



TRADE AND DEVELOPMENT SYMPOSIUM

Perspectives on the Multilateral Trading System

A Collection of Short Essays

Four Principles for Reforming the WTO

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With little substantive progress in the Doha round since July 2008, debate has again turned to how the WTO might be reformed. The majority of the contributions to this debate draw their rationale from diagnoses that point to the current impasse in the round, and in particular the standoff over reciprocal market access in the trade in goods (non-agricultural market access - NAMA) and agriculture negotiations, as indicative of the WTO's ills. Myriad proposals for the institution's reform have been put forward, varying by degree of sophistication and likelihood. Yet, the debate about WTO reform has quickly come to replicate elements of debate about the Doha round itself. Almost all commentators agree that something needs to be done, whether that is pursuing a multi-track approach to liberalization via some kind of variable geometry¹ or a 'club of clubs'² approach, altering the complexion of decision-making to take account of changed and changing global power relations, or else rendering more transparent the inner and all-too-often obscure layers of decision-making among varying groups of core member states (G4, FIPS, G5 and so on). However - and this is where the reform debate most resembles what is going on in the round - despite the appearance of a widespread consensus on the broad substance of the reform necessary (which is akin to the 'common sense' knowledge about what needs to be done to conclude the round), an agreement remains elusive.

My argument here is that although the current impasse in the round provides a potentially fruitful moment to attend to aspects of the WTO's functioning and organization—adjustments which may actually prove beneficial not only to the further workings of the Organization but also to bringing about a conclusion to the round—there is a risk that a shift in gear from negotiating mode to reform mode might prove satisfactory only in that it translates pent up frustration into action. It does not guarantee that such a shift in gear will bring about a measured period of reflection *prior* to the commencement of a debate about reform; and this lack of reflection may lead to a failure to identify (or gloss over) a few bad habits and deeply rooted ills that afflict the multilateral trading system that need to be addressed *before* a fruitful debate on WTO reform can take place, particularly one that is helpful to the round.

There are at least four aspects of current debate that we have to attend to before we can move seriously into a conversation about WTO reform. These are the *language* we have come to use when we talk about trade; the *theatre* in which we are engaged; the *power* realities with which we have to deal; and the *purposes* of our endeavours. The remainder of this note takes each of these points in turn before offering some concluding comments.

Language³

We need to think about the language that we use when talking about the ills of the multilateral trading system and recognise that particular ways of speaking about trade may be unhelpful and bound up with particular interests and ideological positions and dispositions. Moreover, we need to recognise that much of the debate about the WTO has become as adversarial as trade negotiations themselves, falling all-too-quickly into a pattern of

accusation and counter-accusation. The recent exchange between Guy de Jonquières and Michael Hindley on the CUTS Trade Forum provides ample example.⁴

One of the most striking features of recent commentary about the WTO has been the use of dramatic and high stakes language. All-too-often the state of the round, and the Organisation's very existence, is presented in life and death terms. In this presentation commentators frequently claim that the Organisation is 'doomed', or else they compete to be the first to proclaim the round 'dead' (and to write *the* obituary).⁵

In many cases, commentators choose to underline this life and death struggle with a metaphor or two. These metaphors are often medical - such as likening the state of the round to a 'coma' or else encouraging us to imagine that it is on 'life support' - though other metaphors are also used. Jagdish Bhagwati has, for instance, suggested that there might be some utility in seeing the round as a 'hanging' as a way of focusing minds. He has also likened proclamations of the death of Doha to Mark Twain's premature obituary.⁶ Drawing on a slightly different, rather 'undead' metaphor, Duncan Green has suggested that the WTO is sliding into a 'zombie' state of irrelevance.⁷

The point here is that in pursuing a line of argument these metaphors are taken to their logical conclusion to reinforce the need to pursue a particular course of action. So, if the commentator is of the opinion that the Doha round is, for whatever reason, no longer of value, we are encouraged to let the patient 'die', engage in a spot of 'euthanasia' or mount an 'assassination'.⁸ For those that see value in continuing the negotiations, metaphors are used to drum up support for dramatic intervention to salvage the negotiations in a manner akin to 'surgery', an essential 'amputation', or else advocate a pharmaceutical 'cure'.

The problem with talking in such dramatic ways is that they presuppose and necessitate that quite dramatic action is necessary. In so doing, they hook readers into a form of argumentation that suggests that only a particular action consistent with the commentator's predisposition is worth pursuing. This, in turn, limits discussion to those options associated with a diagnosis that sees the situation as chronic and the solution as dramatic. The issue here is that the use of such high stakes language crowds out discussion of solutions that are *not* dramatic and which *do* not speak to the solutions proposed by the original commentator.

Talking about trade in this way also encourages respondents to engage with the chosen metaphor, twisting it to fit their point of view. The consequence, however, is that in so doing participants become bound up in a language and a realm of what is held to be politically possible. Hence, counter claims of the need for 'intensive treatment', 'incisive surgery', 'palliative care' and the like fail to get us beyond Doha as life and death struggle. Moreover, they force us to think about solving the ills of Doha, and of the WTO, in too high pressured a fashion, crowding out time for measured contemplation. In turn, they take us too quickly into a realm of discussion about the state of the round or reform of the WTO in a way that is too panicked.

1 See Craig VanGrasstek and Pierre Sauvé, 'The Consistency of WTO Rules: Can the single undertaking be squared with variable geometry', *Journal of International Economic Law*, 9: 4, pp. 837-864.
 2 Robert Z. Lawrence, 'Rulemaking Amidst Growing Diversity: A club-of-clubs approach to WTO reform and new issue selection', *Journal of International Economic Law*, 9: 4, pp. 823-835.
 3 A version of this section appears as the first substantive section in Rorden Wilkinson, 'Of Butchery and Bicycles: the WTO and the "Death" of the Doha Development Agenda', *The Political Quarterly*, forthcoming 2012.
 4 http://groups.google.com/group/cuts-trade/forum/browse_thread/thread/5ab16dbce53d7791
 5 See, for instance, David Kleimann and Joe Guinan, 'The Doha Round: An Obituary', *Global Governance Programme Policy Brief*, Robert Schuman Centre for Advanced Studies, European University Institute, No. 2011/1 (June 2011). Available at: <http://www.eui.eu/Projects/GGP/Documents/Publications/PolicyBriefs/PolicyBrief2011final.pdf> accessed 21 September 2011.
 6 Jagdish Bhagwati, 'The Doha Round's Premature Obituary', (2011) available at: <http://www.project-syndicate.org/commentary/bhagwati12/English>
 7 Duncan Green, 'The Doha round has run its course but new trade realities demand solutions', (2011) available at <http://www.guardian.co.uk/global-development/poverty-matters/2011/may/04/doha-trade-realities-demand-solutions> accessed 21 September 2011.
 8 Stuart Harbinson, 'Calls to pull the Doha plug show naivety not realism', *Financial Times*, 5 May 2011.

Metaphors have long been a staple of trade commentary, often being rolled out, as George Orwell put it in his critique of the state of the English language, 'like sections of a prefabricated henhouse' simply because they make trade politics dramatic, theatrical and newsworthy.⁹ As Bhagwati notes in suggesting that we should perceive the round as if it were a hanging, these metaphors and the ways of talking that accompany them, are powerful, bringing to the fore particular solutions given rise to by the forms of logic that underpin the language used.¹⁰

During previous rounds metaphors were used to maintain or provoke forward momentum in trade negotiations by encouraging us to believe that if progress was not maintained then a catastrophic event would ensue. More often than not, the metaphor used was that of a bicycle. At those moments when the toppling over of a bicycle proved insufficiently powerful for describing what might happen should a trade deal fail, other metaphors were deployed. Occasionally this involved a train, with 'train wreck' and 'coming off' the rails being important aspects of unpacking the metaphor. Sometimes a ship was used, most often with 'wreck' as a corollary. Less frequently, but not uncommonly, liberalisation was likened to a juggernaut, often to suggest that it was inevitable and all barriers to its progress should be removed *tout de suite*.

Yet, as with the use of terminal medical metaphors, these requests for us to think of trade rounds (and, in extension, the WTO's vital signs) as akin to material things that need to be kept, or just are, in motion are unhelpful. They create a pressure to act with speed that is not always helpful. And they are also discursive tools that belie ideological dispositions and claims about how trade ought to be organised. In short, they encourage us to take a leap of faith. The bicycle metaphor cajoles us into assuming that liberalisation must take place or else the bicycle will crash and the world economy collapse, in much the same way that the only way to offer sustenance to the patient is to give them what they lack - that is, sustenance in the form of further market openings.

The trouble, however, is that these metaphors are all too often taken literally, and arguments pursued by trying to outsmart opponents with new twists and turns on the theme. Moreover, they are deployed not just because of the images they conjure up. They are also used precisely because they bring with them certain entailments that flow logically from their application. The point here is that the entailments that accompany a metaphor, or for that matter the manner about which a subject is spoken, set the boundaries of what is understood to be politically possible. The message is clear: bridge the divides and conclude the round, or else the breakdown of the multilateral trading system and something akin to the nightmare of the 1930s (which is almost always presented in stylised Orwellian terms) will be upon us. Yet, the perceived urgency of the situation ensures that we continue to think inside the box, to carry on doing things just the way we have *without* allowing space and time for thinking about how we might solve the ills of the multilateral trading system.

Theatre

A second area to which we need to attend is what Thomas G. Weiss calls the 'North-South Theatre'.¹¹ Weiss argues that one of the reasons why UN institutions produce such mediocre performances is because of the 'diplomatic burlesque that passes for negotiations on First Avenue in Manhattan or the Avenue de la Paix in Geneva'.¹² He posits that this theatre is a residue of the way diplomatic space was carved out for countries on the global periphery in the 1950s and 1960s. However, he

argues that these 'acting troupes' and the theatre in which they engage, 'constitute almost insurmountable barriers to diplomatic initiatives. Serious conversation is virtually impossible and is replaced by meaningless posturing in order to score points in UN forums and be reported by media at home'. The result, however, is that what were once 'creative voices ... have become prisoners of their own rhetoric'.¹³

Much the same could be said for events in the WTO. We have yet to move beyond the portrayal of trade politics as one dominated by a North/South split, despite the fact that such a representation is often at odds with the empirical evidence. Indeed, many of us often invoke the idea of a North/South split as a way of conveying a message about the state of trade politics (often a normatively driven claim that the 'West' is trying to put one over on the 'Rest'; or else, the round is being hijacked by developing countries) knowing full well that this does not quite stack up in reality. Moreover, even in those moments when a North/South split has seemed to be apparent, important deviations have existed. The debate over whether trade liberalization under the WTO ought to be linked to the maintenance of certain core labour standards in what became known as a social clause was perhaps the clearest North/South cleavage in recent times (with the North supporting a linkage and the South rejecting one).¹⁴ However, even here the divide was not so clear cut. At the 1996 Singapore Ministerial Conference, for instance, both Australia and the UK came out *against* the idea of a linkage between trade liberalisation and labour standards while Argentina registered its *support for* WTO involvement in protecting core labour standards.

Whereas once this global fracture was useful in helping move agendas forward (the 'threat' of an alternative trade forum posed by the creation of UNCTAD was enough to ensure that Part IV of the GATT was agreed, for instance),¹⁵ it has now dug us into trenches which we have difficulty getting out of and which prevent us from moving forward in ways that might actually address the biggest outstanding issue in the WTO: that we have not, and continue not to, deal with development properly, adequately and substantively.

As Weiss notes, 'moving beyond the North-South quagmire ... is an essential prescription for what ails ECOSOC and the United Nations. Fortunately, states have on occasion breached the fortifications around the North-South camps and forged creative partnerships that portend other types of coalitions that might unplug deliberations in ECOSOC and elsewhere'.¹⁶ Certainly, there are glimmers of hope here, but the disabling nature of the North/South theatre has managed so far to scupper the round; it would as likely be equally unhelpful in trying to reform the WTO.

Power

A third area that requires attention is the need to recognise that certain realities of power necessitate that the United States is at the heart of any reform process and, perhaps more importantly, that the US has a moral obligation to ensure that any reform effort must be for the benefit of the global good. This does not mean that the US should dominate; far from it. But it does mean that we need to find ways of bringing the US back into the fold and encourage it to take up this moral obligation rather than to pursue a policy of relative isolation (both by itself and by other negotiating partners). Indeed, with the Obama administration in power (albeit seemingly disengaged from WTO issues as it might

9 George Orwell, 'Politics and the English Language' [1946], reprinted in *Inside the Whale and other essays*, (London: Penguin, 1962), p. 145.

10 Bhagwati, 'The Doha Round's Premature Obituary'.

11 Thomas G. Weiss, 'ECOSOC and the MDGs: what can be done?', in Rorden Wilkinson and David Hulme (eds.), *The Millennium Development Goals and Beyond: Global Development after 2015*, (London: Routledge, 2012).

12 Thomas G. Weiss, "Moving Beyond North-South Theatre," *Third World Quarterly*, 30, 2 (2009): 271-84.

13 Thomas G. Weiss, 'ECOSOC and the MDGs: what can be done?'.

14 Rorden Wilkinson, 'A Tale of Four Ministerials: The WTO and the rise and demise of the trade-labour standards debate', *IPEG papers in Global Political Economy*, No. 3, (April 2002).

15 John Whalley (1990), 'Non-discriminatory discrimination: special and differential treatment under the GATT for developing countries', *The Economic Journal*, 100: 403 (December 1990), p. 1320.

16 Thomas G. Weiss, 'ECOSOC and the MDGs: what can be done?'

be at the moment) there is a greater prospect that this moral obligation would be a task the United States would rise to than with previous and, possibly future, administrations.

Why, given that in many ways the United States is part of the problem with the WTO, should it be at the heart of the solution? Craig Murphy argues compellingly why this ought to be the case.¹⁷ Drawing from the work of Charles Kindleberger,¹⁸ Murphy argues that the depression of the 1930s was deeper and longer because of a failure on the part of the US 'to take responsibility for the world economy, in particular by refusing to act as a lender of last resort, something that only it could do'. Similarly, John Ruggie has shown that the kind of international public goods put in place after the Second World War were the product of a uniquely American multilateral project that was both self-interested and benevolent.¹⁹

The point here is that reform of the WTO is not possible, nor is it desirable, without the US. While US interests will inevitably feature prominently in any reformed institution, an engaged US is more likely to pick up on the moral obligation entailed by its global position and agree to, even press for, reforms that are beneficial to all. Without US leadership, willingness and support for a reform effort, trade regulation and politics will more than likely continue in much the same way that they currently do.

Purpose

The final area that requires attention is our lack of a willingness to ask reflective questions about the very purpose of the WTO. We almost never ask ourselves what the point of the WTO is. And most discussions of WTO reform tend towards minor fiddling as a result. For example, most observers perceive the WTO's problem to be one of efficiency: that the institution's negotiating and decision-making machineries are operating in a suboptimal fashion and, as a result, trade facilitating bargains have become almost impossible to conclude. This preponderance of opinion has, in turn, identified a number of solutions that might overcome the problem so conceived.

However, while many of these proposals clearly have merit, most would only offer temporary respite. Moreover, none of them would alter in anything other than a minor way the workings or outcomes of the WTO. It is worth bearing in mind what George Orwell said about the United Nations Organization (UNO) only 6 months after its formal creation when thinking about the way we design, redesign and reform our global institutions. He lamented that:

In order to have any efficacy whatever, a world organization must be able to override big states as well as small ones. It must have [the] power to inspect and limit armaments, which means that its officials must have access to every square inch of every country. It must also have at its disposal an armed force bigger than any other armed force ... responsible only to the organization itself. The two or three great states that really matter have never even pretended to agree to any of these conditions, and they have so arranged the constitution of U.N.O. that their own actions cannot even be discussed. In other words, U.N.O.'s usefulness as an instrument of world peace is nil.²⁰

The point here is that like the UN, the WTO has at its core a set of embedded power relationships that advantage the leading industrial states and disadvantage their small, less capable, developing counterparts. Tinkering at the edges may give an appearance of reform but it may also gloss over the need to fundamentally unpick the Organization's very design so that it might be refashioned in a way that serves the interests of all of its members.

It is here that we must return to that least asked, but most pressing of questions: what is the point of the WTO? If we ask ourselves that question and come up with an answer which says that we want a system that consistently delivers unbalanced trade deals favouring the richer industrial states over their poorer, less able developing counterparts and which has become increasingly moribund, then let us fiddle round the edges and leave the institution largely as it is. But if we come up with an answer that says the WTO should generate trade-led growth for all (something that we all ought to be able to agree on), then we need to redesign it as such, getting rid of competitive negotiating as a mechanism for delivering 'gains' and accept that in facilitating trade-led growth for all it will inevitably become a development institution (and we should accept that it is one).

Indeed, the last point requires a little underlining. Over the course of the Doha round certain commentators have been at pains to point out that the WTO is *not* a development organization. This comment has always been the source of some puzzlement. Most of these same commentators are also at pains to point out because trade equals growth which in turn equals development more trade should equal more growth which, in turn, should equal more development. Yet, here is the paradox: if more trade equals more growth, which in turn leads to more development, then surely any organization that is concerned with facilitating more trade must *by definition* be a development organization. And if this is the case, then we ought to recognise that this is the case with the WTO and we should act accordingly.

Concluding comments

There are of course other reasons for reflecting seriously on the purpose of WTO - changed global power relations, the disjuncture between transnational economic activity and international political bargaining, the end of geographies of production and consumption and so on - but the most compelling is that our global economic institutions are not presiding over welfare gains for everyone. We need to sit back and ask ourselves why the WTO is not playing its part; ask questions and come up with serious answers that ensure that in the future it does; and do this quite soon. Or else, we risk not only of leaving growing inequalities and deepening deprivations across the world unchecked, we run the risk of talking, acting, thinking and doing what we have always done for years to come. Jumping straight into a process of reform is unlikely to move us in the right direction.

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17 Craig N. Murphy, 'Lessons to be learned from the challenges to achieving the MDGs in Africa', in Rorden Wilkinson and David Hulme (eds.), *The Millennium Development Goals and Beyond: Global Development after 2015*, (London: Routledge, 2012).

18 Charles P. Kindleberger, *The World In Depression 1929-1929*, (Berkeley: University of California Press, 1973).

19 John G. Ruggie, 'Third try at World Order? America and Multilateralism after the Cold War', *Political Science Quarterly*, 109: 4 (1994).

20 George Orwell, 'In Front of Your Nose', *Tribune*, 22 March 1946