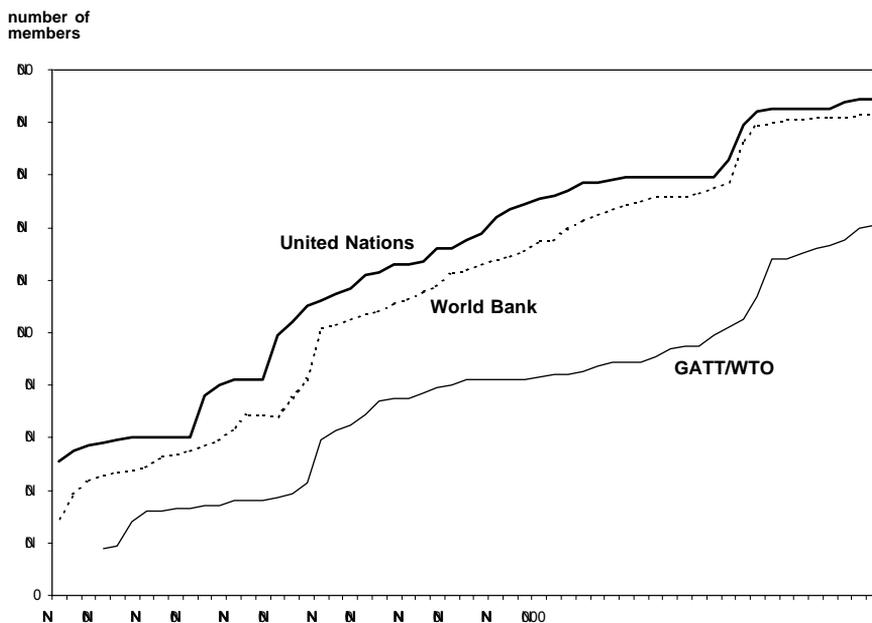

Diagnosis: Selection at the World Trade Organization

Conflict over leadership selection at the IMF and the World Bank did not result from flaws in the formal governance of those organizations. A combination of weighted voting and informal agreement that narrow majorities and formal votes were to be avoided enabled these organizations in the end to surmount conflict and produce new leadership. Restrictions on selection that had been imposed by the dominant members, a product of their decision-making weight within the organization, were the principal source of conflict. Whether or not that dual monopoly—the convention—will persist is the central question for future leadership selection in these organizations.

Conflict over leadership selection at the WTO in the 1990s had very different sources. Although the field of candidates in each selection might have been larger or, some would argue, more distinguished or expert, certainly there were few restrictions on the pool of candidates. Unlike the IFIs, lack of competition was not a problem at the WTO. Rather, active and open competition for the top position in the organization could not be resolved. Instead of consensus on a new director-general, the WTO found prolonged deadlock and increasingly bitter division. Conflict finally produced a director-general with a shortened term in one instance (Renato Ruggiero, 1995) and in a second case, two directors-general with even shorter terms as part of a term-sharing agreement (Mike Moore and Supachai Panitchpakdi). Leadership selection is only one aspect of a broader crisis of decision making at the WTO. Solving recurrent conflict and stalemate over selection of the director-general will finally require a deeper reform of decision making at the organization.

When the WTO came into existence in 1995, its new features, particularly a clearer international legal status and a reformed dispute settlement

Figure 3.1 Growth in membership: GATT/WTO, IFIs, and the United Nations



IFIs = international financial institutions

Source: World Bank, WTO, and the United Nations.

mechanism, were regarded as considerable achievements. The somewhat jerry-built but resilient framework of the GATT had been overhauled, and its older obligations consolidated with newer commitments undertaken as part of the Uruguay Round of trade negotiations. The move toward a more legalized global trade organization, however, required a firm political foundation, which was overlooked. Decision making in the new organization was based on the same principle of consensus that had characterized the GATT.

At the same time, membership in the GATT/WTO ballooned, transforming the organization. As figure 3.1 illustrates, IMF and World Bank membership grew steadily after 1960 as new states were born. GATT/WTO membership, on the other hand, expanded more rapidly after 1985 as existing governments adopted policies of economic opening.¹

1. Since 1985, GATT/WTO membership has grown by 58.4 percent; membership grew 42.4 percent after 1990 alone. Membership in the IFIs grew 22 percent and 18 percent over the same periods. Since the Uruguay Round's start in 1986, non-OECD members in the WTO have increased from 67 to 103; if those in the process of acceding to the WTO are included, non-OECD members have doubled to 134 (Blackhurst, Lyakurwa, and Oyejide 2000, 505).

As WTO observers suggest, the WTO has a split personality: part 50 years old (the inheritance from the GATT), part five years old (the new structures and members of the WTO). Not only were these new members unfamiliar in many cases with the conventions of governance under the GATT, they were far more engaged in the work of the WTO. The Uruguay Round marked an end to the old North-South bargain in the global trade regime, in which the industrialized countries (particularly the Quad of the United States, Europe, Japan, and Canada) managed successive GATT negotiations and the developing countries were able to free ride. The Uruguay Round imposed significant commercial obligations on developing countries who were members of the new WTO, and those obligations could no longer be assumed selectively. New obligations (and a new dispute settlement mechanism to enforce them) offered substantial incentives to all members for greater involvement in the organization.

Unfortunately, the combination of old consensus decision rules, many new members, and a higher level of engagement on the part of its members produced successive crises of leadership selection, particularly when the major trading powers were divided. Conflict over leadership selection at the WTO was symptomatic of both broader changes in the world economy and an institutional frame that could not ensure efficient decision making under those new circumstances.

Decision Rules and Leadership Selection under the GATT

The WTO inheritance of consensus decision rules from the GATT is in part formal, stipulated in the WTO Charter, and in part informal and conventional.² The GATT did not specifically mention or define “consensus.” Instead, the agreement provides for voting on the basis of one country, one vote, with special majorities for particular measures, such as amending the agreement. In contrast to the IMF and the World Bank, weighted voting was not incorporated into decision making under the GATT.³ In other international organizations a practice of consensus decision making often emerged with the prospect of a developing country majority in the 1960s.⁴ At the GATT, consensus overtook formal voting much earlier, as early as 1953.⁵

2. The following account of GATT and WTO decision rules is drawn from Jackson (1998), Footer (1996/1997), and Steinberg (2001).

3. Weighted voting had been considered in the negotiations for the International Trade Organization. The Havana Charter had instead provided for permanent seats on the executive board for the most important commercial powers (McIntyre 1954, 490).

4. Footer (1996/1997).

5. Steinberg (2001, 8).

The WTO codified existing practice under the GATT and rendered it more precise. Article IX of the WTO Charter specifies that the organization “shall continue the practice of decision-making by consensus followed under GATT 1947.” Since consensus had not been clearly defined, the WTO Charter proceeds to do so in a customary way: “if no Member, present at the meeting when the decision is taken, formally objects to the proposed decision.” In other words, neither abstention nor absence from the meeting can prevent consensus, only a formal objection. At the same time, the WTO Charter specifies that the organization will move to a formal vote “where a decision cannot be arrived at by consensus.” The exceptions are certain cases in which consensus is required and others in which a special majority is required.⁶

The implications of these formal WTO rules became part of the controversy over leadership selection. Leadership selection falls under the general conditions of Article IX, Section 1: selection by consensus; if consensus fails, voting by simple majority. Director-general selection is not an exception requiring consensus only or imposing a special majority.⁷ Despite these formal rules, the largest trading countries in the WTO and many other members have resisted the use of formal votes, and they resisted voting to resolve selection of the director-general in 1998-99. The definition of consensus building that was tailored in the most recent leadership contest produced intense controversy when interpreted by the chair of the General Council and those who were assisting him. Consensus decision rules protect both the weak, on issues of deep engagement and intense interest, and the strong, against a majority of otherwise weaker states. The rules also provide an opportunity for any member to hold up—in both senses of the term—the organization. For the WTO to function effectively, consensus decision making must include an active process of obtaining agreement from a large and growing membership. Consensus must be built, over and over again. Under the GATT and the WTO, the strong (the major trading powers) and others who had important commercial interests at stake could count on acquiescence from those who had less at stake. That acquiescence largely disappeared when the director-general’s position was at stake, since no members could claim interests that would dominate those of other members.

Recent episodes of intense conflict over leadership selection at the WTO suggest two possible conclusions. The first and more pessimistic is that no set of formal or informal decision rules will produce a broad consensus if the membership is deeply divided. The second, somewhat more optimistic conclusion is endorsed here: that an organization with a large

6. For an excellent summary, see Jackson (1998, 176-77) and Blackhurst (1998, appendix, table 1A.1, 57).

7. The only mention of selection of the director-general appears in Article 6, Section 2: “The Ministerial Conference shall appoint the Director-General.”

and growing membership wedded to decision making by consensus must put in place mechanisms, formal and informal, to produce that consensus and to ensure efficient governance.

Leadership Selection in the GATT: The Small Trader Convention

Directors-general of the GATT—there were only three from 1948 until 1993—were selected with relative ease.⁸ The director-general's position, although important, was seen as technical and supportive of national trade bureaucracies during GATT negotiations. Selection of directors-general was governed by an informal understanding, reached when the first director-general, Eric Wyndham-White, retired in 1968. At that time, the contracting parties agreed that the director-general should be chosen from a smaller industrialized country. Although this understanding was informal, it governed the selection of Olivier Long and his successor, Arthur Dunkel, both Swiss civil servants. Accompanying this assignment of the director-general's position was an informal division of director-general's deputies between the United States and the developing countries. These informal understandings were agreed by the major trading economies, and their club within the multilateral GATT was the most influential in the selection of directors-general. Although an Australian competitor appeared at the time of the 1980 selection, consensus was not difficult to achieve.⁹

When Dunkel announced his final decision to retire in 1993, some national representatives at the GATT argued that a figure with a higher political profile was required to close the Uruguay Round negotiations. The desired professional profile for the position of director-general was redefined, and several candidates with cabinet-level experience emerged. Their candidacies signaled a rapid erosion of the old understandings on leadership selection as the membership looked toward the formation of a new trade organization. Peter Sutherland, favored by the industrialized countries, was a citizen of Ireland, a small industrialized country, but he was also a former commissioner of the European Community.¹⁰ More significant for the future were the other candidates, both from developing countries: Julio Lacarte Muro, a former cabinet minister and ambassador to GATT from Uruguay, and Luis Fernando Jaramillo, former

8. For a complete list of the directors-general of the GATT and the WTO, see appendix A3. Eric Wyndham-White was Executive Secretary of the GATT from 1948 to 1965.

9. Interview, Ake Linden, Geneva, 16 March 2001.

10. At the time of his selection, Sutherland was chair of Allied Irish Banks.

foreign minister of Colombia.¹¹ The uncertainties surrounding the completion of the Uruguay Round and the support offered Sutherland by both the United States and the European Union decided the selection contest. The supporters of Lacarte and Jaramillo were willing to back Sutherland, forging a genuine consensus in the interests of completing the round. Sutherland's clear intention to stay on only for that important task made it easier to win wide support. The developing countries had signaled their intention to bid for the leadership of any new trade organization, however. As one Latin American official declared, "The Latin Americans have done a healthy thing by introducing other candidates, even if they are not selected. They have injected oxygen into the process."¹²

Regional Divisions and the Selection of Renato Ruggiero

As the Uruguay Round concluded and planning for the new World Trade Organization began, the competition to become first director-general of the new organization intensified. A careful review of the organizational leadership required under new conditions should have preceded such a significant search. Instead, by June 1994, the major trading countries had apparently concluded that a senior politician or cabinet minister would provide the best leadership and plunged immediately into promoting their favored candidates. The Italian government announced its support for Renato Ruggiero on 1 June; Brazil endorsed Rubens Ricupero, finance minister and former GATT ambassador, seven days later. The name of Carlos Salinas, president of Mexico, was floated the next day. The field of candidates was completed on 23 June with the first Asian nominee, Kim Chul-su, trade and industry minister of South Korea. When the European Union officially backed Ruggiero on 20 September, and Japan and the United States backed their regional candidates (Kim and Salinas, respectively) in October, the contest had become a battle of the regional giants, and the prospects for deadlock rose. The risks of nominating politicians without exercising due diligence also were clear. Ricupero resigned his ministerial position in early September after admitting that he had massaged official economic statistics in Brazil to enhance his party's electoral fortunes; his nomination was withdrawn later that month.

Regional divisions appeared to be based less on the candidates' trade policy positions than on national foreign policy considerations and the repayment of political favors within blocs. The United States resisted

11. Frances Williams, "Sutherland Confirms Candidacy for Post of GATT Director-General," *Financial Times* (London), 6 May 1993, 2.

12. Keith M. Rockwell, "Sutherland Still Front-Runner Despite Opposition Over Demands," *Journal of Commerce*, 17 May 1993, 1A.

Ruggiero's appointment as a violation of the older understanding that European directors-general would not represent large European economies. Viewed from Washington, the EU capitals had arrogated to themselves a European choice that had not been theirs in the recent past. EU spokespersons in turn attacked the Salinas candidacy as a thinly disguised effort by the United States to dominate the new organization. One EU official labeled Salinas "a doll in the hands of the United States," and the European Union complained of US lobbying to swing developing countries in his favor.¹³ Japan found it impossible to refuse support to a country that was a close trading partner in Asia and an aggrieved former colony. A senior retired Japanese diplomat explained that "It is almost taboo to say no to Korea."¹⁴

Trading Places: Bargaining over Top Positions at the OECD and the WTO

The United States also objected to pre-selection by the European Union of one European candidate, produced to satisfy internal balancing requirements among its member states. Although this pattern would reappear in a semi-integrated Europe throughout the 1990s (including the final stage of Koch-Weser's candidacy for IMF managing director), the WTO selection contest in 1994-95 underscored the complexities of bargaining over top positions within the EU and among the industrialized countries.

In parallel with the WTO selection in 1994, the United States provoked conflict with France and other European governments by refusing to grant a third five-year term to Jean-Claude Paye, secretary-general of the OECD. Characteristically, however, Europe was not united in support of Paye. Nigel Lawson, former British chancellor of the exchequer, was promoted (and promoted himself) as a candidate for the top OECD position, and Germany nominated Lorenz Schomerus, a senior official in the German economic ministry. A transatlantic divide opened when the Canadian government announced the candidacy of Donald J. Johnston, former cabinet minister and president of the Canadian Liberal Party. The United States quickly registered its support for Johnston. Campaigning for the OECD's top position was more intense and public than it had been in the past. Johnston, for example, lobbied the capitals of all 24 members.¹⁵

13. John Zarocostas, "Trans-Atlantic Storm Brews over WTO Post," *Journal of Commerce*, 14 October 1994, 3A.

14. William Dawkins, "Japan Speaks Up for Asia Region," *Financial Times* (London), 25 October 1994, 5.

15. Martin Wolf and David Buchan, "Polite Differences in the Rich Country Club," *Financial Times* (London), 14 April 1994, 2.

The Clinton administration doggedly opposed the incumbent secretary-general of the OECD for reasons that paralleled its opposition to European candidates at the WTO and the IMF. Before Paye, an official from a small industrialized country had typically headed the OECD, since the organization was more important for them than it was for the larger economies. Paye's appointment, like the proposed selection of Ruggiero at the WTO, had broken with that tradition.¹⁶ In addition, the US and some European governments believed that French nationals occupied too many top multilateral positions: the IMF, the OECD, the presidency of the European Commission, and the European Bank for Reconstruction and Development (EBRD). Of course, the nationality principle—maximizing the positions held by one's own citizens—did not offer a standard for fair distribution of these posts.

Since the United States had originally acquiesced in these appointments (with the exception of the European Commission), two other motivations appeared more important in the campaign against Paye's reappointment. The US government wanted the leadership of the OECD and other global multilaterals to reflect the growing importance of Asia and the emerging market economies and hoped to orient their activities toward the transitional economies of central and eastern Europe. In addition, many of the OECD's members outside Europe felt that the organization had to become a more vigorous and visible economic organization, particularly in light of the new WTO.¹⁷ As the US ambassador, David Aaron argued, "We have a post-cold-war world, and we need to shake the dust off this organization."¹⁸ Once again, the politician (Johnston) seemed to trump the civil servant-technician (Paye) for these member governments. According to one participant, however, the US government awarded the position to Jean Chrétien's government with few questions asked about the individual who would be nominated—the nationality principle, North American-style.¹⁹

These considerations were soon submerged in the usual horse-trading, based on the nationality principle and centered on the European Union. Lawson's fortunes rose and fell according the British government's position on the presidency of the European Commission. His chances improved after the British government dropped the candidacy of Sir Leon Brittan and plummeted when the Major government vetoed Belgian Prime

16. Interview S, 14 March 2001.

17. Ibid.; Peter Torday, "US Opposes Lawson's OECD Bid," *The Independent* (London), 6 February 1994, 5.

18. Alan Riding, "A Club of Rich Nations Looks Beyond Europe" *New York Times*, 30 November 1994, D2.

19. Interview Q, 1 November 2000.

Minister Jean-Luc Dehaene for the presidency.²⁰ Some reports suggested that Canada might exchange its support of a WTO headquarters in Bonn for German support of Johnston's candidacy.²¹ Into the summer of 1994, European Union inability to fill the presidency of the commission delayed a decision on the OECD position. By the autumn, the WTO campaign was in full swing and the two positions became paired in transatlantic bargaining. At the same time, the European Union was preoccupied with allocating additional international positions among its members, including the top positions at the Western European Union and NATO (in the wake of Manfred Worner's death).²² Delay seemed to favor the chances of retaining Paye, but US opposition to that solution grew more adamant. At the end of Paye's term of office in September 1994, marathon meetings at the OECD failed to produce a consensus: Paye had won the support of 15 members to Johnston's 7. Britain abstained, hoping to revive the candidacy of Lawson as a compromise secretary-general.²³ Staffan Sohlman, Swedish ambassador to the OECD, was named interim head of the organization on 30 September, and a deadline of 30 November was set for a decision.

Trades were proposed, based on the nationality principle, that would simultaneously resolve the WTO and OECD impasses. Since the United States had made clear its resistance to Paye, another European, perhaps Lawson, would be appointed, and Salinas would then become head of the WTO. The loser in such an arbitrage would be Canada, which had delayed its public endorsement of Salinas until the OECD contest was settled. The Canadians managed to craft a last-minute compromise with France at the OECD that won grudging support from the United States. It was the first of several term-sharing solutions to divisive leadership battles in the 1990s, accepted in circumstances of exhaustion and widely regarded as a bad outcome for the organization. Paye would remain as secretary-general of the OECD for 18 months longer; Johnston would take over in 1996 for a full term of five years.

20. Peter Torday, "Lawson Europe's Only Hope for Top OECD Job," *The Independent* (London), 23 May 1994, 25; "Tit-for-tat Veto Threat to Lord Lawson," *The Sunday Telegraph*, 10 July 1994, 28.

21. Eric Beauchesne, "Prime Minister Pushing Johnston Bid for OECD Post," *The Gazette* (Montreal), 5 July 1994, D2.

22. Alan Riding, "A Tough Decision for Europeans: Who Will Lead Their Union?" *New York Times*, 10 June 1994, A7; Guy De Jonquieres and Lionel Barber, "US Upsets Paris with OECD Demand," *Financial Times* (London), 10 September 1994, 2.

23. David Buchan, "OECD in Race Against Time to Fill Top Job," *Financial Times* (London), 30 September 1994, 6; Diane Coyle, "Compromise May Break Deadlock Over OECD Post," *The Independent* (London), 28 October 1994, 32.

The WTO: Overcoming Regional Deadlock

This bargain left the WTO leadership selection in an apparent stalemate. Appointment of the director-general under the GATT and later in the WTO was made by consensus, after consultations that were delegated to the chair of the contracting parties (in the WTO, chair of the General Council). Andras Szepesi, Hungary's ambassador to the GATT and current chair, began consultations in October 1994 with the aim of producing a consensus candidate by early December, before the special WTO implementation conference. After the first round of consultations, only a few votes separated the three candidates—Ruggiero, Salinas, and Kim—whose support had divided along largely regional lines. Active campaigning on behalf of the candidates was far more strenuous and strident than it had been in earlier selections. Those countries that had not declared themselves, particularly African countries that did not have permanent representation in Geneva, became particular targets of the candidates' campaigns.

On 4 December 1994, the day after the US Congress approved Uruguay Round implementation legislation, President Clinton made his first public statement in support of the Salinas candidacy. The decision was not a unanimous one within the US government. Salinas's market-oriented leadership of a major emerging market economy weighed heavily in his favor; as a head of state, his appointment would elevate the stature of the new organization. For some, support was also a reward for his politically risky backing of the North American Free Trade Agreement (NAFTA).²⁴ Both Salinas and Ruggiero appeared in Washington in early December to lobby for support. After meeting Ruggiero, some within the Clinton administration were puzzled at the vociferous resistance to Ruggiero on the part of the US Trade Representative (USTR) office and particularly the USTR, Mickey Kantor.²⁵

Only weeks after Clinton's endorsement, however, the Mexican peso crisis signaled a rapid decline in Salinas's political standing and the fading of his candidacy at the WTO. Political opponents in Mexico quickly linked Salinas's failure to take decisive action before the crisis to his campaign for the WTO post. In late February 1995, Singaporean ambassador Krishnasamy Kesavapany, who now conducted the consultations, revealed the latest results in an effort to force closure. Support was still divided along regional lines, but Ruggiero was far ahead of his rivals.²⁶ The Salinas candidacy collapsed on 1 March, when Salinas

24. Interview Q, 1 November 2000.

25. *Ibid.*

26. Ruggiero was supported by 57 countries (out of 114 who had stated a preference), Kim was in second place with 29, and Salinas trailed with 28.

withdrew his candidacy. The day before, his brother Raul had been charged and arrested for involvement in a political assassination.

Despite the Salinas withdrawal, the US government remained unwilling to support Ruggiero or Kim. Charlene Barshefsky, deputy USTR, proposed opening “a new process” and claimed “there is no acceptable candidate that has been put forward.”²⁷ Confused signals emanated from Washington over the next week, however. US representatives in Geneva did not oppose a further round of consultations on the remaining candidates, and EU officials claimed US agreement that it would not veto Ruggiero.²⁸ By mid-March, the Clinton administration appeared to resolve its internal indecision, and the outlines of a bargain between the European Union and the United States emerged. Sutherland agreed to extend his term as director-general once more, until 30 April. Support for Ruggiero was building, particularly among Latin American governments. Other governments had indicated that they would go along with the majority preference.²⁹ On 20 March 1995, the Clinton administration agreed to the selection of Ruggiero on two conditions: that he would be limited to a single four-year term and that his successor would not be a European. A further deal was soon in evidence: to obtain the withdrawal of Kim, he was offered the post of deputy director-general (DDG) under Ruggiero. An additional (fourth) DDG position was created to accommodate him. This open trade of a senior WTO position for crucial political support outraged some member states. The side agreement violated WTO rules, which stipulated that the creation of a new position first required consultation with the membership. African governments were particularly offended, since they had offered crucial support to Ruggiero, and they believed themselves underrepresented in Geneva. They immediately began to press for the creation of a fifth DDG position. A new era of leadership selection at the WTO had dawned.

The 1994-95 selection of the WTO director-general foreshadowed some of the later contests in the 1990s. The early stages of the process were flawed: little time or care was exercised in vetting the candidates, and virtually no systematic and collective attention was given to the qualifications demanded for the new position. A vague desire for political stature—defined as a senior politician—seemed to dominate US preferences. In the cases of Ricupero and Salinas, however, the contest quickly demonstrated the liabilities that such a figure could bring. Campaigning was far more public than it had been in the past. Although it provided

27. Frances Williams, Nancy Dunne, and Caroline Southey, “US Wants Fresh Start on WTO Chief,” *Financial Times* (London), 3 March 1995, 8.

28. Nancy Dunne, Frances Williams, and Guy De Jonquieres, “White House Disarray Over WTO Chief,” *Financial Times*, 4 March 1995, 4.

29. Frances Williams, “WTO Contest Goes into Extra Time,” *Financial Times* (London), 16 March 1995, 8.

information to the membership, such strenuous national and regional efforts also added to the divisiveness of the contest and its negative tone. Campaigning also brought the temptation of distributing the spoils of office. The award of a deputy director-general's position to candidate Kim was only the first sign that the new organization could quickly become politicized as a product of leadership contests.

In one important respect, however, the 1994-95 selection did not predict the next director-general contests at the WTO. Conflict over leadership appeared to be strongly regionalized in 1994-95. The nationality principle, defined in regional terms, dominated nearly all other considerations. The European Union aggressively backed Paye and Ruggiero after internal trading that involved European candidacies for several other positions. The United States played the North American card, rewarding Canadian and Mexican commercial and political allies. Japan, asserting its regional leadership and its close commercial and investment relations in Asia, supported Kim. This incipient regionalization of the WTO was sharply criticized by member states that had played an important role in the GATT as a core constituency for free trade, particularly the small industrialized economies. At the meeting of the WTO General Council at which Ruggiero was appointed director-general, the Swiss ambassador voiced his strong regrets at the concept of "geographical representation" in the WTO's executive structures and urged "that no exclusion or automatic preference be applied in respect of any applicant on the grounds of their geographical origin with regard to any job, whatever the position, both now and in the future." The Canadian ambassador voiced similar disquiet, expressing his hopes that the WTO could avoid becoming "a United Nations body by formalizing regional concerns."³⁰ Although politicization and divisiveness would deepen in the next WTO leadership selection, the divisions would not be exclusively regional. For those who saw a UN-style regionalism as the solution to leadership selection in the enlarged WTO, the bitter contest between Mike Moore and Supachai Panitchpakdi would offer little comfort.

Discord and Term Sharing: The 1998-99 WTO Selection of Director-General

The selection of Renato Ruggiero as director-general of the WTO seemed to confirm and predict the pattern of international economic conflict in the 1990s. At the core of the dispute was conflict between the European Union, asserting its long-standing influence in the domain of trade, and

30. WTO, General Council, minutes of meeting at the level of Heads of Delegations, Centre William Rappard, 24 March 1995 (WT/GC/M/2).

the United States, aligning itself with emerging-market countries that had a large and growing interest in the global commercial and financial order. The warnings of those who saw a world divided into regional blocs, undermining global institutions, appeared prescient. When Ruggiero's term reached its end, ironically, the United States would have been happy to extend his tenure. Bitter resistance to his candidacy had been rewarded with solicitous attention to American interests at the WTO.

Given that less than four years had passed since Ruggiero's appointment, many expected the same regional pattern of conflict to appear in the search for his successor. Instead, the major trading powers exercised far less leadership at the start of the selection process. Candidates emerged with substantial crossregional support. Conflict, however, was even deeper and more protracted than it had been in the earlier selection. Although a complete explanation of this exceptionally bitter conflict is difficult, some institutional sources of failure are clear. The WTO leadership selection in 1998-99 was competitive and, by past standards, transparent. No restrictions were placed on the nomination of candidates, apart from the 1995 agreement that the next director-general would not be a European. The consensus-building process at the WTO utterly failed, however, and the organization was left with no means of agreeing on a new director-general. Heated discussions that closed the leadership selection revealed that the membership did not agree on the meaning or practice of consensus. The solution chosen—an inadequate one—was to accept both leading candidates and to appoint them for three-year terms. Damage to the WTO's program and its culture of consensus was deep and lasting. The collapse of the Seattle ministerial meeting in December 1999 could be traced in part to the absence of organizational leadership during critical months when leadership selection was delayed.

By stipulating one four-year term for director-general Ruggiero, the WTO ensured that the competition to succeed him would begin early. By late 1997, the names of prospective candidates from several developing countries were floated, including Brazil's foreign minister, Felipe Luiz Lampreia; Supachai Panitchpakdi, former deputy prime minister and minister of commerce of Thailand; and Enrique Iglesias, president of the Inter-American Development Bank (IADB) and a Uruguayan national.³¹ By June 1998, when Ruggiero formally announced that he would leave the WTO in April 1999, several industrialized country candidates had been added to the list, among them Mike Moore, former New Zealand prime minister and minister of overseas trade and marketing, and Roy MacLaren, former international trade minister of Canada.

The mechanisms for selecting the director-general were confirmed at the General Council of the WTO in July 1998. The chair, John Weekes,

31. John Zarocostas, "Race for WTO Chief Already Gearing Up," *Journal of Commerce*, 14 October 1997, 3A.

Canadian ambassador to the WTO, referred to the procedures for appointment that had been approved by the contracting parties to the GATT on 26 November 1986. Although these procedures, which he described as “of a general and somewhat flexible nature,” had failed to produce a timely selection in 1994-95, they had not been revised in the wake of the Ruggiero selection.³² Without objection, Weekes proposed that the director-general would be chosen by consensus after consultation with the members, a process managed by the chair of the General Council. Agreement on 1986 consensus procedures would figure in the later conflict over the director-general’s selection. Did acceptance on the part of the membership commit them to “no vote, no veto” (in the terms used later in the search) until a new director-general was chosen? Or could the members move to a vote if consensus building failed in line with Article IX, Section 1 of the WTO agreement?

The chair proposed a deadline of 1 October 1998 for nominations with an aim of identifying a new director-general by the end of November. Weekes emphasized the consensus nature of the process: “One was not planning an election campaign, and there would be no vote. One needed to operate in a way that would facilitate consensus, rather than make it more difficult.” He also conveyed “a widely held view that one should try to avoid the sort of the [sic] regional candidacies which arose during the last selection process. What should be of primary importance were the qualities the various candidates would bring to the position of Director-General.”³³ The chair’s statement was immediately met with an intervention by Tanzania’s ambassador, arguing that “merit and efficiency were not mutual [sic] exclusive to the need to allow rotation and geographical balance in filling this position.” He made the case—endorsed in the later actions of some developing country representatives—that the next director-general should be from a developing country “if the right person could be identified.”³⁴

Despite the chair’s expressed wishes, it became clear even before the nominations closed that campaigning for the director-general’s position would be as intense as it had been in the last selection. Candidate MacLaren and the Canadian government took a low-key approach to the process. MacLaren, apparently unfamiliar with the last selection, argued that “all the drum beating that goes on with other contests in other organizations has simply not been the case of the GATT in the

32. To label these procedures “general and somewhat flexible” is a distinct understatement. They specify little more than the term of office for the director-general and that appointment will follow a process of consultation conducted by the chair of the General Council (General Agreement on Tariffs and Trade 1987, 55-56).

33. WTO, General Council, minutes of meeting, 15, 16, and 22 July 1998 (WT/GC/M/29, 30 September 1998).

34. *Ibid.*

past or in the WTO.”³⁵ In contrast, the Supachai campaign had moved into high gear by late summer. A Thai government task force was set up to lobby for support. One thousand press kits profiling Supachai and his accomplishments were distributed to the media. The Thai prime minister also sent personal letters to other national leaders asking for their support.³⁶

By the close of nominations in October, four candidates had been nominated, two from the industrialized countries—MacLaren and Moore—and two from the developing countries—Supachai, and Hassan Abouyoub, former minister of external trade for Morocco.³⁷ Although nominations were formally closed, one observer noted that the nominations were not closed until the members were satisfied that they had a consensus director-general. He added that there was no enthusiasm for any of the candidates, a judgment confirmed by other informants who were close to the process.³⁸ The absence of a proactive process or WTO entity for recruiting nominees had produced a field nominated by governments or groups of countries who felt that it was “their turn.” Some key governments, including the United States, avoided open support for any of the candidates until relatively late in the selection as they awaited other nominees.

After the close of nominations, the General Council chair announced that two respected ambassadors, William Rossier (Switzerland) and Celso Lafer (Brazil) would conduct consultations among WTO members to determine if a consensus could emerge around a single candidate. In a break with the past, Weekes also announced that the four candidates would be invited to Geneva to meet informally with national representatives.³⁹ As consultations continued in subsequent months, the pattern of national activism and candidate support diverged from the Ruggiero selection. Both the United States and the European Union were slow to endorse any of the nominees. The United States, drawing lessons from the bruising battle over Ruggiero’s appointment, decided that it did not want another draining conflict before the next trade round. Its political capital would be husbanded for important substantive issues. In addition, the US government was not enthusiastic about any of the nominees;

35. “Canadian Seeks WTO Leadership Ottawa Low-Key on Race to Head World Trade Body,” *The Toronto Star*, 2 October 1998, A18.

36. Edward Tang, “Thais Lobby for Top WTO Post for Deputy Premier,” *The Straits Times* (Singapore), 29 August 1998, 24.

37. In September 1998, Abouyoub was appointed ambassador in charge of commercial negotiations for Morocco.

38. “Canadian Seeks WTO Leadership Ottawa Low-Key On Race To Head World Trade Body,” *The Toronto Star*, 2 October 1998, A18.

39. WTO, General Council, minutes of meeting, Centre William Rappard, 14, 16, and 23 October 1998 (WT/GC/M/31, 9 November 1998).

it had hopes that a strong Latin American candidate, such as Iglesias of the IADB, would emerge later in the process.⁴⁰

The European Union, by previous agreement, had no candidate in this race. Despite the European Union's competence in commercial policy, European governments made little effort to coordinate their support of any of the four candidates, although France backed Abouyoub energetically. As a result, the member governments of the European Union by late 1998 had distributed their support across the candidate field: more than half, with France, backed Abouyoub; the Netherlands supported Supachai; and the United Kingdom was in MacLaren's column. Germany was undecided between Moore and Supachai. Both the United States and the European Union complicated the selection process by their insistence that one of their nationals occupy a deputy director-general position.⁴¹

If it was difficult to discern a clear North-South divide in support for the four candidates, the much-predicted regionalism was also muted. Europe, as already noted, was divided, and tended to support developing country candidates. Although the African group supported Abouyoub, its regional candidate, and the Association of Southeast Asian Nations (ASEAN) unanimously backed Supachai, other regions that did not have a candidate, such as Latin America, divided their support. If one major region remained consistent in its candidate support throughout the selection and across the North-South divide, it was Asia. In a blow to Moore, Australia announced in November 1998 that it would support Supachai. Japan also backed the Thai candidate, who, like Korea's candidate in the previous selection, represented a close trading and investment partner of Japan.⁴² However, without clear signals from the other major trading powers, the United States and the European Union, building a consensus was difficult.

The first report of Rossier and Lafer to the General Council on 2 December 1998 made clear why the organization had missed the first of many deadlines set for selection of a new director-general. After two rounds of consultation, the ambassadors were able to report on both the process and the status of the candidates. They had discovered a "large majority" of the members resisting "recourse to a vote—whether a straw ballot or a final election vote." This finding was important since a few developing countries—notably Egypt and Pakistan—began to call for a vote in the absence of a clear consensus in favor of any candidate. The process of building a consensus remained a secret, by agreement of the members, unless a government chose to make its choice public. In

40. Interview F, 29 November 2000; Interview Q, 1 November 2000.

41. John Zarocostas, "US, EU Slow Vote at WTO," *Journal of Commerce*, 3 December 1998, 1A.

42. Interview J, 29 November 2000.

addition, the report noted that their modality of establishing a consensus went “beyond a simple arithmetical calculation (a necessary condition, but not a sufficient condition in this kind of process)” and attempted to measure “the actual degree of support” for each candidate. The evolving definition of consensus would be critical in the later stages of the selection. Regarding the candidates, the ambassadors claimed to discover a high degree of acceptability for all of the candidates, although this finding would be belied in the later stages of selection. Depth of support for the candidates, however, was “not the same: there [were] differences.” Finally, some governments had not yet registered their preferences, which inevitably delayed the process.⁴³

Among those governments was the United States. In early 1999, the Clinton administration declared its support for either Moore or MacLaren. As the MacLaren candidacy faded, the US choice became one for Moore; at the same time, its opposition to Supachai hardened, even though he had consistently led as a first choice in the consultations. The US decision was based partly in an estimate of personal qualities and partly in a reading of the domestic politics of trade. The USTR and the White House made the final decision. Some members of the Clinton administration expressed misgivings about Supachai’s leadership, citing reports that he had not been an effective bureaucratic player in Thai policymaking during the Asian economic crisis. Moore was seen as more politically effective, but equally important, he had made the rounds of Washington policy circles with considerable success. In particular, he was viewed as strong on the sensitive issues of labor and the environment, as well as that perennial point of conflict, agriculture.⁴⁴ In the course of his campaign, Supachai seemed to play to an existing constituency in the developing countries, rather than reaching out to Europe and the United States.⁴⁵ Others within the Clinton administration believed that backing Moore was a mistake. After the 1995 agreement ruling out a European director-general in 1995, many influential developing countries believed that one of their candidates should become the next head of the WTO. The Clinton administration had argued in the 1990s for engagement with the major emerging-market economies, promoting their role in global governance. Resistance to the Supachai candidacy ran counter to that broader international economic strategy.

By early March, after successive rounds of consultation, four candidates remained, and the WTO appeared no closer to consensus. The

43. WTO, General Council, informal meeting, 2 December 1998 (WT/GC/W/125, 17 December 1998).

44. Interview F, 29 November 2000; Interview Q, 1 November 2000.

45. Frances Williams, “Race Heats Up to Lead World Trade Body,” *Financial Times* (London), 21 January 1999, London edition 3, 6.

confidence of Supachai supporters was based on his consistent lead in first preferences (39, followed by Abouyoub with 35, MacLaren with 23, and Moore with 21). More important for the eventual outcome, Moore had the highest number of second preferences (32), followed by Supachai (23), Abouyoub (11), and MacLaren (8). The European Union remained split: France and the Mediterranean countries, as well as Belgium, Ireland, and Luxembourg, supported Abouyoub; Denmark, Finland, and the Netherlands backed Supachai; Austria, Germany, and Sweden, Moore; and the United Kingdom, MacLaren.⁴⁶

Ruggiero had made clear that he would not stay on beyond 30 April, and his deputy directors-general would leave on the same date: A binding deadline now appeared to lie before the WTO membership. On 11 March, MacLaren withdrew from the contest, followed by Abouyoub on 22 March. Although the Moroccan government called on Abouyoub's supporters to shift their support to Supachai, the remaining candidate from a developing country, many African countries had committed to Moore. The European supporters of MacLaren and Abouyoub split their support. Italy swung behind Moore, Britain behind Supachai, and France claimed to remain undecided. The two candidates were now regarded as having nearly identical levels of support measured by first preferences, with Supachai slightly ahead. Despite reservations voiced by the United States regarding Supachai, no country had signaled that it would veto either candidate.⁴⁷

On the basis of "no vote, no veto," the final consultations proceeded. Another deadline, 31 March, was missed, and a new deadline of April 14 was established for completing the selection. The level of tension and recrimination increased. Leon Brittan, EU trade commissioner, made a thinly veiled accusation that the United States was blocking consensus on Supachai, despite its earlier assurances of "no veto." Other WTO supporters of Supachai, particularly Malaysia, were less oblique.⁴⁸ Further delay, it was believed, could permit Moore additional time to overtake Supachai. Brittan's effort to insert the European Commission into the selection process in turn offended the French government, which subsequently lent its support to Moore. Rumors and leaks became part of the

46. Frances Williams, "Impasse in Search for World Trade Chief," *Financial Times* (London), 2 March 1999, London edition 1, 5.

47. Frances Williams, "Two-Horse Race for Top Trade Post," *Financial Times* (London), 23 March 1999, London edition 1, 6; Guy de Jonquières and Frances Williams, "Deadline Missed for Choosing New Chief," *Financial Times* (London), 1 April 1999, London edition 1, 5.

48. John Madeley, "World Trade Dispute Deepens," *The Independent* (London), 4 April 1999, 1; Frances Williams, "'Final' Deadline for WTO Chief Slips to End of Month," *Financial Times* (London), 15 April 1999, London edition 1, 6.

process, including accusations that Supachai had promised WTO positions to the governments that supported him.⁴⁹

The climax of the selection came literally at the eleventh hour, as the 30 April deadline arrived and passed. Ruggiero stepped down as director-general as promised. At the General Council meeting that day, the chair, Tanzanian ambassador Ali Mchumo, made his report on the final round of consultations and proposed that the General Council agree to appoint Moore as director-general for a term of four years beginning 1 May 1999. Even the official minutes of this meeting make clear the dismay of Supachai's supporters at the chair's proposal. Those present at the meeting recalled gasps of surprise, followed by an acrimonious meeting that lasted late into the night and resumed the next day.

To understand the basis of the chair's controversial recommendation, an earlier meeting is crucial. At the General Council meeting on 1 March 1999, the chair had outlined a more detailed definition of consensus and its indicators. He and Rossier (who continued to assist with the consultations) would try to forge consensus on the basis of a "combination of objective factors," the most important of which were three: "strength of support in terms of first and second preferences"; "the extent to which a candidate enjoyed the least opposition" ("the extent of 'tolerance' enjoyed"); and "the extent of the geographical spread of a candidate's support."⁵⁰ This list represented an effort to refine a set of "objective indicators" for building consensus behind one candidate. These criteria had been employed in previous soundings that led to the withdrawal of first MacLaren and then Abouyoub. As Moore supporters hastened to point out, members had accepted them without objection. The first serves in effect as a proxy for a vote that allows preference ordering (as do many forms of ballot); its weight declines as the number of candidates diminishes. The second is undoubtedly the most difficult to assess, as Supachai supporters belatedly suggested. It also could serve as a proxy for an effective veto of a candidate. The third criterion runs counter to the strong regionalist bias among many developing country members. It rewards a candidate who enjoys support, however thin, across regions, rather than candidates who piece together overwhelming support within a few regions.

The chair indicated in his report on 30 April that 62 delegations had supported Moore, and 59 supported Supachai. On this basis, and on the basis of the other two criteria laid out in March, he declared that Moore was the candidate around whom consensus should now form in the final stage of the selection. Supachai supporters at the General Council were

49. "Britain's WTO Move Puzzles Moore," *The Dominion* (Wellington), 29 April 1999, 2.

50. WTO General Council, minutes of meeting, Centre William Rappard, 1 March 1999 (WT/GC/M/36, 30 March 1999).

placed in a difficult position. The figures of support for Supachai given by the chair were far lower than those indicated by their own soundings and in any case indicated a very close contest between the two candidates. In challenging the chair, they risked impugning the integrity of the process to that point and calling into question the honesty of those who had conducted the consultations. Rather than conceding the chair's proposal, however, Malaysia, representing the ASEAN group and the supporters of Supachai, immediately called for a vote on the basis of Article IX, Section 1 of the WTO charter. Japan, surprisingly, supported this proposal. Other members, including Canada, Switzerland, the United States, and many developing countries adamantly opposed it. The US ambassador declared that "there could be no question of voting or a straw ballot in this exercise." The European Union, at this critical moment, admitted that its members were divided. It could only make a "statement of institutional support."⁵¹

In the wake of this meeting, on 2 May, 10 governments that supported Moore's candidacy called for Supachai to withdraw, warning that if Moore were vetoed, there would be "no way in which Dr. Supachai could become the new director-general."⁵² The Thai government, however, rejected calls for its candidate to stand aside. The acting Thai premier urged a vote of the members. Bilateral relations between the United States and Thailand deteriorated, as the Thai government and public blamed the Clinton administration for the outcome in Geneva. At the resumed meeting of the WTO General Council on 4 May, Ambassador Mchumo explained that an "overwhelming majority" of members, including many strong supporters of Supachai, had opposed a vote on selection of the next director-general. He also explained that in proposing Moore as the name to be considered by the General Council, he and Ambassador Rossier had eliminated Supachai from the race. On behalf of the Supachai supporters, the Kenyan ambassador then put forward a proposal that consensus should be attempted around the candidacy of Supachai.⁵³

The deadlock persisted. Neither Supachai nor the Thai government gave any indication of conceding. The Thai government proposed either a vote or a straw vote to break the deadlock.⁵⁴ Other governments turned to the possibility of a compromise candidate. On 3 June, the General

51. WTO, General Council, minutes of meeting, Centre William Rappard, 30 April, 1, 4, and 6 May 1999 (WT/GC/M/40/Add.1, 28 May 1999).

52. Frances Williams, "Warning of WTO Paralysis Over Leadership Battle," *Financial Times* (London), 3 May 1999, London edition 2, 4.

53. WTO, General Council, minutes of meeting, Centre William Rappard, 30 April, 1, 4, and 6 May 1999 (WT/GC/M/40/Add.1, 28 May 1999).

54. "WTO/Supachai Not Backing Down—FM Calls for Vote to End Impasse," *Bangkok Post*, 11 May 1999 (Lexis-Nexis).

Council chair suggested an outside arbiter to assist in additional consultations, a clear signal that the WTO's own resources for resolving the bitter conflict were inadequate.

Finally, term sharing, a solution originally raised by Iftekhar Chowdhury, WTO ambassador of Bangladesh, began to gain ground as the most acceptable alternative. In late June, the idea was considered by the G-7 and then by Asia Pacific Economic Cooperation (APEC) trade ministers in their meeting in Auckland.⁵⁵ With strong support from the Australian government, which organized a series of informal meetings in July, the term-sharing alternative came to be seen as a "circuit breaker" for the WTO's impasse. The WTO General Council considered term sharing at meetings on 20 and 22 July 1999. At the latter meeting, the General Council agreed to a draft decision that awarded Moore and Supachai consecutive three-year terms, beginning 1 September 1999. Neither was eligible for reappointment or for an extension of his term.⁵⁶

Remarks at the General Council meeting that approved the draft decision were relieved but hardly laudatory. Brazil's ambassador called it a "strange solution that did not cast the organization in a positive light," and Nicaragua's representative declared that the organization "had suffered irreparable damage." Equal attention and continuing disagreement emerged on the question of deputy directors-general—their number and the criteria for their selection. This issue had embittered the final stages of Ruggiero's selection. At the moments of sharpest conflict between the Moore and Supachai camps, allegations had flown that DDG positions were promised in exchange for support. Now the membership divided on whether and how "equitable geographical balance" would be determined.⁵⁷

The misgivings about term sharing that were expressed in the General Council were echoed with greater vehemence by outside observers. The resigned view in Geneva was that "this is the least terrible option. When your back is up against the wall you have to do something and this is it."⁵⁸ Others pointed to the obvious flaws in the nonrenewable consecutive terms. Neither director-general would be seen as having the strong support of the full membership after the divisive battle that had taken place, and both would be lame ducks from the moment that they took

55. Frances Williams, "Proposal for Sharing Leadership of WTO Gains Ground," *Financial Times* (London), 15 July 1999, London edition 1, 4.

56. WTO, General Council, Draft Decision: Appointment of the next Director-General, 21 July 1999 (WT/GC/W/258).

57. WTO, General Council, minutes of meeting, Centre William Rappard, 22 July 1999 (WT/GC/M/46, 2 August 1999).

58. Larry Elliott, "Follow-My-Director Ends Faction Fighting," *The Guardian* (London), 21 July 1999, 22.

office. The shortened three-year terms were unlikely to provide the time to build support for a new trade round or to complete it when instituted.⁵⁹

Explaining the WTO's Failure to Reach Consensus

Tracing the route by which the WTO came to this unsatisfactory resolution is difficult. The costs to the organization are indisputable, far greater than those imposed in IMF leadership selections or in the previous WTO episode. One longtime observer and participant in Geneva declared that he could not recall in 20 years any conflict as bitter and personalized as the 1998-99 conflict over selection of the director-general. During a visit two years later, even I could easily detect lingering anger over the conflict and the outcome. More serious was the evident politicization of the organization, well below the level of director-general. Some directors in the WTO organization were active campaigners for candidates in the contest for director-general. It seemed hardly accidental that the four deputy directors-general appointed by Moore in November 1999 represented key parts of his coalition: Andrew Stoler from the United States, which had traditionally held a deputy's position; Paul-Henri Ravier from France, a late supporter, but a critical one; Miguel Rodriguez Mendoza from Venezuela; and Ablassé Ouedraogo from Burkina Faso, representing the first DDG appointed from Africa and the first representative of a least developed country. The large emerging-market economies that had formed the core of the Supachai coalition were notably missing, as was Asia. One could confidently predict that the DDGs appointed by Supachai in 2002 would include a representative of Asia, a representative of the Middle East, and an EU capital that had supported him. The DDG positions are well on the way to becoming patronage plums for the winning director-general candidates.

In addition to growing politicization, the leadership contest had arrested progress in preparing for the WTO's substantive agenda. Moore became director-general only a few months before the Seattle ministerial. He had no deputy directors-general to assist him immediately. National capitals were also absorbed in the protracted leadership battle. Political capital and time were devoted to leadership selection rather than substantive issues. Preparations for the ministerial suffered as a result. One part of the blame for the eventual collapse at Seattle could be placed on the stalemated leadership selection process that had preoccupied the WTO for a full year.

59. "WTO Job-Share," *Financial Times* (London), 1 July 1999, London edition 1, 25; Paul Blustein, "WTO Meets Today to Discuss Plan to End Leadership Struggle," *Washington Post*, 15 July 1999, final edition, E13.

Despite hardened lines of conflict that marked the final stages of leadership selection in 1999, the bases of the respective coalitions are difficult to define. The reasons for the deep and unbridgeable divide are even harder to explain. As noted above, this contest was not clearly regionalized. Asia solidly backed Supachai, but regional support elsewhere was divided among the candidates. A simple North-South explanation is also inadequate: Japan, Australia, and the Netherlands were Supachai supporters from an early stage. The attitude of the two leading candidates on linkage between trade on the one hand, and labor and environmental issues on the other, may have shaped the views of the US government and some developing country governments. One observer noted, however, that close examination of the positions of Moore and Supachai on these issues revealed that neither had consistent and clear-cut positions.

Nevertheless, the most active and committed supporters of Supachai were delegations representing large emerging-market economies that had important stakes in the WTO and its future course: Brazil, India, Malaysia (representing the ASEAN group), Pakistan, Mexico, Egypt, and South Africa. They are most resistant to any linkage between trade and either labor or environmental issues. These governments also had undertaken substantial commitments to liberalize at the close of the Uruguay Round that were now coming due. They often felt that they had received little or nothing in return for these commitments, and they were skeptical of moving to a new trade agenda in a future round.⁶⁰ In their view, Supachai was the candidate of the developing countries. The 1995 bargain on Ruggiero's appointment had implied to these members that the next director-general would come from their coalition. As one Supachai supporter argued, Moore managed to obtain support only from the smallest and poorest developing countries, who were inactive at Geneva. The "active, attending" delegations from the developing world were overwhelmingly in the Supachai camp.⁶¹ (Given substantial Latin American support for Moore, this characterization appears an overstatement.)

If a disenchanted core of large developing countries explains one part of the Moore-Supachai deadlock, a failure of leadership on the part of the United States and the European Union is a second key element. The unwillingness of the United States to support either developing country candidate for director-general was bound to contribute to division. The US government claimed that it would not block Supachai, but it delayed a final decision and worked assiduously for Moore. That combination appeared duplicitous to some delegations. The Clinton administration's apparent concession to the demands of labor and environmental constituencies undermined its strategy of engaging the emerging-market economies

60. Interview A, 16 March 2001.

61. Interview U, 15 March 2001.

in global economic governance and imposed substantial costs on the WTO. The disarray of the European Union was striking. Despite the European Union's prominent role in commercial policy, national governments failed to coordinate on either candidates or procedure. In the critical General Council meetings of 30 April-2 May 1999, when the European Union could have used its influence in the interests of consensus building, it was all but absent as an actor. Once again, the semi-integrated state of EU policymaking imposed substantial costs on an important global organization.

National governments also failed to exercise oversight of their national delegations in Geneva. Much of the bitterness in the leadership selection was owed to the "small and incestuous community" around the WTO.⁶² Trade ministers are seldom leading members of national governments. With the exception of governments that had nominated candidates for the position, most capitals allowed their ambassadors and delegations relatively free rein to participate in the selection of a director-general. In striking contrast to the professional and organizational norms that pressed the much smaller IMF executive board toward consensus, delegation of decision making to the large number of WTO ambassadors increased the chances of conflict.⁶³

Finally, the WTO's expanding membership made it more difficult to choose a new director-general. From a club of about 40 active trading nations with a culture of consensus and negotiation, the WTO had grown rapidly to an organization with over 140 members. The old club, however defined, was regarded with distrust as delegations called for increased transparency and participation. An organizational culture built up over decades could no longer compensate for an absence of clear decision rules. The suspicions that some developing country delegations felt toward consultations among any smaller groups of delegations were evident in the first meetings on leadership selection in July 1998. Even the usual delegation of consultations to the General Council chair came under close scrutiny. Despite the criteria accepted for determining consensus, the final breakdown between Moore and Supachai supporters developed over precisely how consensus could be achieved and interpreted. For Supachai supporters, the chair's declaration of consensus in favor of Moore was absurd, given the close numerical division among the members. They regarded an appeal for a vote as following precisely the rules specified in the WTO Charter. Although there had been an agreement on "no vote, no veto," they suspected the United States and other Moore supporters of in effect exercising a silent veto against Supachai.

62. Interview Z, 16 March 2001; Interview B, 16 March 2001; "Trading Blows," *Financial Times* (London), 7 May 1999, London edition 1, 20.

63. On the weight of permanent national delegations at the WTO, see Henderson 1998.

For Moore supporters, the Supachai camp were simply poor losers. Having accepted one set of rules and agreed to delegate the interpretation of consensus to the General Council chair and those who assisted him, they proceeded to challenge the chair and overturn those agreements when the outcome displeased them.

Trust had broken down at the WTO in early 1999, creating what one senior official called a “poisonous atmosphere.”⁶⁴ The Pakistani ambassador declared, “Surely, there must be a better and easier way to pick the man. Experience has shown how difficult the consensus-building process has become.” Consensus had become “a recipe for deadlock.”⁶⁵ Nevertheless, the membership of the organization seemed intent on resisting mechanisms of delegation or representation that would facilitate leadership selection and decisions on other issues as well. Until they were willing to concede those reforms, future deadlock was all but certain.

63. John Zarocostas, “Compromise Candidate Suggested As Way Out of WTO Deadlock,” *Journal of Commerce*, 20 May 1999, 2A.

64. Irene Ngoo, “‘Big Boys’ Call the Shots,” *The Straits Times* (Singapore), 6 May 1999, 39.