

**Published in Slightly Abbreviated Form in FT**

To: The Editor,  
The Financial Times

October 20, 1998

Dear Sir:

Your editorial (October 20) on the desirability of shelving MAI, especially now that France has opted out, makes eminent sense. But more must be said.

MAI, in its current form, is unbalanced in three ways. It argues for eliminating restrictions on the functioning of corporations, presumably to ensure efficiency in world allocation of resources. But it fails to extend the proscriptions to subventions to attract corporations: but these distort efficiency equally!

The MAI is more generally conceived as a set of rights of corporations, instead of systematically including also their obligations. The latter would require that notions such as the “stakeholder” obligations of corporations to the communities they operate in should also be laid down in the agreement.

Moreover, MAI makes little concession to the political sensibilities of the host countries and to their own definitions of their economic interests.

These deficiencies may well be fixed if the MAI is negotiated at the WTO, as you recommend. But even then, there are powerful reasons to have the matter dropped altogether from the WTO agenda. First, the WTO is now a “single undertaking” so that the revised MAI would still be mandatory on all WTO members. The issues it touches are inherently controversial, will take the WTO gratuitously into a politically supercharged domain, and endanger its real mission: to free trade.

But also, when many of us have been arguing that labour and environmental agendas be pursued (proactively) by means other than trade treaties and institutions, leaving the WTO to pursue free trade instead, it is hard to tell the lobbies seeking to push these agendas into the WTO to get off its back even as the MAI is sought to be worked into the WTO. It was bad enough to work Intellectual Property Protection --- an issue of enforcement of asserted property rights against essentially poor nations rather than of trade where all gain --- into the WTO as the

Uruguay Round closed. But with IPP and MAI both in, it would be hard to refute the charge that what is good for “capital” at the WTO is not good for “labour” or for “nature”.

Yours sincerely,

Jagdish Bhagwati

Arthur Lehman Professor of Economics & Professor  
Of Political Science, Columbia University