

# World Trade Politics: Power, principles, and leadership

Written by Ruchi Hajela

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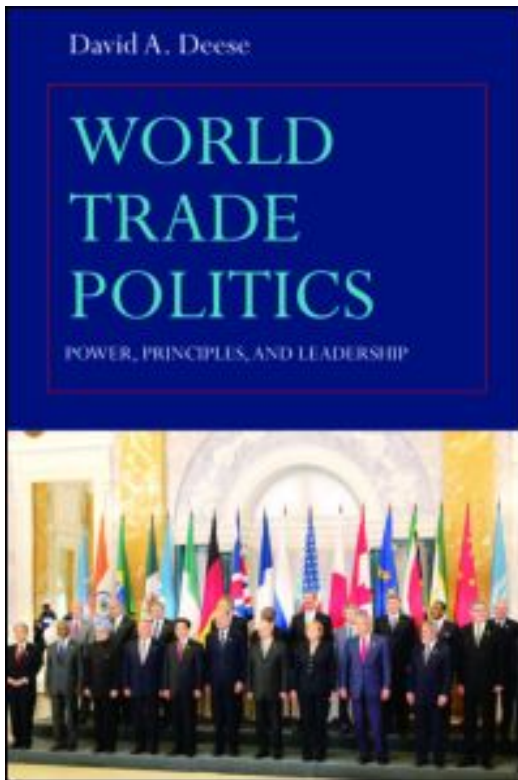
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***World Trade Politics* by David A. Deese examines the role of international political leadership in the evolution of the General Agreements on Tariffs and Trade/ World Trade Organisation (GATT/WTO) and argues that the success or failure of international institutions depends on whether 'leadership' was provided during the negotiation process. The author concludes that leadership demonstrated by individuals/officials (not states) in the form of providing direction, initiating issues, building consensus or awareness around them during multilateral trade negotiations is central to reaching agreements between members and advancing the trade regime.**

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In *World Trade Politics*, author David A Deese examines 'how' international political leadership determines the success or failure of negotiations or expansion of the GATT/WTO. Deese defines negotiations as successful or failure depending on whether member states agreed or did not agree to engage on cooperation. Deese starts out by defining leadership as the ability to influence other's actions or beliefs and the capability to enact changes in political institutions amid domestic and foreign policy aims. He attributes the premise of his arguments to the works of authors like O.R Young that link regime formation to the interplay of three different types of leadership – structural, entrepreneurial and intellectual – broadly characterised by the ability to build coalitions, negotiations to arrive at a compromise and thought leadership respectively. Structural leadership or the ability to provide direction to other members is most significant in Deese's arguments.

Deese has used the case study method to trace key negotiation rounds in the evolution of the GATT/WTO, from 1947 to 2004, to study how leadership determined successful or failed outcomes of these rounds. His 16 case studies are split into further periods – 1947 to 1973 (for a historical perspective on the evolution of GATT), mid 1970s to mid 1990s (leading up to the creation of the WTO), the third beginning in late 1990s till 2004.

In each instance, Deese traces back the failure of the planned International Trade Organisation (ITO) in 1949 and attributes it to US' failure to provide 'structural leadership' to negotiations. He argues that despite being a proponent of free trade, US President Truman could not ratify the ITO amid domestic political pressure such as ideological differences with key senators and competing foreign policy goals like the Cold War in 1947 and post second war war economic crisis in Europe, citing this as an example of failure of leadership role. Similarly, he attributes the declining effectiveness of the trade regime in 1970s to disagreement between the US and Europe over issues related to agriculture and in effect a failure of providing joint structural leadership. As a more recent example, he discusses the blocking role played by developing nations during the Cancun ministerial meeting in 2003 that prevented an agreement between member states.

Deese concludes that historically, outcomes during important negotiation rounds in the global trade regime have been conclusive when individual leadership was provided by the US in the initial years, followed by joint leadership by US-Europe leading up to the need for more countries to take up leadership roles as more areas of negotiation are brought to the discussion table. Given the increasing importance of developing countries, Deese specifically points to the need for emerging countries like India and Brazil to provide structural leadership and persuade and engage other members of the WTO and contribute to the reform of the trade regime.

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## **Argument**

The theme of international political leadership's role in the GATT/WTO addressed by the book is contemporary and important in the context of the WTO that has negotiation as its core and is criticised for losing relevance in the wake of events like the inconclusive Doha round. The role of leadership in WTO is becoming increasingly relevant with the balance of power shifting from the traditional dominant Western economies to emerging ones.

The book's central assumption that international political leadership is important in the evolution of a multilateral regime is convincing to an extent. For instance, in a regime driven by negotiations, there is a need for a leader to raise issues and mobilise members. Traditionally, the role has been played by the US alone or in partnership with Europe. However, leadership cannot be separated from the state. I think that the negotiation process or leading others in multilateral negotiations is not so much about the style (like consensus building) or personal decisions of leaders or officials but rather dependent on the country they represent. The weight of leadership efforts can be linked to the trading power of the country one is representing. The United States and Europe were the dominant trading countries in the past and so it was obvious that they took on the leadership role and engaged fewer smaller members. However, with widening membership, the rise of emerging powers like India and no one dominant power, leadership challenge only seems too obvious. In that context, the book's perspective is not new.

The book is too descriptive and explains in detail how negotiation outcomes were reached in the past. It gives a great historical account of key events with detailed descriptions of how officials or leaders chose among domestic issues, foreign policy aims and trade regime advancement. However, there is no analysis of how these decisions contributed to the expansion of the trade regime. By pointing out to the need for emerging economies like Brazil and India taking up leadership role as essential for WTO reform, the author seems to be making a virtue out of a necessity. Ironically, the book makes no mention of the leadership role China could play given its rising economic might and dominant trading power.

Moreover, I think the key question at the current juncture of international institutions like the WTO has moved beyond whether developing countries need to demonstrate leadership either through building coalitions or consensus. I think it is clear that the role of developing countries in global trade is important. The key question for WTO, which this book does not address is, whether there are any takers who want to take up a leadership role and what is the future of these organisations in the absence of a clear leader.

## **Structure**

World Trade Politics details key events and negotiation rounds in the history of the GATT/WTO but it is easy to get lost in the details and often lose track of the author's central argument. Many details make the book a tad difficult to read and you expect a grand message or theory but it is not just descriptive.

The book could have been structured better – we know from the first chapter that the author has used 16 cases to illustrate his argument. However, the cases flow one after the other as descriptive events with a summarised conclusion at the end of a chapter. Descriptive cases give a historical perspective about the domestic and foreign policy matters that influenced leaders during the key negotiation rounds of the WTO but makes it difficult to focus on the underlying message the author is trying to convey. It is only when you read the conclusion that you try to connect the dots.

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The book lacks analysis. One gets to picture the various factors at play during negotiations but there is no analysis of the outcomes and how it impacted the trade regime.

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### **World Trade Politics: Power, Principles, and Leadership**

**David A Deese**

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