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The Passion for Free Markets

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nications industry, even apart from what Thomas Ferguson describes as “the best-kept secret of the 1996 election”: that “more than any other single bloc, it was the telecommunications sector that rescued Bill Clinton,” who received major campaign contributions from “this staggeringly profitable sector.” The Telecommunications Act of 1996 and the WTO agreement are, in a sense, “thank you” notes, though it is unlikely that the outcome would have been very different if a different mix of largesse had been chosen by the business world, suffering at the time from what *Business Week* had just called “spectacular” profits in yet another “Surprise Party for Corporate America.”

Prominent among the truths that are not to be recalled are the ones briefly mentioned earlier: the actual record of “Reaganesque rugged individualism” and the “free market gospel” that was preached (to the poor and defenseless) while protectionism reached unprecedented heights and the Administration poured public funds into high tech industry with unusual abandon. Here we begin to reach the heart of the matter. The reasons for skepticism about the “passion” that have just been reviewed are valid enough, but they are a footnote to the real story: how U.S. corporations came to be so well-placed to take over international markets, inspiring the current celebration of “American values.”

But that, again, is a larger tale, one that tells us a lot about the contemporary world: its social and economic realities, and the grip of ideology and doctrine, including those doctrines crafted to induce hopelessness, resignation, and despair.

Cuban people, a more plausible conclusion is more nearly the reverse: the “American economic strangulation of Cuba” has been designed, maintained, and in the post-Cold War era intensified, for the reasons implicit in Arthur Schlesinger’s report to incoming President Kennedy. Much as Kennedy’s Latin American Mission feared, the successes of programs to improve health and living standards had been helping to spread “the Castro idea of taking matters into one’s own hands,” stimulating “the poor and underprivileged” in the region with the worst inequality in the world to “demand opportunities for a decent living,” and with dangerous effects beyond as well. There is a substantial and compelling documentary record, accompanied by consistent action based on quite rational motives, which lends no slight credibility to this assessment. To evaluate the claim that the policies flow from concern for human rights and democracy, the briefest look at the record is more than sufficient, at least for those who even pretend to be serious.

It is improper, however, to have any thoughts or recollections about such matters as we celebrate the triumph of “American values.” Nor are we supposed to remember that a few months ago, inspired by the same passion for free trade, Clinton “pressured Mexico into an agreement that will end the shipment of low-price tomatoes to the United States,” a gift to Florida growers that costs Mexico about \$800 million annually, and that violates NAFTA as well as the WTO agreements (though only “in spirit,” because it was a sheer power play and did not require an official tariff). The Administration explained the decision forthrightly: Mexican tomatoes are cheaper and consumers here prefer them. The free market is working, but with the wrong outcome. Or perhaps tomatoes too are a threat to national security.

To be sure, tomatoes and telecommunications are in very different leagues. Any favors Clinton might owe to Florida growers are dwarfed by the requirements of the telecommu-

For more than half a century, the United Nations has been the main forum for the United States to try to create a world in its image, maneuvering with its allies to forge global accords about human rights, nuclear tests or the environment that Washington insisted would mirror its own values.”

So runs postwar history, we learn from the opening paragraph of a front-page story by *New York Times* political analyst David Sanger. But times are changing. Today, the headline reads: “U.S. Is Exporting Its Free-Market Values Through Global Commercial Agreements.” Going beyond the traditional reliance on the UN, the Clinton administration is turning to the new World Trade Organization (WTO) to carry out the task of “exporting American values.” Down the road, Sanger continues (quoting the U.S. trade representative), it is the WTO that may be the most effective instrument for bringing “America’s passion for deregulation” and for the free market generally, and “the American values of free competition, fair rules, and effective enforcement,” to a world still fumbling in darkness. These “American values” are illustrated most dramatically by the wave of the future: telecommunications, the Internet, advanced computer technology, and the other wonders created by the exuberant American entrepreneurial spirit unleashed by the market, at last freed from government interference by the Reagan revolution.

Today “governments are everywhere embracing the free-market gospel preached in the 1980s by President Reagan and Prime Minister Margaret Thatcher of Britain,” Youssef Ibrahim reports in another *Times* front-page story, reiterating a common theme. Like it or hate it, enthusiasts and critics over a broad range of opinion agree—just to keep to the liberal-to-left part of the spectrum—about “the implacable sweep of what its exponents call ‘the market revolution’”: “Reaganesque rugged individualism” has changed the rules of the game worldwide, while here at home “Republicans and

Democrats alike are ready to give the market full sway” in their dedication to “the new orthodoxy.”

There are a number of problems with the picture. One is the account of the last half-century. Even the most dedicated believers in “America’s mission” must be aware that U.S./UN relations have been virtually the opposite of what the opening passage depicts ever since the UN fell out of control with the progress of decolonization, leaving the U.S. regularly isolated in opposition to global accords on a wide range of issues and committed to undermining central components of the UN, particularly those with a third world orientation. Many questions about the world are debatable, but surely not this one.

As for “Reaganesque rugged individualism” and its worship of the market, perhaps it is enough to quote the review of the Reagan years in *Foreign Affairs* by a Senior Fellow for International Finance at the Council on Foreign Relations, noting the “irony” that Ronald Reagan, “the postwar chief executive with the most passionate love of laissez faire, presided over the greatest swing toward protectionism since the 1930s”—no “irony,” but the normal workings of “passionate love of laissez faire”: for you, market discipline, but not for me, unless the “playing field” happens to be tilted in my favor, typically as a result of large-scale state intervention. It’s hard to find another theme so dominant in the economic history of the past three centuries. The current enthusiasms about the communications revolution that Sanger is reporting are a textbook case.

Reaganites were following a well-trodden course—recently turned into a comedy act by Gingrich “conservatives”—when they extolled the glories of the market and issued stern lectures about the debilitating culture of dependency of the poor at home and abroad while boasting proudly to the business world that Reagan had “granted more import relief to U.S. industry than any of his predecessors in more than half a century”; in fact, more than all predecessors combined, as they led “the sustained assault on [free trade] principle” by the rich and

and food donations, to the detriment of the Cuban people” (Joanna Cameron, *Fletcher Forum*). A recently released study of the American Association for World Health concludes that the embargo has caused serious nutritional deficits, deterioration in the supply of safe drinking water, and sharp decline in availability of medicines and medical information, leading to low birth-rate, epidemics of neurological and other diseases with tens of thousands of victims, and other severe health consequences. “Health and nutrition standards have been devastated by the recent tightening of the 37-year-old US embargo, which includes food imports,” Victoria Brittain writes in the British press, reporting the year-long study by U.S. specialists, which found “hospitalised children lying in agony as essential drugs are denied them” and doctors compelled “to work with medical equipment at less than half efficiency because they have no spare parts.” Similar conclusions are drawn in other current studies in professional journals.

These are the real crimes, far more than the casual and reflexive violation of legal instruments that are used as weapons against official enemies, with the cynicism that only the truly powerful can display.

In fairness, it should be added that the suffering caused by the embargo is sometimes reported here as well. A lead story in the *New York Times* business section is headlined: “Exploding Cuban Cigar Prices: Now Embargo Really Hurts as Big Smokes Grow Scarcer.” The story reports the tribulations of business executives at “a plush smoking room” in Manhattan, who lament “that it’s really tough to get a Cuban cigar in the States these days” except at “prices that catch in the throats of the most devoted smokers.”

While the Clinton administration, exploiting the privilege of the powerful, attributes the grim consequences of economic warfare without parallel in current history to the policies of the regime from which it promises to “liberate” the suffering

of Cuba was blocked by the British deterrent. Cuba was regarded by Secretary of State John Quincy Adams as “an object of transcendent importance to the commercial and political interests of our Union,” but he advised patience: over time, he predicted, Cuba would fall into U.S. hands by “the laws of political...gravitation,” a “ripe fruit” for harvest. So it did, as power relations shifted enough for the U.S. to liberate the island (from its people) at the end of the century, turning it into a U.S. plantation and haven for crime syndicates and tourists.

The historical depth of the commitment to rule Cuba may help account for the element of hysteria so apparent in the execution of the enterprise; for example, the “almost savage” atmosphere of the first cabinet meeting after the failed Bay of Pigs invasion described by Chester Bowles, the “almost frantic reaction for an action program,” a mood reflected in President Kennedy’s public statements about how failure to act would leave us “about to be swept away with the debris of history.” Clinton’s initiatives, public and indirect, reveal a similar streak of vindictive fanaticism, as in the threats and prosecutions that ensured that “the number of companies granted U.S. licences to sell [medicines] to Cuba has fallen to less than 4 percent” of the levels prior to the Cuban Democracy Act (CDA) of October 1992, while “only a few of the world’s medical companies have attempted to brave U.S. regulations” and penalties, a review in Britain’s leading medical journal reports.

Considerations such as these carry us from the abstract plane of international law and solemn agreements to the realities of human life. Lawyers may debate whether the ban on food and (effectively) medicine violates international agreements stating that “food must not be used as an instrument for political and economic pressure” (Rome Declaration, 1996) and other declared principles and commitments. But the victims have to live with the fact that the CDA has “resulted in a serious reduction in the trade of legitimate medical supplies

powerful from the early 1970s, deplored in a scholarly review by GATT secretariat economist Patrick Low, who estimates the restrictive effects of Reaganite measures at about three times those of other leading industrial countries.

The radical “swing toward protectionism” was only a part of the “sustained assault” on free trade principles that was accelerated under “Reaganite rugged individualism.” Another chapter of the story includes the huge transfer of public funds to private power, often under the traditional guise of “security.” Without such extreme measures of market interference, it is doubtful that the U.S. automotive, steel, machine tool, semiconductor industries, and others, would have survived Japanese competition or been able to forge ahead in emerging technologies, with broad effects through the economy.

“Thatcher’s Britain” is another good choice to illustrate “free market gospel.” Just to keep to a few revelations of early 1997, “during the period of maximum pressure to make arms sales to Turkey,” the *London Observer* reported, Prime Minister Thatcher “personally intervened to ensure a payment of 22 million pounds was made out of Britain’s overseas aid budget, to help build a metro in the Turkish capital of Ankara. The project was uneconomical, and in 1995 it was admitted” by Foreign Secretary Douglas Hurd that it was “unlawful.” The incident was particularly noteworthy in the aftermath of the Pergau Dam scandal, which revealed illegal Thatcherite subsidies “to ‘sweeten’ arms deals with the Malaysian regime,” with a High Court judgment against Hurd. That’s aside from government credit guarantees and financing arrangements, and the rest of the panoply of devices to transfer public funds to “defense industry,” yielding a familiar range of benefits to advanced industry generally.

A few days before, the same journal reported that “up to 2 million British children are suffering ill-health and stunted growth because of malnutrition” as a result of “poverty on a scale not seen since the 1930s.” The trend to increasing child

health has reversed and childhood diseases that had been controlled are now on the upswing thanks to the (highly selective) “free market gospel” that is much admired by the beneficiaries.

A few months earlier, a lead headline reported “One in three British babies born in poverty,” as “child poverty has increased as much as three-fold since Margaret Thatcher was elected.” “Dickensian diseases return to haunt today’s Britain,” another headline reads, reporting studies concluding that “social conditions in Britain are returning to those of a century ago.” Particularly grim are the effects of cutting off gas, electricity, water, and telephones to “a high number of households” as privatization takes its natural course, with a variety of devices that favor “more affluent customers” and amount to a “surcharge on the poor,” leading to a “growing gulf in energy between rich and poor,” also in water supply and other services. The “sav- age cuts” in social programs are placing the nation “in the grip of panic about imminent social collapse.” But industry and finance are benefiting very nicely from the same policy choices. To top it all off, public spending after 17 years of Thatcherite gospel was the same 42 1/4 percent of GDP that it was when she took over.

Not exactly unfamiliar here.

Exporting American Values

Let us put aside the intriguing contrast between doctrine and reality, and see what can be learned by examining the new era that is coming into view. Quite a lot, I think.

Sanger is celebrating the WTO agreement on telecommunications. One of its welcome effects is to provide Washington with a “new tool of foreign policy.” The agreement “empowers the WTO to go inside the borders of the 70 countries that have signed it,” and it is no secret that international institutions can function insofar as they keep to the demands of the powerful,

A further look at history may be useful. The policy of over-throwing the government of Cuba does not go back to the Kennedy administration, as Eizenstat asserted, but to its pre-decessor: the formal decision to overthrow Castro in favor of a regime “more devoted to the true interests of the Cuban people and more acceptable to the U.S.” was taken in secret in March 1960, with the addendum that the operation must be carried out “in such a manner as to avoid any appearance of U.S. in-tervention,” because of the expected reaction in Latin America and the need to ease the burden on doctrinal managers at home. At the time, the “Soviet connection” and “troublemaking in the hemisphere” were nil, apart from the Schlesingerian version.

Since Washington is the arbiter of the “true interests of the Cuban people,” it was unnecessary for the Eisenhower admin-istration to attend to the public opinion studies it received, re-ported popular support for Castro and optimism about the fu-ture. For similar reasons, current information about these mat-ters is of no account. The Clinton Administration is serving the true interests of the Cuban people by imposing misery and starvation, whatever studies of Cuban opinion may indicate: for example, the polls reported in December 1994 by an affil-i-ate of the Gallup organization that found that half the popula-tion consider the embargo to be the “principal cause of Cuba’s problems” while 3 percent found the “political situation” to be the “most serious problem facing Cuba today”; that 77 percent regard the USA as Cuba’s “worst friend” (no one else reached 3 percent); that by 2 to 1, the population feel that the revolution has registered more achievements than failures, the “principal failure” being “having depended on socialist countries like Rus-sia which betrayed us”; and that half describe themselves as “revolutionary,” another 20 percent “communist” or “socialist.”

Right or wrong, the conclusions about public attitudes are irrelevant, again a regular pattern, at home as well.

History buffs might recall that the policy actually dates back to the 1820s, when Washington’s intention to take control

cases. A month later Cuban medical experts were invited by Haiti to study a meningitis outbreak.

This kind of troublemaking goes back a long way. A leading West German journal (*Die Zeit*) reported that Third World countries regard Cuba as “an international superpower” because of the teachers, construction workers, physicians, and others involved in “international service.” In 1985, it reported, 16,000 Cubans worked in Third World countries, more than twice the total of Peace Corps and AID specialists from the United States. By 1988, Cuba had “more physicians working abroad than any industrialized nation, and more than the UN’s World Health Organization.” Most of this aid is uncompensated, and Cuba’s “international emissaries” are “men and women who live under conditions that most development aid workers would not accept,” which is “the basis for their success.” For Cubans, the report continues, “international service” is regarded as “a sign of political maturity” and taught in the schools as “the highest virtue.” The warm reception by an ANC delegation in South Africa in 1996, and the crowds singing “long live Cuba,” attest to the same phenomenon.

On the side, we might ask how the U.S. would react to Libyan planes flying over New York and Washington dropping leaflets calling on Americans to revolt, after years of terrorist attacks against U.S. targets at home and abroad. By garlanding them with flowers, perhaps? A hint was given by Barrie Dunsmore of ABC a few weeks before the downing of the two planes, citing Walter Porges, former “ABC News” vice president for News Practices. Porges reports that when an ABC news crew on a civilian plane attempted to take photographs of the U.S. Sixth Fleet in the Mediterranean, “it was told to move immediately or it would be shot down,” which “would have been legal under provisions of International Law defining military air space.” A small country under attack by a superpower is a different matter, however.

in particular, the United States. In the real world, then, the “new tool” allows the U.S. to intervene profoundly in the internal affairs of others, compelling them to change their laws and practices. Crucially, the WTO will make sure that other countries are “following through on their commitments to allow foreigners to invest” without restriction in central areas of their economy. In the specific case at hand, the likely outcome is clear to all: “The obvious corporate beneficiaries of this new era will be U.S. carriers, who are best positioned to dominate a level playing field,” the *Far Eastern Economic Review (FEER)* points out, along with one UK-U.S. megacorporation.

Not everyone is delighted by the prospects. The winners recognize that fact, and offer their interpretation: in Sanger’s words, others fear that “American telecommunication giants...could overwhelm the flabby government-sanctioned monopolies that have long dominated telecommunications in Europe and Asia”—as in the United States, long past the period when it had become by far the world’s leading economy and most powerful state. It is also worth noting that major contributions to modern technology came from the research laboratories of the “flabby government-sanctioned monopoly” that dominated telecommunications here until the 1970s, using its freedom from market discipline to provide for the needs of advanced sectors of industry generally by transfer of public funds (in indirect ways, unlike the more direct modalities of the Pentagon system).

Those who cling irrationally to the past see matters a bit differently. The *FEER* points out that “jobs will be lost” in Asia and “many Asian consumers will have to pay more for phone service before they will pay less.” When will they pay less? For that bright future to dawn, it is only necessary for foreign investors to be “encouraged...to act in socially desired ways,” not simply with an eye to profit and service to the rich and the business world. How this miracle will come to pass is unexplained,

though doubtless the suggestion will inspire serious reflection in corporate headquarters.

In the time span relevant to planning, the WTO agreement will raise phone service costs for most Asian consumers, the *Review* predicts. “The fact is, comparatively few customers in Asia stand to benefit from cheaper overseas rates” that are anticipated with the takeover by huge foreign corporations, mostly American. In Indonesia, for example, only about 300,000 of 190 million people make overseas calls at all, specifically the business sector. “It’s very likely the cost of local telecoms service, in general, will rise” in Asia, according to David Barden, regional telecoms analyst at J.P. Morgan Securities in Hong Kong. But that is all to the good, he continues: “if there is no profitability in the business, there will be no business.” And now that still more public property is being handed over to foreign corporations, they had better be guaranteed profitability – telecommunications today, and a far wider range of related services tomorrow. The business press predicts that “personal communications over the Internet [including corporate networks and interactions] will overtake telecommunications in five or six years, and telephone operators have the biggest interest in getting into the online business.” Contemplating the future of his own company, Intel CEO Andrew Grove sees the Internet as “the biggest change in our environment” at present. He expects large-scale growth for “the connection providers, the people involved in generating the World Wide Web, the people who make the computers” (“people” meaning corporations), and the advertising industry, already running at almost \$350 billion annually and anticipating new opportunities with the privatization of the Internet, which is expected to convert it to a global oligopoly.

Meanwhile privatization precedes apace elsewhere. To take one important case, over considerable popular opposition the government of Brazil has decided to privatize the Vale Com-

Schlesinger also recommended to the incoming president “a certain amount of high-flown corn” about “the higher aims of culture and spirit,” which “will thrill the audience south of the border, where metahistorical disquisitions are inordinately admired.” Meanwhile we’ll take care of serious matters. Just to show how much things change, Schlesinger also realistically criticized “the baleful influence of the International Monetary Fund,” then pursuing the 1950’s version of today’s “Washington Consensus” (“structural adjustment,” “neoliberalism”).

With these (secret) explanations of Castro’s “troublemaking in the hemisphere” and the “Soviet connection,” we come a step closer to an understanding of the reality of the Cold War. But that is another topic.

Similar troublemaking beyond the hemisphere has also been no slight problem, and continues to spread dangerous ideas among people who “are now demanding opportunities for a decent living.” In late February 1996, while the U.S. was in an uproar over Cuba’s downing of two planes of a Florida-based anti-Castro group that had regularly penetrated Cuban airspace, dropping leaflets in Havana calling on Cubans to revolt (also participating in the continuing terrorist attacks against Cuba, according to Cuban sources), the wire services were running different stories. AP reported that in South Africa, “a cheering, singing crowd welcomed Cuban doctors” who had just arrived at the invitation of the Mandela government “to boost medical care in poor rural areas.” “Cuba has 57,000 doctors for its 11 million people, compared to 25,000 in South Africa for 40 million people.” The 101 Cuban doctors included top medical specialists who, if they were South African, would “very likely be working in Cape Town or Johannesburg” at twice the salaries they will receive in the poor rural areas where they go. “Since the program of sending public health specialists overseas began in Algeria in 1963, Cuba has sent 51,820 doctors, dentists, nurses and other medical doctors” to “the poorest Third World nations,” providing “medical aid totally free of charge” in most

entirely at forcing a change of government in Havana” (NYT). A sober reaction is entirely in order on the assumption that the U.S. has every right to overthrow another government; in this case, by aggression, large-scale terror, and economic strangulation.

The assumption remains in place and apparently unchallenged, but Eizenstat’s statement was criticized on narrower grounds by historian Arthur Schlesinger. Writing “as one involved in the Kennedy Administration’s Cuban policy,” Schlesinger pointed out that Under Secretary of Commerce Eizenstat had misunderstood the policies of the Kennedy administration. Its concern was Cuba’s “troublemaking in the hemisphere” and “the Soviet connection.” But these are now behind us, so the Clinton policies are an anachronism, though otherwise, it seems, unobjectionable.

Schlesinger did not explain the meaning of the phrases “troublemaking in the hemisphere” and “the Soviet connection,” but he has elsewhere, in secret. Reporting to the incoming President on the conclusions of a Latin American Mission in early 1961, Schlesinger spelled out the problem of Castro’s “troublemaking”: it is “the spread of the Castro idea of taking matters into one’s own hands,” a serious problem, he added shortly after, when “The distribution of land and other forms of national wealth greatly favors the propertied classes...[and] The poor and underprivileged, stimulated by the example of the Cuban revolution, are now demanding opportunities for a decent living.” Schlesinger also explained the threat of the “Soviet connection”: “Meanwhile, the Soviet Union hovers in the wings, flourishing large development loans and presenting itself as the model for achieving modernization in a single generation.” The “Soviet connection” was perceived in a similar light far more broadly in Washington and London, from the origins of the Cold War in 1917 into the 1960s, when the documentary record currently ends.

pany, which controls vast uranium, iron, and other mineral resources and industrial and transport facilities, including sophisticated technology. Vale is highly profitable, with a 1996 income of over \$5 billion, and excellent prospects for the future; it is 1 of 6 Latin American enterprises ranked among the 500 most profitable in the world. A study by specialists of the Graduate School of Engineering at the Federal University in Rio estimated that the government has seriously undervalued the Company, noting also that it relied on an “independent” analysis by Merrill Lynch, which happens to be associated with the Anglo American conglomerate that is seeking to take over this central component of Brazil’s economy. The government angrily denies the conclusions. If they are accurate, as one may plausibly surmise, it will fall into a very familiar pattern.

Side comment: Communications are not quite the same as uranium. Where there is even a pretense of democracy, communications are at its heart. Concentration of communications in any hands (particularly foreign hands) raises some rather serious questions about meaningful democracy. Similar questions arise about concentration of finance, which undermines popular involvement in social and economic planning. Control over food raises even more serious questions, in this case about survival. A year ago the secretary-general of the UN Food and Agricultural Organization, discussing the “food crisis following huge rises in cereals prices this year,” warned that countries “must become more self reliant in food production,” the *London Financial Times* reported. The FAO is warning “developing countries” to reverse the policies imposed on them by the “Washington Consensus,” policies that have had a disastrous impact on much of the world, while proving a great boon to subsidized agribusiness—incidentally, also to narcotrafficking, perhaps the most dramatic success of neoliberal reforms as judged by the “free market values” that the “U.S. is exporting.”

Control over food supplies by foreign corporate giants is well under way, and with the agreement on telecommunications signed and delivered, financial services are next in line.

Summarizing, the expected consequences of the victory for “American values” at the WTO are: (1) a “new tool” for far-reaching U.S. intervention into the internal affairs of others; (2) the takeover of a crucial sector of foreign economies by U.S.-based corporations; (3) benefits for business sectors and the wealthy; (4) shifting of costs to the general population; (5) new and potentially powerful weapons against the threat of democracy.

A rational person might ask whether these expectations have something to do with the celebration, or whether they are just incidental to a victory of principle that is celebrated out of commitment to higher values. Skepticism is heightened by comparison of the *Times*’ picture of the postwar era with uncontested fact. It is further enhanced by a look at some of history’s striking regularities, among them, that those in a position to impose their projects not only hail them with enthusiasm but also typically benefit from them, whether the values professed involve free trade or other grand principles—which turn out in practice to be finely tuned to the needs of those running the game and cheering the outcome. Logic alone would suggest a touch of skepticism when the pattern is repeated. History should raise it a notch higher.

In fact, we need not even search that far.

An Improper Forum

The same day that the front page was reporting the victory for American values at the World Trade Organization, *New York Times* editors warned the European Union not to turn to the WTO to rule on its charge that the U.S. is violating free trade agreements. Narrowly at issue is the Helms-Burton Act, which

states as circumstances require. The fundamental principles of world order again resound, loud and clear.

The earlier GATT agreements had allowed for national security exceptions, and under them, Washington had justified its embargo against Cuba as “measures taken in pursuit of essential US security interests.” The WTO agreement also permits a member to take “any action it considers necessary for the protection of its essential security interests,” but only in relation to three designated issues: fissionable materials, traffic in armaments, and actions “taken in time of war or other emergency in international relations.” Perhaps not wishing to be officially on record with an utter absurdity, the Clinton administration did not formally invoke its “national security exemption,” though it did make clear that the issue was “national security.”

At the time of writing, the EU and the U.S. are trying to arrange a deal before April 14, when the WTO hearings are scheduled to begin. Meanwhile, the *Wall Street Journal* reports, Washington “says it won’t cooperate with the WTO panels, arguing that the trade organization doesn’t have jurisdiction over national security issues.”

Indecent Thoughts

Polite people are not supposed to remember the reaction when Kennedy tried to organize collective action against Cuba in 1961: Mexico could not go along, a diplomat explained, because “If we publicly declare that Cuba is a threat to our security, forty million Mexicans will die laughing.” Here we take a more sober view of threats to the national security.

There were also no reported deaths from laughter when Administration spokesperson Stuart Eizenstat, justifying Washington’s rejection of the WTO agreements, “argued that Europe is challenging ‘three decades of American Cuba policy that goes back to the Kennedy Administration,’ and is aimed

has jurisdiction over us in a particular case.” The long-standing principle, now to be enforced in a world that is no longer obedient, is that “the United States does not accept compulsory jurisdiction over any dispute involving matters essentially within the domestic jurisdiction of the United States, as determined by the United States.” The “domestic matters” in question were the U.S. attack against Nicaragua.

The basic operative principle was stated elegantly by the new Secretary of State, Madeleine Albright, when she lectured the UN Security Council about its unwillingness to go along with U.S. demands concerning Iraq: The U.S. will “behave, with others, multilaterally when we can and unilaterally as we must,” recognizing no external constraints in an area deemed “vital to U.S. national interests”—as determined by the United States. The UN is an appropriate forum when its members “can be counted on” to share Washington’s views, but not when the majority “opposes the United States on important international questions.” International law and democracy are fine things—but as judged by outcome, not process; like free trade.

The current U.S. stand in the WTO case thus breaks no new ground. Washington declared that the WTO “has no competence to proceed” on an issue of American national security; we are to understand that our existence is at stake in the strangulation of the Cuban economy. A WTO ruling against the U.S. in absentia would be of no significance or concern, a Clinton administration spokesperson added, because “we do not believe anything the WTO says or does can force the U.S. to change its laws.” Recall that the great merit of the WTO telecommunications agreement was that this “new tool of foreign policy” forces other countries to change their laws and practices, in accord with our demands.

The principle is that the U.S. is exempt from WTO interference with its laws, just as it is free to violate international law at will; uniquely, though the privilege may be extended to client

“compels the United States to impose sanctions against foreign companies that do business in Cuba.” The sanctions “would effectively exclude these firms from exporting to, or doing business in, the United States, even if their products and activities have nothing to do with Cuba” (Peter Morici, former director of economics at the U.S. International Trade Commission). That is no slight penalty, even apart from more direct threats against individuals and companies who cross a line that Washington will draw unilaterally. The editors regard the Act as a “misguided attempt by Congress to impose its foreign policy on others”; Morici opposes it because it “is creating more costs than benefits” for the U.S. More broadly at issue is the embargo itself, “the American economic strangulation of Cuba” that the editors term “a cold war anachronism,” best abandoned because it is becoming harmful to U.S. business interests.

But broader questions of right and wrong do not arise, and the whole affair is “essentially a political dispute,” the *Times* editors stress, not touching on Washington’s “free-trade obligations.” Like most others, the editors apparently assume that if Europe persists, the WTO is likely to rule against the United States. Accordingly, the WTO is not a proper forum.

The logic is simple, and standard. Ten years ago, on the same grounds, the International Court of Justice was found to be an inappropriate forum for judging Nicaragua’s charges against Washington. The U.S. rejected ICJ jurisdiction, and when the Court condemned the U.S. for the “unlawful use of force,” ordering Washington to cease its international terrorism, violation of treaties, and illegal economic warfare, and to pay substantial reparations, the Democrat-controlled Congress reacted by instantly escalating the crimes while the Court was roundly denounced on all sides as a “hostile forum” that had discredited itself by rendering a decision against the United States. The Court judgment itself was scarcely reported, including the words just quoted and the explicit ruling that U.S. aid to the contras is “military” and not “humanitarian.” Along with U.S.

direction of the terrorist forces, the aid continued until the U.S. imposed its will, always called “humanitarian aid.” Public history keeps to the same conventions.

The U.S. then vetoed a Security Council resolution calling on all states to observe international law (scarcely reported), and voted alone (with El Salvador and Israel) against a General Assembly Resolution calling for “full and immediate compliance” with the Court’s ruling—unreported in the mainstream, as was the repetition the following year, this time with only Israel on board. The whole affair happens to be a typical illustration of how the U.S. used the UN as a “forum” for imposing “its own values.”

Returning to the current WTO case, in November 1996, Washington voted alone (with Israel and Uzbekistan) against a General Assembly Resolution, backed by the entire European Union, urging the U.S. to drop the embargo against Cuba. The Organization of American States had already voted unanimously to reject the Helms-Burton Act, and had asked its judicial body (the Inter-American Juridical Committee) to rule on its legality. In August 1996, the IAJC ruled unanimously that the Act violated international law. A year earlier, the Inter-American Commission on Human Rights of the OAS had condemned the U.S. restrictions on shipments of food and medicine to Cuba as a violation of international law. The Clinton administration’s response was that shipments of medicine are not literally barred, only prevented by conditions so onerous and threatening that even the largest corporations here and abroad are unwilling to face the prospects (huge financial penalties and imprisonment for what Washington determines to be violations of “proper distribution,” banning of ships and aircraft, mobilization of media campaigns, etc.). And while food shipments are indeed barred, the Administration argues that there are “ample suppliers” elsewhere (at far higher cost), so that the direct violation of international law is not a violation.

As the issue was brought by the EU to the World Trade Organization, the U.S. withdrew from the proceedings on the ICJ model, effectively bringing the matter to a close.

In short, the world that the U.S. has sought “to create in its image” through international institutions is one based on the principle of the rule of force. The “American passion for free trade” entails that the U.S. government may violate trade agreements at will. No problem arises when communications, finance, and food supplies are taken over by foreign (mainly U.S.) corporations. Matters are different, however, when trade agreements and international law interfere with the projects of the powerful.

We learn more by investigating the reasons for U.S. rejection of international law and trade agreements. In the Nicaragua case, State Department Legal Adviser Abraham Sofaer explained that when the U.S. accepted World Court jurisdiction in the 1940s, most members of the UN “were aligned with the United States and shared its views regarding world order.” But now “A great many of these cannot be counted on to share our view of the original constitutional conception of the UN Charter,” and “This same majority often opposes the United States on important international questions.” It is therefore understandable that the U.S. should be far in the lead since the 1960s in vetoing UN resolutions on a wide range of issues including international law, human rights, environmental protection, and so on (UK second, France a distant third), precisely contrary to the standard version repeated in the opening paragraph above. The U.S. advanced its lead another notch shortly after this account appeared, casting its 71st veto since 1967. When the question (Israeli settlements in Jerusalem) moved to the General Assembly, the U.S. and Israel stood alone in opposition, again a standard pattern.

Drawing the natural conclusions from the unreliability of the world, Sofaer went on to explain that we must now “reserve to ourselves the power to determine whether the Court