

COLIN TYLER

HUMAN WELFARE AND THE FUTURE OF THE WORLD TRADE ORGANIZATION

Rethinking the International Institutional Architecture

1. INTRODUCTION

The 2004 report of the Consultative Board to the Director-General of the World Trade Organization (WTO), entitled *The Future of the WTO*, was bullish regarding the correlation between trade liberalization and human well-being:

It is argued by some that freer trade is being pursued for its own sake and, instead, should be judged in terms of its impact in the quality of human life. **In fact, the case for freeing trade is made very definitely in terms of enhancing human welfare – nowhere better than in the preamble to the Marrakesh Agreement that established the WTO.** It is true, however, that the broad objectives of opening markets to competition – and not least their impact on poverty in reducing the prices of basic consumer goods – are seldom mentioned by the proponents of such policies or negotiations. It is assumed – often wrongly – that we all understand trade is a means to an end, not an end in itself (Consultative Board, 2004: Section 11).

It is encouraging that the Board's fundamental value is personal well-being and that it is assumed that each individual's well-being should be weighted equally. Yet, some may see the Board's very familiar argument that the vigorous working of 'the invisible hand' will raise standards of living and quality of life for all societies through 'trickle down' as rather too simple and lacking a certain awareness of the world. Some may even be a little sceptical about the Board's motivation for coming to this conclusion. This scepticism may intensify when one realizes that the chair of the 'independent' Board is Peter Sutherland. In addition to being a former chairman of the General Agreement on Tariffs and Trade (GATT) and the WTO, he is now the chairman of both BP plc and Goldman Sachs, as well as sitting on the boards of at least two of the world's largest international banks

(Consultative Board, 2004: 7). Yet more doubts may arise when one actually reads the preamble to the 1948 Marrakesh Agreement. In spite the Board's assurance, in reality the latter says absolutely nothing about the importance of raising the quality of life of the contracting parties. Nevertheless, the Board at least does appeal to the derivative importance of trade liberalization and raised standards of living. Section 10 asserts that, 'Plainly a WTO, dedicated to the freeing of trade among its principal objectives, would merit inclusion in an international institutional architecture that is designed to enhance the welfare of humanity only if liberalization of trade were indeed a beneficial policy' (Consultative Board, 2004: Section 10).

There is a vast literature on the effects of liberalized trade on human welfare. Yet, even among those who are sceptical about the tendency of a relatively free market to improve the welfare of the earth's population, there is a widespread belief in a direct correlation between financial resources and personal well-being (Lenter, 2004; Ougaard, 2004). The first section of the present chapter questions the uniqueness and ultimate priority of this link between material goods and personal well-being. The second section sketches a general theory of the derivation of the goods upon which human well-being relies, via a critique of Michael Walzer's alternative to the Rawlsian theory of primary social goods. It is argued that, for all of his many insights, Walzer misses at least two things. First, he fails to recognize that the processes presupposed by his alternative are unlikely to specify with sufficient precision social goods for a particular community. Second, he fails to consider how the principles that generate social goods can gain authoritative practical embodiment. The third section uses Bosanquet's conception of 'institutions as ethical ideas' to overcome these problems, exploring the ways in which institutions can define the hermeneutic context of social goods. The chapter then draws out the institutional implications of these processes for the fostering of human well-being by the international institutional architecture. The chapter concludes with some remarks about how such a fundamental change may be brought about.

2. HUMAN WELFARE AND THE PRESSURES OF CAPITALIST SOCIETIES

My argument starts from the Consultative Board's premise that a social, political or economic system is valuable only to the extent that it enhances the welfare of the people participating in, or subject to, it. Before going any further, therefore, I should indicate what I mean by 'welfare' or 'well-being' (terms that I use interchangeably here). The foundations of human well-being lie in the fulfilment of the basic material needs for nutrition, shelter, warmth and health. These surely uncontroversial needs are extended by various psychological conditions. First is the need to feel secure in the supply of means of satisfying the material needs.