



The Truth about Trade: the real impact of liberalization. London: Zed Books, 2010, 178 pp.

Reviewed by Thomas Ruddy

“A crisis is a terrible thing to waste” quipped Hazel Henderson in September of 2008. Not long afterwards others seized the opportunity too: In July of 2008 Ann Pettifor of the New Economics Foundation (nef) co-authored and published a book entitled “A Green New Deal”. Three months later the United Nations took up the call and proclaimed “A *Global* Green New Deal”. In April of 2010 the UN’s Geneva branch for Economics and Trade will extend that call even further to the field of impact assessment. Against this background in 2010 Clive George has presented a very timely book pointing out how the impasse in the talks stalled now for the last 10 years at the World Trade Organization (WTO) might be taken as a crisis indicating a need for a more thorough-going reform of the institution.

The title of this book is accurate because trade negotiations are a deceitful activity. As the author documents in detail, lies have been told by such an “order of men” as trade negotiators ever since the days of Adam Smith. Smith’s ‘invisible hand’ may have been symbolic of a greater good like the global public goods that neoliberal economists strive to explain. But the secret is that trade negotiators have a mercantilist or realist streak holding them to follow the national interest in their real negotiating mandate above all else.

Clive George recounts the Battle at Seattle in 1999, when Pascal Lamy, then EC Trade Commissioner, initiated the Sustainability Impact Assessment (SIA) programme, which was to cost € 10 million in the years to follow. Lamy was an intellectual who aimed to reach a consensus with civil society on the greater good. The nation-states participating in the talks, however, chose instead a strategy of retreating to venues less easily accessible to civil society protesters than Seattle had been. Subsequent WTO Ministerial Conferences were held at Cancun and Doha; the G-8 has likewise preferred to meet in places like northern Canada.

What the world needs, says Clive George, is a combined “Bretton Rio.” The main trade agreement GATT should not be implemented by all 140-odd WTO members, but only by the more highly developed among them. The single undertaking requiring all-or-nothing acceptance of all three main trade agreements should be scrapped as an attempt at coercion of the less powerful parties. Stop liberalizing agriculture and financial services, he advises, especially since the latter was a contributing cause of the recent crisis. Send TRIPs back to WIPO, and add negotiations on trade in natural resources such as oil. The reviewer would have liked to have seen mention of the abuses inherent in current patterns of transfer pricing.

Another unfortunate feature to which Clive George has to resort is the convocation of a global conference to forge the compromises necessary to unseat established interests. Nicholas Sarkozy and Gordon Brown have tried that with only limited success.

Some of Clive George’s recommendations are in the left-of-centre tradition cultivated by H.J. Chang, E.S. Reinert, D. Rodrik, K. Gallagher, R. Hausmann, P.M. Romer and R.H. Wade – all of whom are cited appropriately. The book is planned to match the structure of the WTO agreements, i.e. by groups of sectors. Its tone is thus 90% academic without becoming inaccessible to a wider audience, and sometimes quite witty. Why else would a section heading be called “Decision-Based Evidence-Making”?