

Trade and Development – A forgotten issue?

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Post-2015 discussions are in full swing – debating what a new, sustainable development agenda ought to look like. The Future we want – outcome document of the Rio Summit held earlier this year, noted that “sustained economic growth for reduction of poverty, inequality and vulnerability will require strengthened partnerships among governments, the private sector and civil society to make sure that international trade, national and foreign direct investments contribute to productive employment creation, economic security and investments in health, education, rural development, water and sanitation while safeguarding human rights and empowering women.” It speaks of a fair and stable global trading system as an enabler of such development.

The UN system has invited international organisations, governments and local government bodies, academic institutions and think tanks, civil society organisations, the private sector, trade unions, foundations, religious groups, individuals to offer their ideas and views on the next development agenda. Nine thematic consultations, on many UN agency websites described as “global conversations” are underway, addressing inequalities; population; health; education; growth and employment; conflict and fragility; governance; environmental sustainability; and food security and nutrition. So, at first glance, an inclusive and comprehensive process.

On second glance: trade, as a subject in its own right, is absent. This is a dangerous omission. In a world of globalised value chains, commodity price speculation including assaults on food prices, land and water grabs, and at a time when “Doha” refers to climate change discussions or a football championship, but no longer to the trade round, trade seems to have disappeared from the international discourse radar screen.

In the founding days of development economics, critical – and indeed evidence-based - analysis of the often inequitable, immiserising functioning of international trade and investment used to drive theory and advocacy. The early UN, ECLAC and UNCTAD terms of trade debates and their research on industrial strategy, or the work of the UN centre on transnationals, were eloquent examples.

These debates were passionate in their concern over unequal exchange. They did have a crucial shortcoming though: they generally remained at the macroeconomic and nation-state level, and did not look at the multidimensional effects of trade or investment on classes of people, communities, households, or let alone on women, men, or children. The debates on the factors contributing to the success of the “economic tigers”, for example, were notoriously oblivious to the importance of class interests, or trade unions, the contribution of women workers, or the right of all people to democracy.

Structural or dependency theory was pushed aside, however, not because of its insufficient attention to equity and human development: it was blamed for stagnation in economic growth and replaced by a neoliberal infatuation with markets. Eventually, neoliberal economic theory and policy was made more palatable with the re-orientation to social development issues offered

by the MDGs. However, the human development and MDG agenda too, with their focus on the individual and household level, have an inherent shortcoming: they underplay the overall political economy of societies and economies.

Most recently, in reaction to the great recession and the dominance of financial markets, and startled by the ever increasing income inequities within and between countries, a left-wing rhetoric about the need to tame the markets, and to address situations of unequal development, is heard in mainstream development economics discourse. That is good. Nevertheless, the real economy and the processes of international trade and investment remain peculiarly off stage with much more attention devoted to analyses of global finance.

What to do?

In 2013, the UN will convene a General-Assembly level meeting with a view to deepening or substituting for the MDGs which were meant to be accomplished by 2015. And, by coincidence, in 2013, trade and investment issues, part of the MDG agenda's goal 8, could re-enter the arena of development debates, even if for a procedural reason: the lead posts at UNCTAD, the WTO and the ITC are all falling vacant next year. This could provide an opportunity to focus attention on equitable development and social justice, and return attention to the real economy and its trade and investment processes.

The ongoing MDG post-2015 "conversations" and analyses could build on the lessons, and overcome the blinkers, of the "old" and the "new" debates, and integrate them constructively with a progressive, transformative agenda. They could bring together the eye for human development with the eye for structural dependency. One fine example of pulling together these strands is offered in the analysis of international trade and horizontal inequalities broached in a just-released set of articles by Frances Stewart and Arnim Langer (Arnim Langer and Frances Stewart, International trade and horizontal inequalities: conceptual and empirical linkages. The European Journal of Development Research Vol 24 No 5, December 2012).

At the procedural level, this could happen via the current head-of-agency succession reflections. The WTO and ITC have posted calls for nominations on their websites, offering a certain degree of transparency of process. But the job descriptions are primarily managerial and lack vision. For the WTO director-general position, candidates should have "extensive experience in international relations; a firm commitment to the work and objectives of the WTO; proven leadership and managerial ability; and demonstrated communications skills". For the ITC executive director, candidates are "expected to prove their track record as a senior manager in complex and multicultural institutions; leadership in institutions operating in fast-changing environments; familiarity with ITC's goals and strategic priorities; and a grasp of trade, investment and productive capacity challenges faced by businesses in developing countries." For UNCTAD, no process has been announced; notionally, it is the UN Secretary-General who proposes an UNCTAD Secretary-General for the General Assembly's decision.

Apart from the obvious merits of managerial skills and a grasp of trade challenges: what would the heads of the three trade- and investment-related agencies really need to bring to the table? They would need an analytical mind to dissect the divergent interests of different players in the multi-polar world. They would need to be iconoclast and willing to challenge the powerful - be they landholders who exploit the landless; those TNCs and SMEs that grab resources, avoid

labour standards, shrug off environmental responsibility, or evade taxes; powerful governments that impose unfair agreements in trade, investment or intellectual property, and grab their people's land for lucrative deals. They would need to question the terms under which the landless poor, smallholder farmers, the informal sector produce and sell their products, and to revisit the way low-income, low-power countries are positioned in global value chains and investment deals and interface with the economic superpowers. They would need to be driven by a commitment to equitable trade and investment that moves individuals, households, communities and nations out of poverty, and by an agenda that puts equity, employment and decent work back at the heart of the development agenda. In other words, they would need to serve the interests of the two billion working poor who need a radically different type of trade and investment regime.

So far, most speculations over the new heads of the three agencies are over geography and gender. Some argue that a representative from the South would be more attuned to the economic, social, political and environmental needs of low income nations, or that it is Africa's turn. Some argue that a woman candidate would feel more identified with gender equality concerns. But the real difference can be made only by a person, regardless of gender and geography, with a conviction to move international trade and investment policy towards a global social justice agenda and equitable development, who would examine the trade agenda not from the perspective of nation state interests, but the interests of the poor and excluded in South and North.

The coinciding of the MDG review and the appointments at UNCTAD, WTO and ITC, could be a huge opportunity to revisit the issues in international trade and investment. However, times do not bode well. The current economic and political environment is not a progressive one, and quite different from the situation in the 1960s, when UNCTAD was established, or in the late 1990s/early 2000-noughts, when the MDGs were conceptualized, the chances for a transformative development agenda are very slim.

At the international level, the discussions on the agenda post 2015 are to be guided by a task team, selected by the UN Secretary-General, comprising primarily conservative governments. These will be keen to ensure their national interests. Despite a rhetoric around poverty and inequities, they would not want a genuine change in the North-South political economy. This was more than obvious at UNCTAD's recent quadrennial review when the North made a concerted effort to remove the progressive elements from the agency's mandate. The new multi-polar world has moreover fragmented the South, with sets of countries having conflicting trade and investment interests. The "soft powers" of the South, the BRICS, do not seem much interested in multilateral agencies; they did not place any representative at the heads of the World Bank, the IMF, or the ILO, when these positions came up recently, although they could easily have pulled their weight, had they chosen to. Nor have the economically weaker countries come together.

Therefore, hope for change rests mainly with the alter-globalisation movement, with critical parliamentarians, trade unions and agriculture organisations, grass roots organisations representing the informal economy workers, women's groups, the 99% movement perhaps - to formulate and push the interests of the poor and marginalised in South and North. These groups need to come forward and put pressure on governments. They need to form alliances, and work towards an enlightened, transformative post-MDG development agenda – addressing human

rights and good governance, social justice and sustainability, decent work, and social protection for all – combined with a concern for genuinely equitable trade and investment that can serve the eradication of immiseration and poverty. In that vein, MDG goal 8 and its target of developing an “open, rule-based, predictable, non-discriminatory trade and financial system” would need to be fundamentally re-cast.

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