

When the Going Gets Tough, the Tough Get Tougher

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(from www.ips.org/)

Free Trade is getting to be a hard sell as part of any of the multi-lateral institutions, so as the going gets rough, the World Bank, the International Monetary Fund and the World Trade Organization have decided to fine-tune their efforts and cooperate under a "coherence agenda." These groups have coordinated before, but the "coherence agenda" is an effort to push trade "flexibility" into the mix of aid for developing countries. Forty groups signed a letter of protest, saying that the "coherence agenda" will put even more power into the hands of the developed countries. (For a view of these critics, see: <http://www.commondreams.org/headlines03/0513-04.htm>).

Under the new distributions of roles discussed on May 13th, the IMF and the World Bank planned to help ease the way for full liberalization of trade by offering "technical and financial support." The Washington-based organizations would "assist" developing nations to manage lower revenues because of reduced tariffs, withstand a period in which their trade preferences in industrialized nations are eliminated, secure funds to support increased trade and, finally, help create export oriented economies.

The IMF and World Bank would also raise the profile of trade in borrowing countries' Poverty Reduction Strategy Papers (PRSP) and Country Assistance Strategies (CAS), documents developed with the support of the two lenders that function as borrowers' economic roadmaps.

In return, the IMF and World Bank will receive observer status in the trade negotiations committee, which handles individual negotiating issues at the WTO and its subsidiary bodies, coupled with a role at the WTO secretariat, a body often accused of bias in disputes between rich and poor countries.

This type of support being discussed through the FTAA negotiations has created nervousness among many of the small economies, including Central America, but most decidedly the Caribbean nations. These countries don't think that they are ready for free trade and the promises of technical assistance make it seem even more of a risk. Even larger economies feel that it is not a question of improved capacity to manage trade, but the very content of that trade that

needs to be considered. In the end, this seems to be another version of the "terms of trade" arguments in the decade of the 1960's.