

The Hypocrisy Clause

By [Timothy A. Wise](#)

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Trade officials in the Obama Administration have made it abundantly clear that they will move forward in the WTO's Doha Round of negotiations only if the larger developing countries agree to open their economies more to U.S. exports. As Kevin Gallagher pointed out on the Triple Crisis Blog ("[Obama's New Trade Agenda](#)"), the administration's trade policies, and its announced goal of doubling U.S. exports, backtrack from those of the Bush Administration, renege on the basic principles of the Doha Development Round, and undermine precisely the kind of multilateralism President Obama claims to stand for.

Such intransigence does not bode well for the WTO, nor does it give much hope that the Obama Administration will use the current [TransPacific Partnership](#) negotiations to forge what it promises will be a "21st century trade agreement."

Clearly, a creative new approach is needed to break the trade deadlocks. I offer a modest proposal here: Instead of negotiating reductions in tariffs and farm subsidies, it's time to negotiate reductions in hypocrisy. I call it the Hypocrisy Clause, which mandates phased reductions in "trade-distorting hypocrisy," with the greatest reductions coming from the most developed hypocrites.

Why focus on hypocrisy? Ask the unemployed workers who voted for Obama based on his campaign commitment to reform NAFTA and future trade agreements.

Ask any developing country negotiator. Ask the Brazilians, who have been waiting six years for the U.S. government to respect the [WTO ruling that U.S. cotton subsidies](#) violate WTO rules. The U.S. has flaunted the WTO finding, appealing twice (and losing), and now Obama's trade officials have the gall say they'll step up enforcement of existing trade rules. They even cut a side deal with Brazil to stave off Brazil's approved retaliatory trade measures, further delaying compliance with WTO rules. Meanwhile, Mexico waits for its NAFTA partner to comply with the NAFTA ruling on Mexican trucks entering the U.S.

But if you want to know why we should negotiate hypocrisy reductions, ask the so-called "Cotton 4" countries in Africa. Their cotton farmers have suffered more than Brazil's from the U.S. failure to respect the WTO ruling. Now they listen as U.S. negotiators insist that no movement on cotton can occur until the larger Doha agreement is signed, in direct contradiction of the [2005 Hong Kong commitments](#) to treat cotton "ambitiously, expeditiously and specifically" ahead of the broader Doha agreement.

Who cares what the rules are or what the negotiators agree to if the rich countries then just do what they want?

Under my Hypocrisy Clause, that stops. The United States, as a developed country that has benefited greatly over many years from its past hypocrisy, would have to eliminate such actions immediately. So would the European Union, whose own hypocrisy may not compare with current U.S. levels (much to the EU's delight) but still offers large trade-distorting benefits. The EU could start by scaling back its [export subsidies for dairy products](#), which it raised last year to dump surplus milk despite its loudly proclaimed commitment to end all export subsidies under Doha.

Under the proposed Hypocrisy Clause, rich countries will have to reduce or eliminate "trade-distorting hypocrisy." Hypocritical acts and negotiating positions deemed non-trade-distorting will still be permitted. (Otherwise there would be no politicians to negotiate.)

But what middle-income hypocrisy? Isn't Brazil one of the world's largest agro-export powers with a well-cultivated reputation for defending the interests of *other countries'* small-scale farmers? Isn't Brazil also guilty of hypocrisy? Absolutely. In fact, as part of its [side agreement on cotton with the United States](#), Brazil got a multi-million dollar fund for investment in its cotton sector. Talk about hypocrisy: Africa's Cotton 4 will now have to compete in global markets not only with subsidized U.S. cotton but with Brazilian cotton *subsidized by the United States!*

Middle-income countries such as Brazil, which have only recently begun to benefit economically from their hypocrisy in international negotiations, will have to reduce such trade-distorting actions, but they will be given more time. This reflects the Doha principle of "special and differentiated treatment" for developing countries, with reduction schedules that demand "less than full reciprocity" from developing country hypocrites.

And the Least Developed Countries? Their governments will be allowed to be as hypocritical as they want, since their countries have yet to benefit economically from such positions.

Does my Hypocrisy Clause proposal stand any chance of success, given the rampant hypocrisy in global trade negotiations? It has at least as good a chance as the current efforts to negotiate fair tariff and subsidy reductions when the world's largest trading partner won't respect the Doha mandate, doesn't comply with existing WTO rulings, and demands further liberalization in developing countries' financial sectors after its own deregulated financial sector nearly provoked a global depression.

If rich countries are going to keep using trade negotiations to ["kick away the ladder"](#) of development, outlawing the very trade measures they themselves relied on to grow, then we're better off abandoning the pretense of negotiating about industrial tariffs, agricultural subsidies, and service-sector liberalization.

Instead, let's cut the hypocrisy.

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