

The French cricketer

Interview with Pascal Lamy, By Larry Elliott,

Economics Editor, The Guardian

Copyright: Guardian Unlimited (www.guardianunlimited.co.uk)

Saturday December 9, 2000

Another year, another riot. Twelve months on from the street fighting in Seattle that put paid to attempts to launch a new round of trade liberalisation, it was the turn of Nice to witness the thump of exploding petrol bombs and taste the tear gas.

For Pascal Lamy, it's all starting to be a bit familiar. As Europe's trade czar, he was there when the Molotov cocktails were flying in Seattle and has watched as the backlash against globalisation has gained in strength. He is realistic about the challenge involved in putting trade liberalisation back on the agenda. "The voice of the anti-globalisation forces are louder than they were", he said. "The politics of trade have not been moving in the right direction."

A 53-year-old Frenchman, Lamy seems an unusual choice to fly the flag for free trade. After all, France is the most protectionist country in a continent that has a reputation for feather-bedding its producers. As someone who hails from heartland agricultural France - the cream and Calvados region of Normandy - he ought to be the protectionist's protectionist. But things are a bit more complex than that.

While it's certainly true that Lamy is a socialist intellectual and a Brussels insider, he is also a confirmed anglophile. Stories abound about how he understands the American way of life and counts as his friends various members of the Anglo-Saxon great and good.

One fact alone should suffice: Lamy is a Frenchman who understands the laws of cricket.

He had the classic training of a French bureaucrat, graduating from the Ecole Nationale d'Administration and being spotted by Jacques Delors as a high-flyer in the early 80s. When Delors became EC president, Lamy was his chief of staff in Brussels between 1985 and 1994, before moving into the private sector to mastermind the restructuring of the ailing French bank, Crédit Lyonnais.

Those who ran across Lamy describe him either as a consummate political operator or a thug. Either way, they are ideal qualities for the modern trade negotiator, as is his hobby - running marathons.

Lamy is certainly aware that restarting the trade talks will be a real feat of endurance. Developed nations no longer go to war with guns; they fight trade wars with sanctions and counter-sanctions instead. And just as the first industrial revolution two centuries ago caused democratic convulsions, so Lamy believes that globalisation is giving rise to justifiable calls for economic and political structures that can shape the modern age.

"Globalisation has its dark side and its bright side. The aim is to get more of the bright side, and that is a question of governance. Governance is running far behind globalisation."

He says he agrees with many of the questions posed by those who took to the streets in Seattle and Prague. "I have some sympathy with those who ask whether trade opening is good for sustainability in the broad sense of the word - be it economic, social or

environmental. What I don't agree with is the sort of radical solution a number of the protesters are proposing."

He says that making progress on trade is not just about getting the technical details right, but getting the politics right. While there has been plenty of backroom activity since Seattle, the political difficulties have yet to be addressed. The well founded fear that any future trade talks will result in violent clashes on the streets means that no city in the world is willing to host next year's routine ministerial meeting of the World Trade Organisation.

Even before Lamy gets to grips with the Americans and the Japanese, he has to persuade the member states of the European Union that they should remove the national veto from key areas of trade - services, patents and investment.

While Lamy has been prepared to mix it with the Americans, threatening to impose \$4bn of sanctions over the assistance - deemed illegal by the WTO - the US provides to exports from American multinationals, he has tried to lower the temperature between Brussels and Washington.

But although the EU and the US are the world's two biggest markets, securing agreement on trade now involves much more than simply striking a deal between Washington and Brussels. Lamy's solution is twofold. First, the rich countries need to build trust among the least developed countries, something the commission is trying to do by offering duty free access to goods from the world's 48 poorest countries. This initiative has been attacked both from vested interests in Europe - particularly the multinational sugar corporations - and from some of the less-poor developing nations, who feel that they will lose out.

Lamy's second idea is that the regional nature of the EU should be used as the template for future trade talks. The commission negotiates on behalf of all 15 EU countries, and there is no reason why the same model should not be adopted by countries in North America, Latin America, Africa and Asia.

However, even inside the EU such a move has problems, because only trade in goods is currently subject to majority voting. France, fearful of US cultural imperialism, is resisting giving up the veto, a move backed by campaigning groups who believe that handing more power to Brussels will hasten the globalisation process.

Predictably, Lamy does not see it that way. He believes that Europe can only punch its weight if it speaks with one voice, the same message he sends out to eurosceptics in Britain.

"The UK's road to any visible and forceful integration process is always longer than other member states. This is for historic reasons: the convergence is there but it always takes longer for the UK." Why is that? "Because of the politics of Europe and the UK. Because of British culture, history and public attitudes."

Britain, he says, is a similar country to France. The difference is that France has a border with Germany. "This has had a number of positive and negative consequences, and has made a difference to the way France has projected herself. The rewards have outbalanced the problems."

In the end, he believes, Britain will come round. He says that it will make a difference once euro notes and coins start circulating, but that staying outside monetary union will eventually lead to a loss of jobs. "The British are serious people who know what numbers are about."

Whether this happens before or after the launch of a new trade round remains to be seen. Both look a long way off, even for a marathon man.