

World Trade Organisation (WTO) and Development

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The World economy is caught up in two important cross movements. One leads it to greater global integration and in search of a macro-equilibrium which relates world resources to world needs. The other, equally important, but somewhat opposite tendency is on the part of countries, states and even communities to create an economic environment which maximizes their welfare at household, community, village, city, state or country level. These groups of people or geographical entities are in search of micro-equilibrium which meets their needs with reference to their resources in the best possible manner.

It is known that sum of a number of micro-equilibria will always fall short of the welfare obtained in a macro-equilibrium situation. In this respect in development economics sum of parts is not equal to the whole and larger the number of parts (micro-equilibria) the larger the gap between welfare obtained in macro equilibrium situation as against sum total of micro-equilibria. It is in this context that every movement towards a global equilibria is a welcome step and is expected to add to the over-all well being of the humanity. However, such addition to well being is to be balanced with the search for micro-equilibria by the local communities, States and Countries. Reconciliation of these requirements is essentially the task before the global community. And here issues of politics and sovereignty interact with issues of economy.

WTO, global governance, and new trade round are to be seen in this perspective. WTO attempts to re-arrange trade and production patterns as to maximize economic benefits not only for the member countries but also worldwide. Uruguay round of trade negotiations which culminated in the establishment of WTO and signing of a number of agreements in the area of World Trade is about the initial step in the direction of globalization of trade. However, about seven years after the Uruguay round there is still unfinished agenda relating

to accommodating the concerns of the developing countries while attending to the needs and interests of advanced industrial countries.

Some of the issues identified by WTO in the context of emerging world trade scenario also focus on some of the non-trade issues including labour standards, environment etc. These are, for obvious reasons, being resisted by the developing countries and will alienate them from WTO regime forcing them seek solutions of their trade related problems in bilateral and regional arrangements.

The Doha meeting has been held in this background. It may have been the intention of some of the developing countries to stay away from Doha negotiations until the treaties and obligations earlier entered into have had a fair chance of implementation and their access to developed markets has really been enhanced by the new arrangements. But the wisdom suggests that while emphasis on implementation may remain, the discussions in the context of future prospective should continue. Also this may be an opportunity to inform the developed societies once again why certain things are not feasible in developing societies at their present stage of development. Issues of child labour, forest dependent populations, low technology environment polluting production processes etc. are not economic instruments which can be placed or displaced in the conventional economic sense. These are in-built cultural aspects of many societies and inseparable from the society itself. No fiat can bring about a sudden change in the cultural functioning of these societies. Such change has to be gradual, time consuming, and has to be aided through technology transfers and upgrading of population groups involved through extension education and skill upgradation.

It is known that those international treaties are best implemented which have a high moral and social acceptability, others are wasted to a large extent. It is in this context that WTO, with or without Doha, should not do anything which is against the socio-cultural moors of a number of its member nations. It needs no proving that border measures can be put in place to thwart any trading effort and these border measures continue to remain available to sovereign states. This is best proved, if a proof is needed, that impact of removal of quantitative restrictions

on imports into India of a large number of commodities has not led to flooding of the Indian market by those commodities

In this background further WTO negotiations have to proceed on the basis of social fabric of societies involved rather than economic calculus alone. Any negotiations under duress are not likely to yield any positive results. Further, developing countries are, to an extent, not even in a position to implement some of the existing obligations under WTO. To pressurize them to accept further obligations through future negotiations will be an exercise in futility. In fact, WTO should devote its next stage of negotiations to better implementation of the agreements earlier entered into. In doing so it may even create a fund to support the developing societies with extension education, infrastructure and information and also by providing finance to facilitate implementation of its own agenda. On the other side it may also continue its extension education programme to inform the developed world what to expect of WTO and the developing countries given their state of economy and their need for international trade. Making contraries consistent is a difficult, if not an impossible task and that is the task that WTO has on its hand. We wish it good luck at Doha, and suggest that developing societies should take advantage of this opportunity to voice their concerns and present its own proposals of what it may expect from the advanced economies as these walk along the road to globalization, not only of trade but also of industry, finance, management and labour.

Balance Between Developing Societies and Developed Societies

WTO thus should continue its efforts to universalize the trading system by creating a balance between interest of developing societies and those of the developed societies. Doha Meeting in November 2001 is a great opportunity to proceed in this direction. It is nobody's case to boycott such a meeting and is in everybody's interest to constructively contribute to it with a focus on (a) better implementation of what has already been and agreed and (b) creating a road map for the future.

It may also be useful to place the world trade scenario as currently obtained and as may be suggested through future years through the WTO in the context of inventory of national and world resources and their optimum allocation between sectors and economies while meeting the aspirations and requirements of both developed and developing societies. In the course the World Trade Organization should move in the direction of world development organization keeping in view the best utilization of world resources for the benefit of the world community. WTO provide mechanisms to resolve conflicts in objectives and resource allocation within nations and between nations and suggest suitable paradigms for transformation of “what is” to “what ought to be” to be keeping in view one world development priorities and available national and international resources including technology, capital, management and labour. Thus, there is a need to develop a global economic agenda together with a global trade agenda and the two should be in sync with each other.

It may not be within the scope of WTO or the Doha Meeting but perspectives that may be kept in view in the world development scenario may include (i) increased access to wage incomes as compared to asset incomes; (ii) increased emphasis on productivity as compared to changes in terms of trade to meet specific challenges since changing terms of trade alone is zero sum game; (iii) reduce reliance on micro-equilibria in a journey towards a global macro-equilibrium; and (iv) check pressures which take development away from the poor within a country or in a global context from the relatively poorer countries.

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