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CHEAPENING THE SOVEREIGNTY ARGUMENT

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There is a tendency in the United States to invoke sovereignty as the reason for rejecting international initiatives that are opposed on other grounds. The demonstrations in Seattle against the World Trade Organization (WTO) and in Washington, D.C., against the International Monetary Fund (IMF) and the World Bank, raised the sovereignty issue in castigating decisionmaking in these organizations. The International Financial Institution Advisory Commission (the Meltzer Commission) asserted that conditions on longterm loans from the IMF to developing countries "undermined national sovereignty" and thereby hindered democratic development; the commission could have given legitimate reasons for discontinuing such lending. Ralph Nader and Public Citizen argue vigorously that globalization and its primary mechanisms (the WTO and NAFTA) are designed to benefit corporations, thereby compromising democracy; the upshot of the Public Citizen argumentation, however, ends up as protectionism. Pat Buchanan is the most unequivocal of sovereigntists in his desire to shield the United States from imports of goods and immigrants he considers undesirable.

Many individuals and institutions that bemoan the loss of U.S. independence in economic matters are prepared to ignore sovereignty when it comes to the political and social behavior of other countries. The failure to respect internationally recognized human rights was a major argument in the effort to reject permanent normal trade relations for China. Secondary boycotts are used against foreign corporations that do business with Cuba even though U.S. allies consider this an infringement of their sovereignty. President Fujimori of Peru was attacked by the U.S. government for the irregularities in his recent reelection, but little support came from important Latin American countries, especially Brazil and Mexico, which were loath to interfere in Peru's internal affairs.

The use of the sovereignty argument is clearly selective and idiosyncratic by country. It has become almost synonymous with import protection in the United States, whereas lesser powers ordinarily invoke sovereignty to counter alleged interference in their internal affairs. Our closest alliesCanada and the European Union are good examplesresent what they consider U.S. extraterritoriality in the use of economic sanctions against their corporations. This allpurpose invocation of sovereignty based on circumstance depreciates the coinfew in the United States listen any more when the word is used.

There are real sovereignty issues. The choice of government, the nature of governance, defense of the national homeland, and issues of war and peace are among these. Sovereignty does not have to be specifically invoked for these matters because it is accepted as natural. There are limits, however, even in these areas. For example, most European allies have misgivings about a U.S. national missile defense because this may affect their own security. Yet, in the end, it is clear that the United States has a sovereign right to make its own decisions about its own homeland defense, even if there is a severe cost in relations with other countries.

The cheapening of the sovereignty invocation arises most forcefully when it is evident that other objectives are being pursued. This is most striking in the trade area. The United States has negotiated tariff and quota reductions in exchange for comparable reductions by other countries since the birth of the country more than two centuries ago. This kind of commitment is a sacrifice of sovereignty, but willingly entered into in exchange for the offsetting benefits it affords. National treatment is granted to foreign investors in the United States in exchange for comparable treatment by U.S. investors overseas. The United States enters into international organizations to

provide a collective good that transcends national boundarieswhether this is to provide a set of rules guiding international trade or a set of protections dealing with the global environment. The United States objects when other countries play loose with these rules; we object to the refusal of the EU to admit hormonetreated beef despite the lack of evidence that it is unsafe for human consumption. Other countries react similarly when the United States does not live up to its commitments; Mexico had every right to complain when the United States, for domestic political reasons, ignored its commitment to permit free passage of trucks from Mexico six years after NAFTA went into effect (i.e., on January 1, 2000). These are acts of protection enveloped in a sovereignty argument. It is hard to run a world trading system when countries ignore obligations freely entered into.

International agreements generally have escape mechanisms. Countries have a right to impose restrictions when domestic interests are threatened by imports, but there is an expectation that agreed procedures will be followed and compensation will be offered for losses suffered by the exporting countries. Countries have a right to invoke national security considerations in order not to carry out agreements, but there is an expectation that this will not be specious, as would have been the case when the United States intimated it would use national security grounds to justify a secondary boycott with respect to Cuba. Import restrictions can be invoked on environmental grounds, but again there is an expectation that this will not be done promiscuously.

Invocation of the sovereignty excuse for policy action must also take into account the nature of the times. There was a time when countries violated the human rights of their own nationals without attracting denunciations from foreign governments or nongovernmental organizations. That time has passed. The lack of democracy was once universally recognized as an internal issue. This recognition is no longer universal. Import restrictions in order to promote domestic production was the norm in Latin America 15 to 20 years ago. It is not today, now that these countries have received reciprocal benefits from international negotiations. The globalization of markets has, in fact, been criticized more by critics in the United Statescritics who regularly use the sovereignty argumentthan in developing countries where increased trade is seen as an avenue of escape from grinding poverty.

The changed outlook toward the applicability of the sovereignty argument has been remarkable in recent years. When NAFTA was under negotiation, the conventional expectation was that Mexico and not United States would raise sovereignty concerns (raising these concerns had been near automatic for Mexican politicians in their pronouncements about relations with the United States). Exactly the reverse happened. The sovereignty issue, for the most part, was muted in Mexico. It was stentorian in the United States, as it is to this day. Canada was quite vociferous about protecting its cultural sovereignty during the NAFTA negotiations, but this was a nonissue in Mexico. Many Mexican industrialists favor dollarization of the Mexican economydiscarding the peso completely. This is a real sovereignty issue in that it signifies the sacrifice of an independent monetary policy. Dollarization is seriously discussed today in Mexico and elsewhere in Latin America and the Caribbean. This is a profound indication that the old appeals to sovereigntyto patriotism as a diversion from bad economic policyare largely dissipated.

The United States is more likely to invoke sovereignty as a subterfuge for other objectives than are countries far less powerful economically and politically. There has been a transferencethe weaker countries increasingly accept the realities they must confront, and the powerful United States all too frequently refuses to do so on issues that do not inherently threaten its sovereignty.