by a particular group, the prevalent approach becomes the national strategy, and the trade representatives of the country try to reach these strategically defined objectives at the MTNs. Hence, the communicative and/or strategic action produces a main truth discourse on international trade policy for a country. Indeed, it is believed for the policy makers and the international trade representatives that their approach is the true one with regard to a specific issue of negotiation over the world trade agenda. In order to advocate their interests at the multilateral fora, the history of trade negotiations clearly reflect that each country engages in informal or formal discussions and

deliberations with their peers. In other words, a developed country like the US, after building its national approach, involve in negotiations with the other key developed countries, such as the EU, Japan, and Canada, in order to find a common ground on the agenda items and to strengthen its power against the opposing parties.

The peer-group consultations of four major players in world trade, the US, the EU, Japan and Canada, have a significant impact in terms of shaping the agenda of the multilateral trade negotiations as well as defining the outcomes. Yet, these consultations at various forums such as at Quad meetings and at the OECD, since the GATT period, have not been progressed in a communicative manner due to different approaches of these actors on key issues of negotiation. Indeed, the struggle over agriculture between the EU and the US primarily dominated the meetings and most of the times, prevented the emergence of consensus for a long time. Yet, as the key actors in the world trade regime, these parties were able to meet on the least common denominator in the agenda setting process, and they were able to present a coherent stance concerning the structure of future negotiations at the WTO. In this respect, the self interested strategic activism of these four countries, after a while, transforms into a more consensus seeking communicative approach in order to break the impasse and get the optimum benefits from the world trade regime.

Similarly, developing countries have also engaged in inner-circle negotiations and deliberations in order to build common strategy over key issues on the agenda and to strengthen their positions in the negotiations with the developed counterparts at the MTNs. Even though developing country coalitions have limited scope and depth during the earlier phases of negotiations, they became increasingly active in the

aftermath of the Uruguay Round, particularly during the Cancun Ministerial of 2003. The insurmountable costs of the Uruguay Round and further pressures from the developed countries in terms of negotiating new areas without fulfilling their commitment in agriculture, textile and special and differential treatment, pushed developing world to build strong alliances and to advocate reform in the existing system in order to compensate their losses. Although there may be differences among developing countries, the shared idea of re-structuring existing asymmetric regime for fair trade contributed to formation of a communicative power within developing country coalitions especially during the Cancun Ministerial. Indeed, the G-20 emerged as one of the key actors of world trade negotiations while other developing country coalitions also made their presence felt in the negotiations.

Both developing and developed countries intended to increase their bargaining power and attain their objectives through aligning with the countries that they share common interests and ideas. When the actors agree on a shared approach, they develop a common negotiation position in terms of employing a unique language and discourse with regard to world trade agenda. The consensus reached at the inner-circle presented as a truth discourse on a specific issue, and each side tries to advocate its own discourse as the true one in the negotiations. At this stage, the important thing is the asymmetry between developed and developing countries in terms of expertise, information and technical capacity towards trade policy making and access to media. Indeed, when the formal negotiations start at the WTO, developed countries as the advantageous, dominant, side in producing knowledge, expertise and accumulating their discourses through media tries to exert pressure on developing counterparts in order to make them to agree on develop country proposals. Hence, transformation of communicatively or strategically defined objectives at the national and peer-group

levels towards discursive mechanisms opens a new front in terms of struggle for power and domination at the multilateral fora, and hegemonic and near hegemonic countries were able to either persuade or coerce the weaker parties. At the same time, the coherent stance of developing country coalitions and their insistence on key issues in resistance to developed counterparts may provide certain positive outcomes in terms of inclusion of some of their demands into the agenda while developed countries still remain as the dominant actors.

Even though power relations continue mainly between member countries in the WTO, the Secretariat and the functioning traditions of the WTO still had a considerable impact in terms of building asymmetry. Indeed, the intergroup consultations and negotiations before the MTNs are integral part of the WTO decision making structure since the green room negotiations with the involvement of the key actors under the authority of the Director General during the ministerial conferences constitute one of the key aspects of decision making. In all of those green room negotiations, the Quad members are present while only the key members among the developing world are invited. The informal nature of negotiations that took place behind the doors with no transparency provides room for developed countries to coerce developing ones through employment of various strategies.

The ongoing negotiations at the Doha Round clearly reflect that developed countries, especially the US and the EU, still the key actors of the WTO regime despite the growing role of developing country coalitions. Indeed, without an agreement reached between the EU and the US, it is impossible to break the impasse at the multilateral trade negotiations. When these two actors reach agreement, they can spread their approaches through bilateral or plurilateral discussions with other members, through

use of media and WTO decision making mechanisms. Although economic interests and trade related concerns are the main motivations of world trade regime, the decision making structure of consensus seeking multilateral negotiations is based on the intersubjective interactions and bargaining dynamics through promotion of self interests in a discursive manner. Consequently, power is embedded in all of these interactive and discursive dynamics, and developed countries that effectively articulate their discourses that incorporated with certain truth mechanisms and related disciplinary techniques are able to shape the agenda and rules in world trade regime. However, developed country dominated world trade regime does not produce fair and effective governance mechanisms in international trade, and it works as a tool to consolidate the hegemonic domination of the US, the EU and other advanced economies while marginalizing developing and less developed countries.

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