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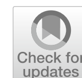

Poor Trade: Liberalization Agreements Undermine Development and Food Security

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Abstract

This article outlines various phases of the evolution of trade liberalization and globalization, and the changing division of labour in the world economy. It discusses how economic specialization and international trade have been shaped by power relations, corporate interests and national economic capacities. It explores the challenging implications of trade liberalization—accelerated, constrained and broadened by WTO rules and regulations—for developing countries. Earlier food security and industrialization efforts have thus been undermined. With competing demands on and inducements for rivals in a multipolar world, seen as a new Cold War, developing nations should mobilize for pacifist non-alignment. By cooperating better and not taking sides, the Global South will be better able to negotiate more effectively in their own collective and national interests.

Keywords Globalization · Imperialism · Industrial Revolution · WTO · TRIPS · Investor-state dispute settlement · Intellectual property regimes

The economic globalization of the 1980s and 1990s was not completely unprecedented. Most historians agree the period from the middle of the nineteenth century until the First World War saw significant increases in cross-border economic flows. While technological conditions have changed significantly, some cross-border flows were even greater before, compared to the present, e.g., the movement of people, including indentured labour after the end of slavery over the nineteenth century.

Others date earlier globalization back over five centuries to the Iberian voyages of exploration, empire and conquest associated with names such as the Spanish Queen Isabella, Christopher Columbus, Vasco Da Gama and Ferdinand Magellan (Panikkar 1953; Raghavan 1990). For Fernand Braudel (Wallerstein 1991), Immanuel Wallerstein (1975) and many others, the 'modern world system' began then. Yet others, however, suggest such dating of globalization to be 'Eurocentric'. Instead, they push the origins of the world system back several centuries, some by as much as five millennia, instead of five centuries! For our purposes, it is not necessary to enter into these largely unresolved debates.

Instead, we consider the recent phases of globalization, associated with what was termed the 'new imperialism'. Starting from the late nineteenth century, this came to be recognized as a distinct new phase of economic history at the beginning of the twentieth century (Samuelson 2004), most significantly with the writings of the English liberal John Hobson (1902), the Indian politician Dadabhai Naoroji (1901; Ganguly 1965), elected to the UK Parliament on the Liberal Party ticket, and the Russian revolutionary Vladimir Ilyich Lenin (1917). Some trends of that period also characterized recent trans-border economic liberalization associated with globalization, while others have receded, disappear or even become absent or irrelevant.

With the Industrial Revolution, English manufacturing became competitive, even ascendant. Hence, the period from the mid-nineteenth century has been described as involving the 'imperialism of free trade'. Gallagher and Robinson's (1953) seminal article to this effect was published soon after the early 1950s' papers on the declining terms of trade of raw material primary commodities compared to manufactures

An early version was delivered as the 18th B. N. Ganguly Memorial Lecture, Centre for the Study of Developing Societies, New Delhi, 11 March 2016. The lecture was inspired by my modest understanding of his intellectual legacy, especially Ganguly (1965).

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by Hans Singer (1950) and Raul Prebisch (1951). Arthur Lewis (1969) also discussed the greater decline in the terms of trade of tropical agricultural commodities against their temperate counterparts. A couple of decades later, Arghiri Emmanuel (1972), Samir Amin (1973), Ranjit Sau (1976) and others articulated their own understandings of 'unequal exchange'.

International Trade and Uneven Development

Declining primary commodities' terms of trade vis-à-vis manufactures has continued well beyond the mid-twentieth century. During the 1980s, for example, commodity prices fell again after rising in the preceding decade. And when prices recovered during the supposed 'commodity super-cycle', minerals did far better than agriculture (Ocampo and Parra 2008). More recently, generic manufactured products have been experiencing worsening terms of trade compared to those for which manufacturers have monopolies, e.g., due to intellectual property rights (IPRs).

Both trends appear related to different labour market conditions in the North compared to the South. The second trend also appears related to strong IPRs, i.e., ensuring legally protected global monopolies, compared to the more generic manufactures produced by the South. A monopoly for a patent for a limited time period—in return for 'working the patent' as well as publication of relevant knowledge and methodology—within national jurisdictions had long been accepted and enforced. But the World Trade Organization (WTO) Addendum Agreement on Trade Related Intellectual Property Rights (TRIPS), in effect, equated 'working' a patent within a country with 'imports' of patented products, curbing the spread and use of knowledge, and creating an effective global monopoly. Meanwhile, intense, even cutthroat competition has resulted in 'beggar thy neighbour' competition lowering the prices of products from, an wage and other costs in the Global South.

Earlier, colonial labour policies and un-free migrant labour had served to depress costs and prices. More recently, structural adjustment policies and neo-liberal labour market reforms have had comparable effects. It has also become increasingly difficult to use trade or other industrial policies to check such tendencies.

The international division of labour or supply specialization has not been random, or simply determined by supposed natural or factor endowments. Rather, economic specialization has been greatly shaped by the history of political economy. International trade patterns have been heavily influenced by power relations. All industrialized economies today have used industrial, or trade, investment and technology policy instruments to develop new economic capacities and capabilities, especially in manufacturing. Economic activity in the colonies, however, was circumscribed by imperial priorities and preferences, which continue to be significant in more subtle ways changing with new governance arrangements.

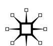
Considered a-historically in the abstract, potential comparative advantage static gains from trade following international specialization seem to exist (Krugman 1987). But much existing protection is more burdensome than supportive of 'catch-up' development. However, simple-minded advocacy of free trade and trade liberalization ignores economic history (Chang 2007; Reinert 2007). It fails to recognize the crucial role of temporary protection and other support for the 'late development' of new economic capacities and capabilities, said to be consistent with a dynamic approach to comparative advantage (Evans 1989; Jomo and von Arnim 2008b, 2009). Advocates of international trade liberalization typically ignore or downplay 'transitional costs', e.g., employment and income losses due to the loss of existing industries, jobs, etc. They seem oblivious to the likelihood that better new income earning opportunities rarely more than replace jobs lost. Such realities contrast with the projected promises of modelling exercises under unrealistic assumptions of full employment.

Developing countries had much reason to be concerned about a number of observed long-run trends (Ocampo and Parra 2006), namely:

- Deteriorating terms of trade for primary products compared to manufactures;
- Deteriorating terms of trade for tropical agricultural products compared to their temperate counterparts;
- Price deflation of 'generic manufactures' compared to products protected by strong IPRs.

Potential gains from international trade liberalization have generally been exaggerated by proponents. In fact, the 'removal of all of the rich countries' barriers to the merchandise exports of developing countries—including agriculture, textiles, and other manufactured goods—would result in very little additional income for the exporting countries'. Even the World Bank projected that full trade liberalization by 2015 would only have added 0.6% to the output of low and middle-income countries after a decade and a half from 2000, mostly due to earlier unilateral liberalization and other trade policy measures.

Contrary to widespread belief, developing countries will not be the main beneficiaries of agricultural trade liberalization by Europe and Japan. While some agriculture-exporting developing economies may gain from easier access to protected agricultural markets, the main beneficiaries will be rich agriculture exporting countries, especially the settler colonies of North America and Australasia. After all,



the Netherlands is the world's second largest agricultural exporter after the USA.

Most such analysis does not consider likely price declines due to more intense competition as more developing countries try to export more of the same. Consider the collapse of cocoa prices after Malaysia became a significant exporter in the 1980s, or the fall of coffee prices after Vietnam became a major producer in the 1990s. Effective official support for agricultural producers from the North have also lowered farm gate prices for all, including would-be developing country exporters. Meanwhile, the growing tentacles of transnational agri-businesses in modern agriculture continue to raise production costs, lowering farmers' net incomes. The adverse health and other consequences of increased reliance on such agrochemical and other synthetic inputs have rarely figured in related cost–benefit analyses.

Trade liberalization undermines the possibility of developing protected 'infant industries' and enabling them to progressively become 'internationally competitive'. While import-substituting industrialization has undoubtedly had a mixed record, the 'East Asian miracle' was mainly due to *effective protection conditional on export promotion*, rather than trade liberalization or open economic policies. Temporary trade protection has been an important tool in most successful industrial development strategies. Although economically costly, protection has also been important for economic, social and political stability by preserving existing industries, jobs and incomes.

Some Consequences of Trade Liberalization

A basic premise in the advocacy of trade liberalization by developing countries is their supposed comparative advantage in agriculture. It is widely claimed and accepted that if only the state would stop 'squeezing' agriculture, through marketing boards and by distorting prices, agricultural producers would drive export-led growth.

In fact, Africa has been at a 'comparative disadvantage' with agricultural exports, relative not only to the developed world, with its non-tariff protection, subsidies and industrial farming, but also with much of Asia and Latin America. Over the last four decades, Africa has been transformed from a net food exporter into a net food importer (Jomo 2013). While UN Special Envoy to Haiti after the devastating earthquake of 2010, ex-President Clinton testified to the US Senate: 'It may have been good for some of my farmers in Arkansas, but it has not worked. It was a mistake…I had to live every day with the consequences of the loss of capacity to produce a rice crop in Haiti to feed those people because of what I did; nobody else'. In an interview, President Clinton later acknowledged, 'And it also undermines a lot of the culture, the fabric of life, the sense of self-determination'.

Much of the recent increase in food production is for export to countries which have bought or leased land for or otherwise contracted food production to meet their own needs. After two decades of trade reforms, Africa's share of global non-oil exports fell to less than half of what it was in the early 1980s. This trend was reversed over a decade or so after the turn of the century, largely due to fast rising Asian demand.

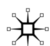
Higher growth in large Asian economies, especially China and India, has contributed much to increases in primary commodity prices, especially minerals. This induced strong supply responses from many sub-Saharan African countries, enabled by foreign direct investments from these countries. Nevertheless, the African share of world exports still remains well below its earlier level. The damaging consequences for sustainable development and food security have become apparent more recently, with the primary commodity price collapse since 2014.

Official 'development cooperation' rhetoric continues to imply that small farmers in developing countries would greatly benefit if agricultural trade was further liberalized although there is no conclusive evidence for this claim. While many food-importing countries would have been worse off in recent decades without subsidized food imports, very few economies can significantly increase food output, let alone exports, without significant investments. Developing countries' agricultural production and exports have also been undermined by the last few decades of reduced investment, growth and farm support.

World Bank projections of gains from complete trade liberalization were significantly revised downwards from earlier estimates a few years before, due to trade liberalization in the interim. More than 70% of these gains would accrue to rich countries, including two-thirds of global benefits from agricultural trade liberalization, and even more for non-textile manufactures. More than two-thirds of the projected gains to developing countries from agriculture trade liberalization would accrue to Argentina, Brazil and India, and to China and Vietnam for textiles and garments.

What, then, would developing countries have gained from a trade liberalization deal made after WTO negotiations resumed after the Doha ministerial conference in 2001? The World Bank projected growth gains for all developing countries from 'complete' trade liberalization of a tenth of 1% of 2007 output (Anderson and Martin 2005; Kraev 2005). This would have been negligible, rather than the big growth boost the Doha Round was touted as offering (Bouët et al. 2004; Ackerman 2005; Polaski 2006; Rodrik 2008).

But as full trade liberalization has not even been under negotiation in the Doha Round, several alternative scenarios were considered instead. The most realistic scenario projected welfare gains by 2015 of $96 billion, a third of projected gains from full trade liberalization, with 83% accruing



to rich countries. Many of the poorest and least developed countries were expected to become net losers in such more 'realistic' Doha scenarios.

Conjuring Gains from Trade

Many international trade economists use *computable general equilibrium* (CGE) models to estimate the purported benefits of freer trade (Taylor and von Arnim 2006; 2007). These claimed to be based on *general equilibrium* theory, a popular assumption in economics from the 1960s. The economy is conceived as comprising many separate equilibria matching supply with demand, with all markets continuously clearing simultaneously.

CGE data requirements for parameters and base year variables are considerable. Trade elasticities, in particular, are often mere 'guesstimates', with crucial implications for actual CGE modelling exercises. A growing literature criticizes CGE models and how they have been deployed, challenging their theoretical premises, modelling requirements and the results reached by using them.

Several problems are especially relevant here. These models typically make some rather unrealistic and hence, dubious and problematic assumptions. For example, they assume government budget balances will not change despite greater trade, but will instead remain fixed at 'year zero' level despite the likely loss of tariff and other trade tax revenue, especially important for poor open economies.

The models also assume trade balances will remain unchanged, with exchange rates fluctuating continuously to ensure this, as more imports are matched by more exports. But appropriate export capacities and capabilities do not automatically emerge to equilibrate, as assumed. Similarly, market adjustments to exchange rates do not ensure maintaining external balance when the income elasticities of imports and exports differ.

CGE modelling also assumes every economy always adjusts smoothly, thanks to a perfectly flexible tax incidence impact on households. Thus, for example, it is presumed countries easily make up for any lost government revenue, say from tariff elimination, by simply increasing other taxes.

Such problematic assumptions are presumed necessary to simplify models enough to use them. But this is typically done without any explicit qualifying caveats that model assumptions and specifications are at great variance with economic theory and historical evidence. Such unrealistic assumptions cannot responsibly inform public policy making in the real world (Krugman 1990).

Moreover, exchange rates often over react to events and take time to stabilize. Besides exchange rate or currency manipulation, capital account developments can put them out of balance with the current account for extended periods. After all, financial, rather than trade factors can cause such protracted imbalances.

Not unlike the comparative static analysis underlying comparative advantage claims, CGE modelling justifications for trade liberalization also generally ignore transition costs. CGE models typically estimate 'static gains' or 'long-term gains', ignoring 'adjustment costs', typically presumed to be short-term. Most CGE models provide static results, i.e., 'before' and 'after' an actual change or a simulated one.

Such transitions are typically presumed to be costless, brief and temporary, thus over-estimating 'total gains'. But such transitions may take many years, be very costly, and even unsuccessful. As the world economy is constantly evolving, transitions, as well as their needs and costs, are always changing.

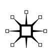
Hence, costs may increase or decrease, affecting various stakeholders differently, depending on how transitions unfold and are managed. While some economic transformations are more desirable than others, such transition costs need to be considered in any serious effort to compare costs with benefits.

CGE models' standard Armington assumption—of unique country-specific product specialization—is not only unrealistic, but also tends to underestimate the potential for domestic job losses due to cheaper imports. Thus, CGE models generally assume full employment, precluding consideration of employment effects from the outset.

Hence, the CGE methodology does not consider employment impacts, including the differential impacts on unemployment, let alone wages. When required to, trade liberalization advocates may have to acknowledge workers directly displaced from jobs, while ignoring how such employment losses may exert downward wage pressure on other workers as well.

Calculations only relevant within certain parameters, e.g., one-time growth gains, have often been extrapolated well beyond. Thus, CGE modelling exercises typically offer 'long term' *hockey stick* projections, e.g., after ten years, by assuming away all possible disruptions. Such projections typically exaggerate gains, even resorting to theoretically and empirically dubious methods to do so, while understating losses and risks. As such models project into the future, they are necessarily speculative, but also prone to manipulation. Thus, for example, predictions of gains from trade can be inflated, with risks and expected losses ignored or underestimated; even trade guru Jagdish Bhagwati (1958) recognized the possibility of 'immiserizing growth' from trade liberalization.

Thus, the very nature of CGE models and modelling exercises typically leads to the foregone conclusion that trade liberalization will increase 'overall gains', as the 'price system' will always ensure the improved overall well-being of all.



WTO International Governance

The establishment of the WTO in 1995 involved much more than a simple name change from the General Agreement on Tariffs and Trade (GATT). For instance, the WTO created and strengthened powerful dispute settlement mechanisms. In practice, these favoured corporate interests and rich country governments with their vastly superior legal resources. Nevertheless, the US did not comply with occasional unfavourable decisions, arguing they required statutory changes. Ten to 15 such rulings on dumping since 1997 remained to be implemented before the Obama administration began blocking new judicial appointments to the WTO dispute settlement body. In such circumstances, the only remaining legal remedy was often 'retaliation', obviously not seen as a practicable option for most developing countries (Raghavan 2000). However, after some decisions did not favour US interests, Washington undermined their functioning in various ways. For example, unhappy with a decision of the Korean judge, the Obama administration sought to replace him. This led to the US effectively blocking replacement judicial appointments for almost a decade.

The WTO trade agenda was broadened to include agriculture and services, *inter alia*, from the GATT's focus on the trade in manufactures. More importantly, whereas the GATT allowed members to make commitments it could keep, the WTO's 'single commitment' requirement is tantamount to imposing a 'one size fits all' on all member states regardless of their economic means, capacities and capabilities.

WTO rules and regulations have not only accelerated and broadened trade liberalization. They have also strengthened transnational IPRs enabling corporate monopolies, besides widening the ostensible economic liberalization agenda beyond trade liberalization. The WTO has done so by broadening the range of issues covered by deeming them trade related. Rich or developed country governments have been almost united in extending the WTO's scope to supposedly trade-related issues such as investment, government procurement, and competition policy.

Through its agreements on financial services, the WTO furthered IMF and corporate promotion of international financial liberalization since the 1980s. But international currency and financial crises since the early 1990s have underscored the greater volatility and vulnerability of international finance as a consequence. Even the international financial institutions and business media now occasionally acknowledge the modest gains from, and grave dangers posed by international financial liberalization.

Nevertheless, ostensible economic analyses recommending financial liberalization presume no adverse effects of reduced regulation of finance. These models typically assume perpetual macroeconomic stability, with no business cycles, booms, busts or bubbles. Meanwhile, liberalization of services has mainly involved financial services, rather than, say, construction or maritime services, in which developing countries are better placed to compete.

The Uruguay Round's proposed Trade Related Investment Measures (TRIMs) were not fully adopted, largely due to developing country resistance. But bilateral and plurilateral agreements, have been used to advance such investment conditions. TRIPS has given transnational corporations greater monopoly powers internationally, not provided by the World Intellectual Property Organization (WIPO). IPR enforcement capabilities have been greatly strengthened through the WTO's dispute settlement mechanism.

Formally, with its consensus decision-making requirement the WTO has more 'democratic' governance arrangements than the IMF and the Bank, where economic power ensures political hegemony. However, in effect, this has ensured veto power for the US and other rich country blocs. Thus, the WTO has not only advanced the Washington Consensus, but also outdone the GATT, in advancing powerful corporate interests at the expense of equitable and sustainable development.

Greater economic liberalization over more than four decades has been associated with much slower and more volatile growth than the quarter century after World War II. More assertive US foreign policy since the 1980s has profoundly transformed international relations and institutions, including those involved in transnational economic governance. In a new era of seemingly unchallenged—and un-challengeable—corporate power, many existing multilateral institutions, including the United Nations system, have been redefined, even repurposed. Even the WTO and trade multilateralism have been increasingly undermined in favour of plurilateral and bilateral arrangements and bilateral investment treaties.

The steady weakening of multilateralism has undermined collective assertiveness by developing countries, increasingly referred to as the Global South. The reduced efficacy of their decreasing collective action, in turn, undermined their capacity, will and capacity for effective cooperation and assertion of their common interests. This weakening of their already modest and limited collective capacities has been deepened by recognized distinctions dividing their sense of collectiveness. These include selective recognition by economic size, as in the G20 and even the almost arbitrary BRICS large developing country grouping, ironically first identified and distinguished by investment fund analysts.

Trade Liberalization Versus Development?

Greater trade liberalization in manufactures using a non-agricultural market access (NAMA) agreement has similarly undermined developing country manufacturing prospects for late industrialization. Unsurprisingly, many developing countries, e.g., in Latin America and sub-Saharan Africa, have experienced significant deindustrialization, with manufacturing's share of national output falling from the 1980s. Much (mainly import-substituting) manufacturing capacity, developed before the 1980s, has collapsed. Meanwhile, very little new manufacturing capacity developed in the African continent beyond some required resource processing. Hence, manufacturing's share of national output declined significantly over the last four decades or so.

African, Caribbean and Pacific small islands still enjoy some preferential market access to European markets. As most least developed countries (LDCs) are poor sub-Saharan African countries, trade preferences have been used to play off African against Asian LDCs, undermining the already very modest negotiating strengths of both groups. Multilateral trade liberalization has also eroded the advantages of such trade preferences.

Trade liberalization has also resulted in loss of tariff revenue, which was significant in developing countries, especially the poorest ones, where tariffs used to account for about half of total tax revenue on average. Reducing such revenues severely hurt governments' fiscal capacities and space, aggravating sovereign debt problems by forcing increased borrowing. Rich countries insisted developing countries repeal manufacturing tariffs before reducing their own agricultural subsidies. Referring to 'trade facilitation' official development assistance, Dani Rodrik rhetorically asked '[w]hy they need to be bribed by poor countries to do what is good for them is an enduring mystery'.

In the same vein, one might ask why poor countries needed to be induced with 'aid for trade' for agreeing to multilateral trade liberalization which they were supposedly going to benefit from. 'Aid for trade' emerged to promote and finance trade facilitation. However, the trade liberalization discourse soon had to acknowledge it created both 'winners' as well as 'losers' (Bhagwati 2005). Nevertheless, its—typically irrelevant—comparative static analysis based on unrealistic assumptions insisted the overall outcome was always welfare-enhancing.

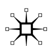
Yet, several important policy implications follow from such reasoning. First, developing countries need to be compensated for their loss of productive and export capacities. Less productive enterprises—including small farmers facing subsidized agricultural imports from rich countries—will be worse off, or may even go out of business following trade liberalization. In many industrialized countries, 'losers' have been protected to varying degrees, for example, displaced manufacturing workers get welfare, unemployment support, retraining programmes and the like.

Second, most developing country governments cannot make up for their lost tariff revenues, and hence, need to be compensated. Third, developing countries—especially LDCs, African as well as Caribbean and Pacific small island developing states—need to be compensated for the erosion of existing trade preferences. Fourth, and most importantly from a development point of view, 'losers' face considerable costs developing alternative, internationally competitive, productive and export capacities and capabilities. Fifth, such 'aid for trade' should be truly additional to already promised official development assistance and climate aid, both never delivered in full despite numerous pledges since the 1960s and from 2009 respectively. Nevertheless, 'aid for trade' promises became means and pretexts for imposing new conditionalities ostensibly to promote trade liberalization.

Expectations of gains from trade liberalization analytically rely crucially on a strong positive export supply response—a heroic assumption when internationally competitive productive and export capacities do not already exist in most developing countries, especially the poorest ones. Additional real income—from increased exports—is presumed to outweigh the increased taxes on households needed to compensate for tariff revenue loss, typically involving indirect consumption taxes rather than direct wealth or income taxes. Private demand declines with higher consumption taxes, but may rise as import prices fall with lower tariffs, presuming exchange rates do not change following trade liberalization, which typically remains uneven, partial and incremental.

Most developing country governments cannot fully replace lost tariff revenues with new and higher taxes. One of the main concessions developing countries were expecting in 2001 was reduced agricultural subsidies and tariffs for farmers by most Organization for Economic Cooperation and Development (OECD) countries. But the neglect—or worse—of both infrastructure and agriculture by structural adjustment programmes and other policy priorities has undermined the meagre competitiveness of developing country smallholdings and even plantations in the face of rich countries' subsidized agriculture. But the decline of developing countries' food agriculture in recent decades since the Structural Adjustment Programmes (SAPs) and other similar 'neoliberal' reforms left them with little capacity to respond to such export opportunities.

Promised gains from trade liberalization are analytically conceded to be 'one-time' increases due to static comparative advantage gains. A comprehensive WTO Doha Round



agreement lowering agricultural subsidies in the North was expected to raise the prices of many food imports from there in the short to medium term. While agricultural food exports in developing countries became more viable analytically, reduced government spending—due to fiscal and debt crises—as well as ecological pressures have undermined agricultural output and exports, raising domestic prices for all as well.

'Advances' in mainstream international trade economic theory over recent decades have not strengthened the case for trade liberalization, but these were conveniently overlooked by advocates (Jomo and von Arnim 2008a). 'New trade theories' and evolutionary economic studies of technological development suggest countries risk being 'locked' into permanently slow growth once stuck in producing according to earlier static comparative advantage.

Historically, it is now acknowledged that economic growth generally precedes—rather than follows—export growth although such trends may well become mutually reinforcing, both upwards and downwards. Thus, while trade can foster either a virtuous or vicious circle, there is no reason to expect providing market access to necessarily trigger and sustain export-led development. The UN Conference on Trade and Development (UNCTAD) has long pointed to the importance of growth for trade expansion. It has also stressed the weakness of the investment-export nexus, explaining the failure of many countries to expand and diversify their exports. Also, rapid resource reallocation is generally not feasible without high growth and investment rates. Free trade advocate Jagdish Bhagwati (2008) has also characterized bilateral and plurilateral—including ostensibly 'regional'—free trade agreements (FTAs) as termites undermining multilateral trade liberalization.

Trade liberalization under WTO auspices has significantly reduced strategic options available to developmental states, especially for trade, industrial or investment policy, although the WTO regime still leaves some, albeit little room for industrial policy initiatives. Hence, there is considerable debate over the structure, assumptions and estimates of particular international trade models. In view of the historically critical role of trade policy—as opposed to trade liberalization—for generating growth and employment (Deraniyagala 2001), the consequences of trade liberalization for sustainable development are mixed and dubious, to say the least.

Overall though, there has long been broad agreement that the gains for most developing countries from any realistically achievable Doha Round agreement are negligibly small, if not negative, in many instances (Akyüz et al. 2006; Jha 2006). The mixed and uneven consequences of earlier trade liberalization soon became more evident. With considerable manufacturing employment in developed countries adversely affected, opposition to trade liberalization—and 'globalization', still ill-defined and vaguely understood—has grown (Rodrik 2007). Recent US proposals for economic cooperation do not even offer 'market access' while trying to impose new corporate-dictated 'international standards' upon partners, typically to undermine the real, imagined and potential influence of US antagonists.

New Threat to Trade Multilateralism

2015 proved challenging for multilateralism, especially in relation to development concerns. The mid-December 2015 WTO biennial ministerial meeting in Nairobi provided another setback as the US and its European allies successfully rewrote the Doha Round trade negotiations agenda and crucial aspects of its foundational documents. The ministerial undermined the WTO's foundational commitment to consensus-based decision-making, following the 2013 Bali abandonment of its commitment to a 'single undertaking'. They thus forced its membership to revisit issues previously dropped from the WTO agenda following strong opposition from the Global South, making conclusion of the Round virtually impossible.

Ending the Doha Round inconclusively will enable the North to renege on commitments made in 2001 and thereafter to get developing countries, especially from sub-Saharan Africa, back to the negotiating table after the 1999 Seattle ministerial disaster. This became evident when the Western bloc united to reject developing countries' request for a waiver of intellectual property rights for vaccines, tests, therapies, personal protective equipment and other COVID-19 pandemic needs (Jomo and Chowdhury 2021). The 2021 South Africa-India -led request—supported by over a hundred other developing countries—cited the Public Health Exception to TRIPS, agreed to in 2001 as a concession to resume WTO ministerial negotiations after the 1999 African walkout at Seattle.

Meanwhile, more and more OECD countries have become increasingly unwilling to make meaningful concessions in recent multilateral economic negotiations. US and European-led bilateral and plurilateral initiatives, mainly involving trade and investments, have increasingly been deployed as strategic tools in the recently expanded arsenal of economic weaponry, especially with growing acknowledgement of a new Cold War (Chowdhury and Jomo 2022).

Making his arguments to end the Doha Round, US Trade Representative Michael Froman instead commended (Jomo 2016a) the Obama-initiated Trans-Pacific Partnership (TPP), concluded in October 2015, and ongoing US-European Union negotiations for a Transatlantic Trade and Investment Partnership (TTIP).

Unsurprisingly, many developing countries want to satisfactorily conclude the Doha Round as promised, i.e., to

realize their development aspirations, even as redefined by the 2015 multilateral commitment to realize the Sustainable Development Goals (SDGs). Many still hope to finally realize the 2001 promises at Doha to rectify the problematic Uruguay Round outcomes, which are widely recognized as undermining their food security and development prospects (Weisbrot et al. 2004). By distracting from and otherwise undermining WTO negotiations, bilateral and plurilateral trade agreements threaten trade multilateralism. In Southeast Asia and Latin America, the TPP threatened to undermine existing and potential regional cooperation.

Despite being touted as a trade deal, the TPP is not mainly about 'free trade'. The USA and many of its TPP partners are already among the most open economies in the world in terms of tariff barriers. The main trade constraints involve non-tariff barriers, such as US agricultural subsidies, which the TPP does not address. Earlier, OECD TPP countries—with more competent trade negotiating capacities and capabilities—had delayed agreement in Honolulu in mid-2015 after squabbling over how to manage trade in particular areas, reflecting influential private lobbies involved in the US trade negotiating team. Thus, negotiating the TPP undermined multilateral trade liberalization.

The TPP would have strengthened IPRs well beyond the already onerous provisions of the WTO TRIPS agreement. For instance, it would have enabled 'Big Pharma' to secure monopolies on patented medicines for longer periods, and keep cheaper generic equivalents off the market, besides blocking the development and sale of new medicines deemed to be 'similar'. Evidence from recent decades shows that enhanced pharmaceutical IPRs under TRIPS have hardly promoted research, instead impeding or delaying innovation, e.g., through practices such as 'patent trolling'. TPP provisions will also limit competition, raise consumer prices, limit prudential financial regulation as well as threaten public health and the common good otherwise.

The TPP will also strengthen foreign investor rights at the expense of local businesses and the public interest. Its investor-state dispute settlement (ISDS) system confers foreign investors with the right to sue national governments for regulatory or policy changes supposedly reducing the expected profitability of investments. ISDS can be invoked, even when such changes are non-discriminatory, or if profits come from causing public harm (Jomo 2020b).

ISDS makes it hard for governments to fulfil their basic obligations—to protect their citizens' health and safety, safeguard the environment, and ensure economic stability. For example, if a government bans chemicals found to be toxic, it would have to compensate the foreign suppliers for lost profits, instead of requiring them to compensate the victims! Thus, taxpayers will be hit twice—first, to pay for the health and environmental damage caused, and second, to compensate the manufacturer for 'lost profits' due to the ban. This will have a chilling effect, deterring governments from fulfilling their responsibilities, and putting the public and environment at risk. Foreign corporations insist ISDS is necessary where the rule of law and credible courts are lacking, but the US is seeking the same with the EU through the TTIP, impugning the integrity of European legal and judicial systems.

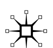
It is no secret that the main US motive for the TPP was to undermine China. In President Obama's words, 'With TPP, China does not set the rules in that region, we do'. Washington chose to trivialize broad international appreciation of and support for the China-initiated Asian Infrastructure Investment Bank (AIIB), even from US allies. In Southeast Asia, the new Cold War threatens to undermine the unity of the Association of South-East Asian Nations (ASEAN) with its commitment to a 'zone of peace, freedom and neutrality' (ZOPFAN). Considering its modest economic benefits and the risks involved, some developing country leaders seemed to be joining the TPP to find favour with the US while hoping to minimize its high economic, reputational and political costs (Jomo 2016b; Jomo et al. 2016a; 2016b).

By the time of the November 2016 US presidential election, there was little remaining enthusiasm among the candidates for the TPP. Even Hillary Clinton sought to distance herself from the TPP, which she had been involved in advocating as Obama's first Secretary of State. After President Donald Trump withdrew from the TPP after his inauguration in January 2017, Obama's Vice-President, now President Joe Biden made no attempt to revive the TPP.

Concluding the TPP might have encouraged more plurilateral and bilateral FTAs, but such momentum is clearly no longer evident. While such arrangements actually undermine trade multilateralism, WTO officials and other TPP boosters have continued to maintain the pretence that the TPP would complement and strengthen it.

Following Trump's withdrawal of the US from the TPP, the other eleven signatories agreed to support the Japan-led Comprehensive and Progressive TPP (CPTPP), dropping some of the most onerous TPP provisions on intellectual property, but retaining its ISDS provisions despite widespread concerns about its likely risks. Although US withdrawal would reduce its size by well over half, CPTPP advocates stepped up their claims of ostensible benefits of the CPTPP (Jomo 2020a). Biden's Indo-Pacific Economic Framework (IPEF), announced in 2022 and now being rushed for completion before the end of the year, is very modest, arguably 'much ado about nothing', not even offering US market access!

The threat to abandon the Doha Round has been repeatedly used by the North to extract more concessions from the Global South, which largely still sees the Round as helping to realize at least some of their hard-fought developmental and food security aspirations. The fading fate



of and prospects for economic multilateralism as well as other recent developments threaten to irreversibly transform contemporary international relations, at the expense of the developing countries, and ultimately, of sustainable development.

With the varied circumstances and interests of the Global South, it has become increasingly difficult to unite and mobilize developing countries to act together in the interests of the collective whole. But with the competing demands and inducements of the bipolar rivals in the new Cold War, developing nations would do well to support efforts for pacifist non-alignment. By staying united and not committing to either camp, developing countries will be better able to negotiate more effectively with the Cold War rivals in their own collective interests.

With the gravity of the threats of war, including nuclear conflagration, pro-active pacifism offers the option of diverting resources away from military and related purposes towards achieving the Sustainable Development Goals, seemingly abandoned by the Global North. This means the Global South must recommit to a pacifist developmentalist multilateralism, increasingly undermined by NATO unilateralism and its rivals. Such a multilateral developmentalism must address and overcome the problematic legacy of the WTO as well as plurilateral and bilateral economic agreements, as well as the anti-developmental 'one-size-fits-all' superficial equality of the 'single commitment' of WTO membership.

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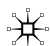

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