

THE WTO, THE UN, AND THE FUTURE OF GLOBAL DEVELOPMENT: WHAT MATTERS AND WHY

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In December 2013 at the organization's ninth ministerial conference in Bali, Indonesia, World Trade Organization (WTO) member states finally reached agreement on a small package of measures that appeared to breathe new life into an otherwise moribund round of trade negotiations—the Doha Development Agenda, or more commonly Doha round, launched in 2001. Was this yet another example of the WTO delivering unequal benefits? If the WTO does not, by its own reckoning, have a development portfolio, should it be taking steps towards the UN?

The various organizations of the United Nations development system (UNDS) face a number of challenges if they are to remain fit for purpose, able to tackle the most enduring and tenacious forms of human destitution, and continue to help those fortunate enough to be already advancing up the development ladder. Most of these challenges are well known, even if they are not always addressed with appropriate verve and determination. Reform, change, and evolution in the world organization have historically been slow, incremental, and accretive. The system suffers from the kind of diffusion and atomization that has put in place 30 separate and occasionally incommensurate institutional pathologies. The scale of the task required to make more than a modest contribution to bettering the lived experiences of the majority of the world's population is daunting. And the speed with which the landscapes of global poverty and inequality are changing poses problems for even the lithest of organizations.

There is, however, another challenge that is seldom recognized when thinking about the future of the UN in development. This challenge is the capture of a significant proportion of the global development agenda by agencies that lie outside—ideologically and otherwise—of the UNDS. In part, this challenge is non-governmental. Major philanthropic institutions like the Gates Foundation have resources and influence that are the envy of many an intergovernmental organization; and a plethora of nongovernmental organizations (NGOs), religious bodies, and civil society institutions act as service deliverers of development

assistance on the ground and often have no connection to formal UN machineries. Together, nonetheless, they combine to put in place developmental agendas and strategies that can challenge the UNDS—if not ideologically then certainly operationally—and that often lack the UN's legitimacy and accountability.

In part, this challenge is also intergovernmental. Other global institutions have operational mandates that confront and, on occasion, encroach upon the development activities of the UNDS. In these instances, the evolution of institutional remits and substantive operations have given rise to alternative and often contradictory approaches to development. In some cases, these approaches matter little. In others, they represent serious challenges to established UNDS ways of thinking and acting.

Private, non-state involvement in development is much debated and dealt with more extensively elsewhere.¹ The intergovernmental challenge to the UNDS is much less frequently the focus of attention; and when it is, commentary has tended to center on instances when a clash of institutional cultures or ideologies occurs and wherein the UN plays a role in mediating the more evangelical aspects of World Bank and International Monetary Fund policies.² One intergovernmental challenge that is a little different—and which is almost never commented upon—comes from the increasing encroachment of the World Trade Organization (WTO) into debates about global development.

FUNDS supports and helps accelerate change in the UN development system to increase effective responses to global development challenges—especially after 2015, the target date for the Millennium Development Goals. Recognizing the many frustrations that have accompanied UN reform efforts, FUNDS envisages a multi-year process designed to help build consensus around necessary changes. Financial support currently comes from the governments of Denmark, Norway, Sweden, and Switzerland.



WTO Director General Roberto Azevêdo (left) and Chair of the Ministerial Conference Gita Wirjawan (right) at the closing session of the Bali ministerial conference, December 7, 2013. Photo reproduced with WTO permission.

At first glance, this claim appears to be without substance. The WTO—if one holds store in official proclamations—categorically claims that it is *not* a development institution. It makes no claim to playing a role in shaping global development. Its supporters and detractors point out in equal measure that it is not—nor should it become—a development institution. Indeed, any developmental features of the organization’s activities are understood merely as second-order consequences of its functioning.

WTO, RHETORIC AND REALITY

At a deeper level, however, the WTO is ideologically and operationally central to both the means by which development is pursued and the mal-distribution of economic opportunities that make development so difficult to achieve in anything other than an unequal sense. The WTO is ideologically and operationally central because the dominant approach to early twenty-first century development is predicated on the assumption that it is by increasing the volume and value of trade that growth is generated and substantive economic gain realized—hence, the equation-cum-mantra: trade = growth = development. However, the WTO (and the General Agreement on Tariffs and Trade, GATT, before it) plays a role in the mal-distribution of economic opportunity among states. As a mechanism for generating trade openings it has persistently presided over trade negotiations that have produced asymmetrical bargains favoring the advanced industrial states over their developing and least developed counterparts—to which the previous Uruguay round (1986-1994) bears witness.³

This matters on a number of levels. It matters because the WTO’s centrality to the way that development is pursued and the problems in actually achieving it are at odds with existing ideas about economic and social advancement in the UN system. It matters because although some small gains have been realized for developing countries—particularly the least developed—in the form of the small package of measures agreed at the December 2013 Bali ministerial conference,⁴ the lion’s share of benefits continue to accrue to their industrial counterparts.⁵ And it matters

because the unwillingness of many—including in the organization as well as in the UNDS—to accept the WTO’s centrality to global development obfuscates both our collective capacity to facilitate substantive development gains globally and UN activities in the area.

In a nutshell, it is because trade is seen as a key vehicle for generating development that the WTO, as the core institution concerned with how trade is governed, has become a major player in global development. At the moment, relations between the constituent members of the UNDS and the WTO are amicable but thin. No formal substantive co-operation exists between the WTO and any of the UNDS family members; and many of the latter hold the former in suspicious regard (a regard that is widely reciprocated). The WTO and the UNDS operate on the basis of diametrically opposed ideas about trade. The best that can be said is that both hold store in the importance of trade; thereafter, ideas about how trade is best organized and encouraged diverge dramatically. Indeed, the only coming together of the two is during WTO ministerial conferences when certain members of the UNDS are represented as observers, or else at public gatherings wherein key officials from the development system speak to particular topics on organized panels. And while UNCTAD and the WTO nominally “cooperate” in sponsoring the International Trade Centre, it is more a means of holding one another at bay than an instance of meaningful collaboration.

In terms of a power relationship—and much like the way the IMF and World Bank hold sway in the UN system—the WTO very much has the upper hand. It is the institution through which member states seek to pursue their trade objectives. The UNDS, however, is merely a constellation of bodies designed to mop up the negative effects of market failure or enduring and hard to reach underdevelopment.

Realizing that the WTO is a central player in global development is, however, only the start of a journey. Understanding how development has fared in the global governance of trade takes us further. From the very outset, the multilateral trading system was set up to enable the leading industrial states to pursue their trade objectives vis-à-vis one another.⁶ It was not designed to be a vehicle for realizing the trade objectives of developing counterparts’. In part, this is the consequence of the failure of a larger, more ambitious institutional project—the International Trade Organization—in the immediate post-war period and the installation of a limited and what-was-originally-intended-to-be a provisional form of trade governance in the GATT. In part, it is the consequence of an evolutionary history that has seen developing countries continually—but largely unsuccessfully—attempt to alter aspects of the trade regime to better reflect their interests. And in part, it is the result of a negotiating machinery that pitches unequally matched states against one another in chaotic bouts of negotiating which has seen developed countries secure more of the economic opportunities they already have while offering developing countries very little of what they actually need.

These three elements—a trade institution that was designed to serve the interests of industrialized countries, that has evolved in a fashion that largely mimics the purposes for which it was originally established, and a mechanism for generating trade opportunities that favor the more powerful over the weaker—have combined to produce a turbulent and contested trade politics. Turbulence and contestation are manifest most dramatically during trade rounds—and in particular during the ministerial conferences that punctuate these lengthy dramas—although they also play out in the WTO’s other functions. This turbulence and contestation lends trade negotiations a great deal of sloth, which, in turn, gives rise to complex strategies of maneuver. States seek to gain advantages in negotiations through the formation of complex and often cross-cutting coalitions while simultaneously seeking to secure advantages by linking movements forward in trade with deals brokered outside of WTO negotiations. Deals are finally brokered when these complex games have arranged the various pieces of a puzzle in such a way that they represent the best that can be achieved, or when delegations are worn down to the point at which *any* movement forward is perceived to be acceptable. Yet for all of the energy that developing countries exert (and always have exerted) in pursuing their interests in trade rounds,⁷ it has always been the case that the disproportionate share of the opportunities negotiated fall to industrial states.

CONCLUSION

Why does all of this matter? It matters at the most basic level because the perceived centrality of trade to global economic fortunes means that attention is disproportionately directed towards what goes on in the WTO rather than in making the UNDS fit for purpose. It matters because getting trade right, rather than mopping up market failure, is a more effective way of developing. It matters because the current round of trade negotiations was set up ostensibly to be a “development round” but has been reduced to a focus principally on agricultural market access (and how little is likely to be given up by the industrial states). And it matters because the current round of trade negotiations looks set to repeat a cycle of asymmetrical outcomes that have contributed to a further widening of the gap between the global haves and have-nots.

Here a clear view of what is going on in trade negotiations is essential. For most commentators, it is the everyday *minutiae* of what goes on in a trade round that is the story. Thus, the recent history of the WTO has been one of the 1999 “battle in Seattle”; the launch of the Doha round in the wake of the September 11th terrorist attacks; the suicide of a protestor during the 2003 Cancún ministerial conference; more clashes between police and demonstrators in Hong Kong in 2005; the round’s grinding to a halt in 2006; a brief glimpse of refreshed vital signs before a formal timeout was called in 2008; and a long slow process of rehabilitation leading to the agreement of a small package of measures in three specific areas (trade facilitation, agriculture, and special and differential treatment for least developed countries) in Bali.

The “deal” in Bali is actually the first multilateral agreement since the WTO succeeded the GATT on 1 January 1995. Yet, the real

story is the way that the original aims of the round have been whittled away from a mandate that originally sought to rectify past injustices and secure meaningful development opportunities to one that has become a business-as-usual pursuit of market access in areas that are neither politically sensitive to the industrial states or of great use to the vast majority of poor countries.

Negotiating trade deals that are asymmetrical and that favor those who already have a great deal over those who have very little is unsustainable—at least for those interested in fostering development. Reform of the multilateral trading system is essential if trade is going to be a driver of substantive and more equitable economic development. Yet despite its well noted faults, a head of steam for a wholesale root-and-branch reform of the WTO is absent. Part of the problem is that many of the reform proposals that have been put forward would, if implemented, merely patch up an already problematic system. Few have pressed for a more radical overhaul of the system that does away with competitive negotiating as a machinery for generating economic opportunity, which would install a governance structure that is more democratic, representative, accountable, and appropriate, or which connects the way we govern trade up with the realization of broader social goods and the way we manage other aspects of global life.

In this regard, the kind of trade governance we have under the WTO is important to the UNDS not only because it threatens the way development is understood in the UN system, but also because it underscores the necessity of bringing the WTO more closely into the UN orbit and to improve and enhance co-operation therein, not just with UNCTAD—another institution in dire need of revitalization—but also with the IMF, World Bank, the UN Development Programme, and the Economic and Social Council.

We fail to heed the necessity of WTO reform, or its importance to and relationship with the UN development system, at our peril. As Nelson Mandela put it in 1998 in his assessment of the previous Uruguay round at the celebration of the multilateral trading system’s half century,

Fifty years ago, when the founders of the GATT evoked the link between trade, growth and a better life, few could have foreseen such poverty, homelessness and unemployment as the world now knows. Few would have imagined that the exploitation of the world’s abundant resources and a prodigious growth in world trade would have seen the gap between rich and poor widening. And few could have anticipated the burden of debt on many poor nations.

As we celebrate what has been achieved in shaping the world trading system, let us resolve to leave no stone unturned in working together to ensure that our shared principles are everywhere translated into reality ... let us forge a new partnership for development through trade and investment.⁸

It is to upturning every stone and forging a new partnership that we must now all turn.

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NOTES

1. See, for instance, Michael Moran, *Private Foundations and Development Partnerships* (London: Routledge, 2014); Jonathan J. Makuwira, *Non-Governmental Development Organizations and the Poverty Reduction Agenda* (London: Routledge, 2014); and David Hulme and Michael Edwards, *NGOs, States and Donors: Too Close for Comfort?* (Basingstoke, UK: Macmillan, 1997).
2. See, for example, Thomas G. Weiss, "Governance, Good Governance and Global Governance: Conceptual and Actual Challenges," and Jean-Philippe Thérien, "Beyond the North-South Divide: The Two Tales of World Poverty," in *The Global Governance Reader*, ed. Rorden Wilkinson (London: Routledge, 2005), 68-88 and 218-238.
3. Sylvia Ostry, *The Post-Cold War Trading System* (London: University of Chicago Press, 1997).
4. Rorden Wilkinson, Erin Hannah, and James Scott, "The WTO in Bali: what MC9 means for the Doha Development Agenda and Why It Matters," *Third World Quarterly* 35, no. 6 (2014): forthcoming.
5. Rorden Wilkinson, "Measuring the WTO's Performance: An Alternative Account," *Global Policy* 2, no. 1 (2011): 43-52.
6. Rorden Wilkinson, *The WTO: Crisis and the Governance of Global Trade*, (London: Routledge, 2006).
7. Rorden Wilkinson and James Scott, "Developing Country Participation in the GATT: A Reassessment," *World Trade Review* 7, no. 3 (2008): 473-510.
8. Nelson Mandela speaking at the 50th Anniversary celebrations of the GATT, 19 May 1998. Available at: http://www.wto.org/english/thewto_e/minist_e/min98_e/anniv_e/mandela_e.htm

