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The Role of the WTO in the Fight against Poverty

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Abstract

This research work tries to make a contribution showing a new vision that must emerge to guide international policy. Because almost every aspect of domestic policy has international ramifications, tension between economic integration and the autonomy of the nation-state poses a challenge both to those who are responsible for defining national economic policy and to those seeking to foster multilateral cooperation. And this challenge is not only to fulfill a trade integration agreement, because the principal enemy to trade, freedom and liberalization is poverty. This epidemic makes unable the free trade, the equality of any agreement and the same grade of development of the state partners.

On this subject, the WTO has a key role to play. The WTO is successful because its architects subjugated international economic integration to the needs and demands of national economic management and democratic politics. This would preserve some limits on integration, while crafting better global rules to handle the integration that can be achieved. An example of the fight of the WTO against poverty is the project of a multilaterally negotiated visa scheme that allows expanded entry into the advanced nations of a mix of skilled and unskilled workers from developing nations. Such a scheme would likely create income gains that are larger than all of the items on the WTO negotiating agenda taken together, even if it resulted in a relatively small increase in cross-border labor flows.

This research paper reports what we know about the winners and losers during the last two global centuries, including aspects almost always ignored in modern debate – how prices of consumption goods on the expenditure side are affected, and how the economic position of the poor is influenced. It also reports two responses of the winners to the losers' complaints. Some concessions to the losers took the form of anti-global policy manifested by immigration restriction in the high-wage countries and trade restriction pretty much everywhere. Another concessions to the losers were also manifested by a "race towards the top" whereby legislation strengthened losers' safety nets and increased their sense of political participation.