

World Trade Organization and Inequality in International Economic Relations: The Africa Experience

¹John Kalama & ²Koginam Owudumopu Alex

¹Department of Political Science, Federal University Otuoke, Bayelsa State, Nigeria

²Department of Economics and Development Studies

Federal University Otuoke, Bayelsa State, Nigeria

Abstract

The gap between Africa and the European countries in terms of development is expanding daily hence, this paper examined world trade organization and inequality in international economic relations of states with specific reference to Africa. In terms of methodology and scope, the study adopted the descriptive method and Marxian political economy and class analysis approach as its theoretical framework. In order to establish the fact that trade inequality exists in the operations of the world trade organization, the study relied on secondary sources of data (use of textbooks, published journal articles, reports from government and non-governmental organizations etc.) while the analysis was carried out through content analysis. Findings in the study revealed that the World Trade Organization through its rules and processes accord preference to European countries. Further findings also revealed that the World Trade Organizations (WTOs) dispute resolution mechanism is not based on fairness, equity and justice. However, these anomalies can be corrected through the restructuring and re-organization of the world trade organization and its organs. Such restructuring will accord equal rights and privileges to all member states in the organization.

Keywords: *World trade organization, Africa, Inequality, International, Economic relations and European countries*

Corresponding Author: John Kalama

Background to the Study

The international system comprised of nations with different level of resources and capabilities that are harnessed by other states through international economic relations otherwise called international trade. The international system is viewed and analysed differently by different scholars. While neo-liberal institutionalists argue that the economic and technological unification of the human race require new forms of international cooperation. Socialist scholars maintain that international interdependence was not necessary. However, it is important to note that international political economy (IPE) developed as a significant subfield in the study of international relations in the 1970s whose central focus is the interrelationship between public and private power in the allocation of scarce resources. As a discipline, international political economy seeks to answer the classic questions posed in Harold D. Lasswell's (1936) definition of politics: who gets what, when and how? This implies that the question of distribution, outcomes and power are central in the study of international political economy. The need for power in international political economy was stressed by Dahl (1963) when he said, but power is also exercised in the capacity of actors to set agendas and to structure the rules in various areas of international economic relations so as to give advantage to some actors at the expense of others. In the light of the above background, this paper examined specific rules, policies and regulations of the World Trade Organization that promotes inequality in international economic relations in favour of developed countries.

Methodology and Scope

This section of the paper provides a description of the sources of data used and the applicable methodology. Thus, this study relied on secondary sources of data (textbooks, published articles, journal, internet materials etc.) and descriptive qualitative analysis based on content analysis. Emphasis was placed on the study of the structure and functions of the World Trade Organization with a view to determining the rules and policies that encourage and promote trade disparity and inequality between developed and developing countries.

Theoretical and Conceptual Issues

Marxian political economy and class analysis explains the relationship between the economy and other facets of the political system in which the economy play a major role in ensuring stability in the society. From the power and collaboration perspective otherwise known as the theory of hegemonic stability suggest that international economic collaboration in pursuit of an open or liberal economic order is most likely to occur when the global economy is dominated by a single power as was the case from 1945 – 1971 when the United States was the hegemonic power. In the 1990s, the theory of hegemonic stability became less fashionable as new trends and theoretical works emerged. However, the inconsistencies and fluctuations in international economic relations among states coupled with the unhealthy rivalry among states makes the Marxian political economy approach as applied in this paper ideal and appropriate as it helps to explain the political under currents in the interplay between African states and their European counterparts basically has been precipitated by economic factors and other superefficient motives.

Conceptual Analysis

International political economy can be analysed from different perspective hence, Keohane (1984) in his work "After Hegemony: Cooperation and discord in the World Political Economy" identified power and economic resources as the major reasons why countries relate with one another at the regional and global levels. He noted that when these resources are scarce or limited such relationships could degenerate or improve depending on the value and location of the resources. analysing international political economy from the realist school of thought, Kauppi (1993) stated clearly that international political economy realists also work with a conception of the world in which states/nations struggle instinctively for power, prestige and influence, but that their focus is on the low political arena associated with commercial and financial pre-eminence. He added that international political economy realists intuitively turn issues of contemporary concern in world economic affairs into problems of international economic diplomacy and trade wars. In his structural realism models, Hans Morgenthau explains the reasons for the aggressive and selfish nature of modern states.

According to him, treating state behaviour as epiphenomenal of essential human behaviour and that is part of human nature to be self-serving and to chase gains solely by one's self; combatively self-interested actions are consequently inscribed into the very logic of state behaviour. Carr (1971) however disagreed with Morgenthau's position and posits that modern historical realists work within a tradition where emphasis is on developing historically contextualised explanations for how the instinct for combatively self-interested actions might be balanced in any given instance by the perceived need for a state to demonstrate to rival states that it is acting within the bounds of international political norms hence, he contended that the structural logic of state behaviour might therefore always be offset by historically conditioned concerns for turning away from exercising full aggression towards other states. This explains why most countries outsmart each other in the world trade organization and other international organizations. In his contribution to the subject-matter Cox (1981) raised several technical questions bothering on system management, how best to organize the relationship between states in order to minimise the potential for violence, and how best to integrate states into an international system whose emergent properties emphasized liberal concerns for cooperation in the interest of meeting common goals (Ravenhill, 2003:p.42).

Ake (1981) also expressed worry over the unequal treatments given to African countries during international economic relations when he argued that Africa's over dependence on external sources for its survival and development would be counterproductive in the future. According to him, "the problem is not much that development has failed but, rather it was never really on the agenda in the first place. Thus, to have development on the agenda in Africa means that development must be domesticated and democratised. It must incorporate popular participation, wishes and aspirations of the people, as well as the cultural practices and values of the people for which it is designed (Ake, 1996:p.4). This is a clear indication that scholars perception of the World Trade Organization vary from society to society.

History and Functions of the World Trade Organization

The history of the World Trade Organization initially started with the General Agreement on Tariffs and Trade (GATT) which was established in 1948 as an aftermath of the Bretton Woods Talks spearheaded by the United States and Britain in 1944. The desire to promote a free market-economy at the global level through the elimination of all inhibiting obstacles and policies led to several rounds of talks and negotiations among members (United States, Canada, France, Italy, Britain etc.). This development led to following rounds of talks which in turn gave birth to the World Trade Organization:

- a. The Geneva Round of Talks of 1944
- b. The Annecy Round of 1949 – Tariffs reduction
- c. The Torngay Round of 1950 – Tariffs reduction
- d. The Second Geneva Round of 1956 – Tariffs reduction
- e. The Dillon Round of 1960 – Tariffs reduction
- f. The Kennedy Round of 1964 – Tariffs reduction
- g. The Tokyo Round of 1973 – Tariffs
- h. The Doha Round of 2001

In pursuant of its mandate, the WTO meets every two years hence, the ministerial conference convened by the World Trade Organization include:

- (a) The Inaugural Singapore Ministerial Conference 1996
- (b) The Second Geneva (Switzerland) Ministerial Conference 1998
- (c) The Third Seattle (USA) Ministerial Conference 1999
- (d) The Fourth Doha (Qatar) Ministerial Conference 2001
- (e) The Fifth Cancun (Mexico) Ministerial Conference 2003
- (f) The Sixth Hon Kong (Honkong) Ministerial Conference 2005 etc.

Membership of the World Trade Organization is open to interested countries that have met the requisite stipulated conditions for admittance. Member states must also show evidence of visible dichotomy between political and economic expressions without overbearing political interplay. Its membership figure presently stands at 157 and 27 observer states as at 2018. Functions of the World Trade Organization include:

1. To oversee the implementation and administration of operations of all agreements reached overtime as adopted by the organization at inception in 1995;
2. The provision of conducive environment for the negotiation and settlement of disputes between member states on trade relation matters;
3. To review and propagate national trade policies through surveillance in global economic policy making;
4. To assist developing countries, less developed countries (LDCs) and Low income countries (LICs) to be able to adjust and appreciate the rules and disciplines of WTO through technical cooperation and training;
5. To serve as centre for economic research and analysis;
6. To embark on regular assessment of global trade picture in annual publications and reports on specific topics produced by the organization; and

7. To cooperate and align with other institutions like the International Monetary Fund (IMF) and the World Bank. How far and how well the WTO has performed these functions creditably form the major thrust of this paper.

Analysis Showing Inequality in International Economic Relations

This aspect of the study relied on the views expressed by experts and scholars in international relations (secondary sources) where necessary, tables and figures will be presented and analysed through content analysis. The World Trade Organization is a rules-based system/organization set up to promote trade between member countries. How far, fair, and well these rules and policies have been implemented form the major thrust of this paper. World Trade Organization statistics (2000c) indicate that in more than five years of operation, there have been 193 member complaints to the organization on 151 distinct trade related issues. By 2003, the number of aggrieved countries increased to 300 with more than half of the complaints settled or dropped at the consultation phase that precedes formal settlement.

According to Davey (2000) cited in John Ravenhill's *Global Political Economy*, once a case is formally engaged, it proceeds to a three-person panel comprising of trade experts for a legal decision and if requested, it will continue to the Appellate Body on appeal. However both Davey and Ravenhill faulted WTO dispute resolution processes and mechanism and argued the major industrialized nations circumvent the rules without been sanctioned. They further contended that WTO's dispute resolution system will soon lose the moral authority to secure implementation from other countries. Ravenhill (2003) further contended that other issues promoting inequality in the World Trade Organization include the cost of litigation before WTO panels at all levels. According to him, the tendency for disputes to grow in legal complexity is high. Citing the case between the United States, Shrimp-turtle and a number of developing countries, scholars expressed concern why the Appellate Body of WTO accepted Amicus Curiae briefs from non-governmental organizations (NGOs). In what was described as the politicization of the dispute settlement system in WTO, Ravenhill accepted the fact that discrimination exists in WTO when he stated thus: the action of accepting legal briefs from NGOs undercut the concept of the WTO as an organization having nations/ states as members especially, when some poorer WTO members might not have the capacity or financial resources to submit Amicus Curiae briefs themselves even if they have the legal right to do so. (Ravenhill, 2003:p.163). In the same vein, scholars have also noted that why the European Union remains the only non-state member of WTO remains a questionable and an unresolved issue among member states.

Thus, the inequality question prompted Cox (1981) to ask fundamental questions bothering on international trade and the authority to regulate such trades. In the words of Cox (1981): the basic structure of world affairs was predicted upon the forced institutionalization of social relations of production consistent with capitalist accumulation. Also affirming the fact that inequality exist in the operations of World Trade Organization in favour of the industrialized nations Radke (2002) who reviewed

the Monterrey International Conference on Financing for Development stated that the Monterrey consensus – plus generated a lot of political capital for the developed countries at the expense of less developed countries. In his article *The ACP Group reflected on the outcome of the Monterrey Conference*, published in 2002 by the German Development Institute (GDI), he accused the industrialized countries similarly failed to make any specific commitment in Monterrey. According to him they (developed countries) refused to discuss the developing country's trade demands claiming that they fall within the WTO's terms of reference. While re-affirming his earlier position he stated thus: the additional Official Development Assistance (ODA) and debt relief commitments were not internalized in the final Monterrey consensus document. They still appear as unilateral pledges by the concerned developed countries. It is therefore hoped that these commitment will be respected, binding and implemented. This, therefore, imply that beyond inequality on the part of the industrialized countries there is also the problem of commitment and infidelity perpetuated against African countries in the process of trade.

With reference to the Trade Related aspect of Intellectual Property Rights (TRIPS) granted states protection as producers of new ideas, Ravenhill (2003) argued that the controversy over the TRIPS Agreement continued as a mainstay of WTO politics as developing countries perceived intellectual property rights as a mechanism through which developed countries could maintain a competitive edge relative to countries that lack sophisticated technological infrastructure. The fact that developing countries rejected the notion that some countries are donors and others recipients and are not members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) clearly indicate that inequality and disparity exists at the global level.

Conclusion

The study examined the rules and policies in the World Trade Organization and observed that the organization developed and metamorphosed from the General Agreement on Tariffs and Trade (GATT) between 1945 and 1995 as an aftermath of the Bretton Woods talks spearheaded by the United States and Britain. It was further observed that the World Trade Organization dispute resolution mechanism and all the ministerial conferences convened have produced disagreements and distrust between developing and developed countries based on selective implementation and application of rules it is imperative to state that discriminatory policies and practices in the application and implementation of World Trade Organization programmes are often hidden, technical and never direct.

Recommendations

Errors and anomalies in trade relations at the global level can be corrected through the following recommendations:

1. There is urgent need for internal democracy and restructuring of the World Trade Organization to make it more democratic, dynamic and acceptable to all member countries. This will help to remove all discriminatory practices and rules from the organization;

2. There is also need for a strong and neutral regulator to manage the affairs of trade at the global level in order to check the activities of multinational corporations who often contravene the rules. This will further ensure that countries and international stakeholders who violate laid down rules are sanctioned accordingly;
3. In order for developing countries to maximise their potentials at the global level, there is need for all developing countries to devise better means of harnessing and exploiting its abundant mineral resources without necessarily involving foreign multinational corporations;
4. To ensure effective collective bargaining at the global level, Africa and third world countries must strengthen its capacity and institutions to ensure that regional institutions in developing countries compete favourably with global institutions like the European Union (EU) European Economic Community (EEC) etc. and;
5. There is need for political and institutional reforms in Africa to ensure good governance and sustainable development. Such reforms will ensure prudent management of Africa's resources and capacities and in the process promote efficiency and increased capacity to negotiate at the regional and global levels.

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