

Four Challenges To Global Trade Activists - “Without vision, the people perish.”

Saturday 8 July 2017, by [BELLO Walden](#) (Date first published: 28 June 2017).

Walden Bello’s Keynote Speech to the Forum on European Union-Latin America Trade Relations, Brussels, June 28, 2017 (by Skype from Tokyo).

I would like to thank the Transnational Institute and other sponsors of the conference for inviting me to make the opening address. I am not exactly sure if I am the right person for the job, but I’m happy to be with you.

I would like to spend the next few minutes on four key challenges presented by the current period to trade activists.

First is the surprising strength of neoliberalism. The credibility of neoliberalism, to which free trade ideology is central, has been deeply damaged by a succession of events over the last two decades, among which were the collapse of the third ministerial of the World Trade Organization in Seattle in 1999, the Asian Financial Crisis in 1997-98, and the Global Financial Crisis of 2008-2009, the effects of which continue to drag down the global economy. You all probably remember the time late in 2008, I believe, when after hearing accounts of the Global Financial Crisis from an assembly of orthodox economists at the London School of Economics, Queen Elizabeth posed the question, “Why didn’t anybody see this coming?” None of the dumbfounded economists could answer her then, and last I heard, the queen is still waiting for the answer.

What I find puzzling is despite the loss of credibility, and despite admissions such as that of Robert Lucas, the most eminent neoliberal economist of our time, to the effect that “all economists are Keynesians in the foxhole,” neoliberalism continues to rule. Academic economists continue to teach it and technocrats continue to prescribe it. The false assumptions of free trade theory underlie the free trade agreements or economic partnership agreements into which the big powers continue to try to rope developing countries. To borrow an image from the old western films, the outlaws have shot and killed the train engineer, but the hand of the latter continues to push down on the throttle, with the train gathering more and more speed. I guess that the takeaway from this is that so long as there are interests that are served by an ideology, such as corporate interests and knowledge institutions that have invested in it, even a succession of devastating crises of credibility is not enough to overthrow a paradigm.

The second challenge, related to the first, is the persistence of the model of export-oriented industrialization. Now, this model of development through trade, is one that is shared both by neoliberals and non-neoliberals, the difference being that the former think it should be advanced by market forces alone and the latter with the vigorous help of the state. Now, over the last few years, the stagnation of the once dynamic centers of the global demand—the US, Europe,

and the BRICS—has made this model obsolete. It was, in fact, the non-viability of this once successful model of rapid growth in current global circumstances that pushed the former leadership of the People's Republic of China, the Hu Jintao-Wen Jiabao leadership, to push the country away from an export-oriented path to a domestic-demand-led strategy via a massive \$585 billion stimulus program. They failed, and the reason for their failure is instructive. Moving from export-oriented growth to domestic-demand-led growth is not a simple case of macroeconomic reorientation. In fact, a set of powerful interests had congealed around the export-oriented model—the state banks, regional and local governments that had benefited from the strategy, export-oriented state enterprises, foreign investors—and these prevented the model from being dislodged, even given its unsuitability in this period of global stagnation. These same policy struggles are going on in other developing countries, and in most cases, the outcome is the same: the export lobbies are winning, despite the fact that the global conditions sustaining their strategy are vanishing.

A third challenge has to do with the fact that when major change in trade policy does take place, it is not because of the actions of progressive groups but of demagogues of the right.

I think this is clearest in the case of the United States. Trump was the one who shot down the Trans-Pacific Partnership that had been the object of so much criticism coming from us. Trump may be a demagogue and his motives may be opportunistic, but it was he who came through on one of the central demands of US labor, not the Democrats, with the consequence that he has been able to win over large parts of the white working class. In Europe, working classes are moving to right wing parties in significant numbers, not only owing to a racist response to immigration but because the latter are espousing anti-globalization and anti-free trade rhetoric. As in the case with the Democrats in the US, the Social Democrats in Europe are identified with financialization and free trade, and this is a central reason for their loss of credibility. But the point I want to make here is that it was us, the non-establishment left, that began and developed the critique of globalization, neoliberalism, and free trade in the 1990's and the 2000's. But for a variety of reasons we were not able to translate our politics into an effective movement. The extreme right, on the other hand, opportunistically expropriated our message, rebranded themselves as anti-neoliberals opposed to the neoliberal center-right, and now, they're eating our lunch.

The final challenge has to do with coming up with a credible alternative paradigm. My first two points stressed the importance of powerful interests in sustaining a paradigm despite its loss of its intellectual credibility. But this is not sufficient to explain the continuing powerful influence of neoliberalism. I think our failure to move from a critique of neoliberalism to creating a powerful alternative model or narrative similar to that which socialism provided to so many marginalized classes, peoples, and nations in the 20th century is part of the problem. As I've said a number of times, the theoretical building blocks of an alternative economic model are there, the product of the work of so many progressives over the last 50 years. This includes the rich work that has been done around sustainable development, de-growth, and deglobalization. The task is to integrate them not only into an intellectually coherent model but into an inspiring narrative that combines vision, theory, program, and action, and one that rests firmly on the values of justice and equality. Of course, the work towards this goal will be long and hard, but we must not only be convinced that it is necessary but confident that it is possible to come up with an alternative that will rally most of the people behind us. Ideas matter. I do not usually quote the bible, but I think the saying from Proverbs is very relevant: "Without vision, the people perish."

These are, in my view, some of the central challenges confronting us as trade activists. We cannot leave the field to a neoliberalism that has failed or to an extremism that has appropriated some of our analysis and married them to hideous, reactionary values. A progressive future is not guaranteed. We must work to bring it about, and we will.

Walden Bello

P.S.

* <https://focusweb.org/content/four-challenges-global-trade-activists>

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