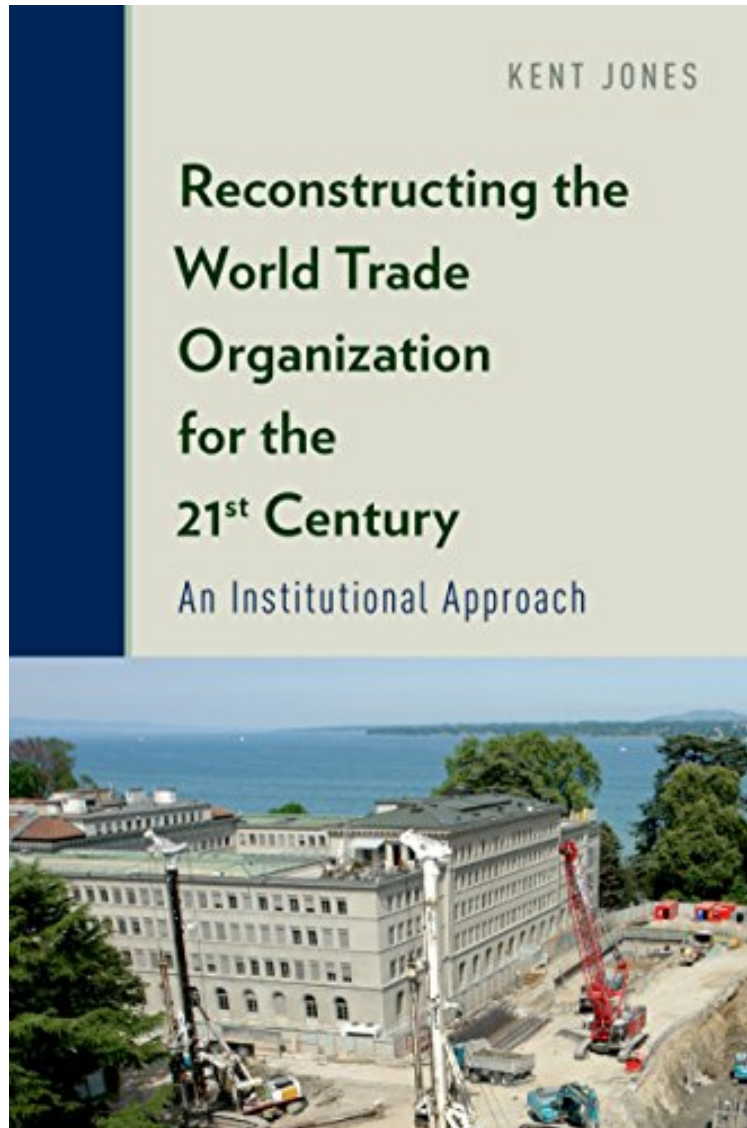


# Reconstructing the World Trade Organization for the 21st Century: An Institutional Approach

*Kent Jones*

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**Kent Jones : Reconstructing the World Trade Organization for the 21st Century: An Institutional Approach** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Reconstructing the World Trade Organization for the 21st Century: An Institutional Approach:

0 of 0 people found the following review helpful. A Great Longterm Vision and Pathway for the 21st Century!By M. M. "A WTO multilateral trade negotiation";, Kent Jones writes in the beginning of the last chapter of this book, "is like a high-stakes poker game at the Big Table at Tahoe." He then continues for a couple of pages

extending and explaining the details of this metaphor. This is by far the best and most accurate analogy I have seen of the WTO negotiations in the Doha round and the current status of international trade institutions. Everything in the metaphor as in the book is meticulously chosen (for example, "Tahoer" is a Joycean phonetic reversal of Doha.) Professor Jones gets ample mileage out of this metaphor, seamlessly explaining everything that is right and wrong with the stalled negotiations on a universal Multi-lateral Trade Agreement (MTA). He then spends the rest of the chapter reviewing all the suggestions that were offered in the book to revitalize the negotiations, steer the World Trade Organization in the right path, and make it indispensable in the 21st century and beyond. The Doha Round of comprehensive trade negotiations by WTO members, in 2001, was a deadlock by many standards. Many interested parties in the international trade were frustrated by the lack of progress and saw other options such as Regional Trade Agreements (RTAs) more viable. Many observers, on the other hand, saw (and still see) these alternative options detrimental to MTAs. They believe that these alternatives not only postpone negotiations for the next version of a global trade system, but also undermine the incentives to form such a universal trade system. Professor Jones is, however, hopeful and wisely critical of these pessimistic viewpoints throughout the book and offers interesting pathways and solutions to move the negotiations beyond the stalemate and towards a new universally beneficial system of global trade, WTO 2.0. In the rest of this review, I first explain the structure of the book and then discuss why this book is even more important and relevant now that current events, such as Brexit and the election of President Trump, may disrupt the global trade. The book starts by explaining the Doha Round in 2001 and specifying all that went wrong there and since then. The next chapters explain the history and structure of WTO since its inception as the General Agreement on Tariffs and Trade (GATT). It educates the general reader on the intricacies of this structure that governs the complex interconnected global trade and prepares her for the rest of the book. The problems with the Doha Round and the crisis that was unfolding are clearly and explicitly discussed in the next two chapters. These chapters (and the whole book) draw on the New Institutional Economics (NIE) that frames the demand for and supply of new institutions. NIE attributes demand for new institutions to the benefits these institutions offer, specifically reductions in transaction costs. It also explains that supply of new institutions is bound to finding a solution to the problem of collective action. In light of this theory, the book identifies and describes the incentives that draw WTO members to the negotiation table to create new institutions (the demand side), but were not strong enough to result in substantive action (for example, the fact that businesses have turned towards regional supply chains reduced demand for a multi-lateral agreement). But particularly, it explains the many collective action failures that created problems in supply of a new trade institution. Most of the rest of the book addresses these problems and tries to offer rich and well-thought solutions for them. The last chapter summarizes the main theme of the book and provides a path towards an updated more comprehensive multi-lateral trade agreement in the 21st century. The book was published in 2015 when Brexit and President Trump were considered far-fetched possibilities by many. So some may argue that the developments in 2016 and the rise of populist and anti-trade sentiments in the politics of the Western world have jeopardized the ideas and solutions offered in this book. I disagree. This book is about the long run, not the short run. It is about the 21st century, not the next few years. Although there may be short-run disruptions to the evolution of international trade into a freer and fairer system, these disruptions cannot last long. The benefits of trade (also explicitly discussed in the book) are such that cutting it on the scale that, for example, Mr. Trump promises would only hurt the domestic economies and can even stage the world into a potential recession. Supply chains for almost all manufactured products, for example textiles, are so globally intertwined that it is a herculean task to disentangle them without significantly hurting the same people who voted for higher trade barriers. If major economic powerhouses of the world raise trade barriers universally, they will see its negative repercussions loud, clear, and quickly. This is akin to the futile Jeffersonian project to dismantle the elaborate financial system that Hamilton fathered for the United States of America in the early 19th century. In the long scheme of things, the world trade is destined to become freer and fairer for everyone. Moreover, although in the short run the world is moving towards more bilateral (and regional) agreements that Donald Trump and Theresa May envision, as Professor Jones argues, these agreements have the potential to become the stepping stones for the next generation of trade institutions in which Intellectual Property and the rights of developing countries, particularly emerging markets, would be properly addressed. This book is about envisioning the future of World Trade organization after these seemingly short-term disruptions. Therefore, this book is in fact more relevant today and will become more important as time passes. For all these reasons and more, the book is a must-read for anyone involved in international trade at high levels, particularly lawyers, politicians, and international trade economists and advisors in governments. Being a professor of economics at Babson College, a college with undergraduate and graduate programs in business, Professor Jones's style is pedagogically suited and the book, and especially some of its chapters, can be easily and profitably used as text in courses on international trade in economics and non-economics programs. Almost any chapter is suited to be assigned as reading to students. For example, Chapter 2 can be assigned as a thorough introduction to WTO institution and history. Chapters 1 and 8 can be assigned together or separately, as the former briefly discusses the problems in the Doha Round and future of trade institutions, and the latter summarizes solutions to these problems and delineates a path for the 21st century out of this gridlock. They are well-written and clearly prepared. I am not sure if the publisher,

Oxford University Press, sells chapters of the book independently, but this is a book that I certainly like to see sold by chapters as well (particularly the e-book version). The only critique that I have for the book is that some of the chapters are extensive and sometimes seem long. On the other hand, this adds value to the book as a pedagogical resource, especially that every chapter has practically become an independent entity as a result. I highly recommend this book to anyone who is interested in international trade from practitioners and policy makers to undergraduate and graduate students and educators of international economics, international relations, public policy, and law.

The institutional shortcomings of the World Trade Organization (WTO) became apparent during the Doha Round of Trade negotiations that began in 2001 and which aimed to improve the success of developing countries' trading by lowering trade barriers and adjusting other trade rules. This "development agenda" meant different things to rich and poor countries. In addition, many of the circumstances that supported success in General Agreement on Tariffs and Trade (GATT) negotiations of 1947 were no longer present after the WTO was founded in 1995. In *Reconstructing the World Trade Organization for the 21st Century*, Kent Jones examines the difficulties of the WTO in completing multilateral trade negotiations and possible ways to restore its ability to do so. The problem lies in the institutional structure it inherited from the GATT, which was designed for a more limited scope of trade negotiations among a relatively small number of wealthier, industrialized countries. Jones presents an institutional model of the GATT/WTO system, which describes why such an organization exists and how it is supposed to accomplish its goals. Institutional reforms will be necessary to restore the WTO's ability to complete global trade agreements, including a more flexible application of the consensus rule, a common understanding among all members about the limits of domestic policy space that is subject to negotiation, and clearer rules on reciprocity obligations. The popularity of bilateral and regional trade agreements, which have emerged as the alternative to WTO agreements, presents a threat to the WTO's relevance in trade negotiations, but also an opportunity to "multilateralize" new and deeper trade integration in future WTO agreements. Aid for trade may also play an instrumental role in bringing more developing countries into WTO disciplines. Above all, WTO members must develop new ways to find common ground in order to negotiate for mutual gains from trade.

"As with his previous books on the WTO, Kent Jones has written a lucid introduction to the problems afflicting the world trading system and multilateral trade negotiations. This book will be valuable to anyone interested in the future of the WTO." Douglas Irwin, Dartmouth College "A good place to start to understand the failure of WTO member states to reach new WTO agreements to improve global trade since 1997. Written by an advocate of multilateral trade expansion, the book is deep, comprehensive, up-to-date, and suggests a way back to Geneva." -John Odell, University of Southern California "This title by Jones (Babson College) comes at a critical juncture. The Doha Round, the latest round of trade negotiations among World Trade Organization (WTO) members, was launched in 2001 and shows little signs of coming to a successful completion. Frustrated by the lack of progress, many countries are signing regional trade agreements involving fewer trading partners and less complexity. The WTO appears to be in danger of becoming irrelevant. Adopting an institutional approach, Jones describes the history of the General Agreement on Tariffs and Trade (the predecessor to the WTO), its successes in the post-WW II era, the transition to the WTO, and the current predicament of the global trading regime. Despite the nature of the problems besetting the Doha Round, the author is surprisingly optimistic about prospects for the Geneva-based institution and proffers suggestions for getting the WTO back on track. Perhaps most important, Jones notes that gains from trade remain substantial, providing a latent impetus for liberalization. This is evident from the move toward regional trade agreements such as the Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership—a development the WTO needs to accommodate more coherently in its vision of an open world trading regime." -S. Paul, Elizabethtown College, Choice "I highly recommend this book, both as an inspiration for potential changes to the existing institutional framework of the WTO as well as a basis for discussion for not only economists but also lawyers, political scientists and trade negotiators from the respective WTO members." - Henrik Andersen, International Trade Law Regulation About the Author Kent Jones is Professor of Economics at Babson College, where he has taught since 1982. He has also served as visiting professor at Brandeis University, Tufts University (Fletcher School), and the University of Innsbruck. He has held positions at the US International Trade Commission and the US Department of State. Dr. Jones is the author of several books and articles on international trade policy, including *The Doha Blues: Institutional Crisis and Reform in the WTO* (Oxford University Press, 2010). His research focuses on globalization, trade policy and international institutions.