

## BOOK REVIEW

### THE WTO: THE CRISIS AND THE GOVERNANCE OF GLOBAL TRADE

*by Rorden Wilkinson*

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*Review by: Dr. Mine Eder, Bogazici University*

As the world economy enters into a recession following a financial crisis in October 2008, as the scholars begin to discuss the pros and cons of "liberalization" and the need for global governance, Wilkinson's book on global trade governance is a welcome and timely institutional analysis of how the WTO emerged, how crisis became a perennial, but not fatal feature of multilateral trade regulation, and how the institution reflects/reproduces a deeply asymmetric balance of power in international political economy. Wilkinson's discussion starts with the failed attempt to form an International Trade Organization (ITO) in 1947, continues with the creation of the "defective" General Agreement on Trade and Tariffs (GATT), and an analysis of the various rounds of talks (Kennedy Round (1964–67), Tokyo Round (1973–79) and the Uruguay Round (1986–1994) which ultimately laid the institutional and asymmetric foundations of the WTO. Providing the institutional context and an overview of the political debates and economic concerns behind the establishment and development of multilateral trade regulation in the post WWII period, Wilkinson shows that the post-WTO collapse of the ministerial meetings in Seattle (1999) and Cancun (2003) did not interrupt the institutional development of the GATT/WTO, and did not bring about significant change in the balance of power in trade politics. If anything, he argues, these crises helped perpetuate most of the asymmetries of power embedded in the institutional genesis and development of the GATT/WTO.

In exploring why and how the WTO ministerials collapsed over time, Wilkinson develops a two-tiered argument. One is that to understand the context of the collapse of these meetings, we need to go back to the "original contract" of how the multilateral trade regulation emerged and evolved. Here the main suggestion is that the ITO, which later turned into the GATT, had a very specific purpose — that of attaining industrial (predominantly the US) post-war trade interests. Hence since its inception, the GATT was never meant to be a global institution but instead an instrument for the major commercial powers to liberalize trade between themselves, an "industrial nations club" as he calls it. This was particularly the case in the Dillon and Kennedy rounds where none of the sectors in which the developing countries were interested in liberalizing, such as agriculture and textiles/clothing, made it to the GATT agenda.

Secondly, Wilkinson suggests that the crises have not actually been disruptive to the institutional development of GATT and WTO. On the contrary, they have been an endemic feature of its evolution. The *ad hoc* nature of the GATT procedures, coupled with the rising economic power of the EEC countries, laid the foundation for political tensions. The collapses in the ministerial meetings, the rising habit of greenroom meetings, the informal negotiations, the mini-ministerials among major industrial powers despite growing codifications of rules and agreements as a way to establish the formal legal framework of WTO, the use of the fear of "total collapse" as a bargaining chip to overcome deadlocks and move the trade agenda further (post-crisis politics), all became instruments for "locking-in" the power asymmetries in trade politics. In short, the author suggests that "the WTO's legal framework, remains an instrument created to serve the economic interests of its dominant members albeit peppered with provisions created to ensure the acquiescence of middle-income, developing and least-developed states" (p. 99). This tug of war between the industrial versus developing countries was particularly evident as the developing countries tried to focus on trade liberalization in agriculture and textiles, while the

industrial countries aimed to open new markets in sectors of their own competitive advantage, such as services and non-agricultural markets, as well as the protection of intellectual property rights. These tensions were particularly evident in the Doha Development Agenda (DDA), but since nothing has been done to remedy the asymmetries of economic opportunities which the GATT/WTO legal framework offers, heightened political tensions have become almost a perennial feature of trade negotiations.

Why, Wilkinson asks, has the development of multilateral trade regulation not really departed from its original design and purpose, unlike other international organizations such as the International Labor Organization (ILO)? He offers a variety of explanations: a) the institution was successful in its original mission, i.e. liberalizing trade among dominant powers; b) the US economic hegemony, that is the fundamental distribution of power in international political economy has not changed drastically; c) the *ad hoc* ruling bodies could not empower developing countries, i.e. persistent greenroom negotiations, d) the lack of alternative trade fora, i.e. WTO "as the only game in town;" and e) the difficulty of avoiding conflict and finding a common ground with so many members.

Based on a solid historical and institutional understanding of the GATT/WTO, Wilkinson offers a very-grounded analysis as to why ministerial meetings collapsed and offers insights on how there might be much more to these "crises" in trade politics than meets the eye. His book also raises very interesting questions on how and why the international economic governance mechanisms can "lock-in" significant power asymmetries which may be very difficult, if not impossible, to overcome. In a world economy deep in crisis, these are indeed very important and relevant questions to think about.