Abandoning the WTO - U.S.'s Stance

What is the issue?

- A US senator, Josh Hawley's recent remarks in The New York Times much highlights the economic views of the U.S. during this pandemic.
- Among many, the call for abolishing the World Trade Organisation (WTO) needs attention.

What are the key observations?

- The emergency triggered by the coronavirus pandemic is not a mere health crisis.
- With millions of Americans unemployed, it is also an economic crisis.
- The pandemic has exposed a hard truth about the modern global economy.
- It weakens American workers and has empowered China’s rise.
- Calling for a sweeping reform, Hawley wants the US to begin by abandoning the WTO.
- Under the WTO, capital and goods moved across borders easier than before.
- But the jobs also moved, and too many jobs left America’s borders for elsewhere.
- As factories closed, workers suffered, from small towns to the urban core.

What are the other concerns highlighted?

- Hawley’s attack was not just limited to the trading system.
- He takes on the myths of the “liberal international order”.
- He criticises America’s post-Cold War crusade.
- It worked to overturn the system of sovereign states into one without borders and supra-national institutions in the name of lasting peace and prosperity.
- But the liberal economic order is seen to have sent American production overseas, compromised American supply chains, and cost American jobs.
- All this is said to have happened while enriching Communist China.

What are the changing trends in the U.S.?

- Hawley has also moved a resolution in the US Senate asking Washington to walk out of WTO.
- The last time the US congress discussed such a resolution was during 2005.
- The House of Representatives had then rejected it with a massive margin of

338-86.

- But trade politics in the US have evolved significantly in recent years.
- Under Trump, the Republican Party has turned from the champion to a critic of free trade.
- The Democratic Party, which embraced globalisation since the early 1990s, has seen the erosion of working class support.
- Elections this year (2020) could reveal on the shifting alignments on trade and the anti-trade sentiment in America.

What are the future prospects?

- In replacing the WTO, Hawley calls for the U.S. to seek new arrangements and new rules, in concert with other free nations.
- The prime objective is to restore America's economic sovereignty.
- This in turn involves, "building a new network of trusted friends and partners to resist Chinese economic imperialism".
- Trump Administration is also reportedly working on an initiative to rearrange the global supply chains currently centred on China.
- Significant political contestations within the US and between the US and China to reform, reorient or bypass the WTO system are expected.
- All major economies will be drawn into this conflict.
- New Delhi should pay close attention to Hawley's theme on working with "trusted friends and partners" to restructure international trade.
- As the world trade system arrives at a crucial moment, India should be prepared to take the right direction.

Source: Indian Express

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