

Kicking Away the Ladder: Development, Colonialism and the WTO.

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In the nineteenth century, at a time when Britain was loudly singing the virtues of free trade, the German economist Friedrich List advanced a powerful argument that, while free trade can be beneficial among countries at similar levels of development, it greatly disadvantages those which have less developed industry. Attacking the British free-trade advocates, he wrote:

"It is a very common clever device that when anyone has attained the summit of greatness, he kicks away the ladder by which he has climbed up, in order to deprive others of the means of climbing up after him... Any nation which, by means of protective duties and restrictions on navigation has raised her manufacturing power and her navigation to such a degree of development that no other nation can sustain free competition with her, can do nothing wiser than to throw away these ladders of her greatness, to preach to other nations the benefits of free trade, and to declare in penitent tones that she has hitherto wandered in the paths of error, and has now for the first time succeeded in discovering the truth."

A century and a half later, we can witness exactly the same display. The free trade agenda is being feverishly promoted by the rich and powerful of the world. The modern version is sometimes called "neoliberalism". In today's world, it is being promoted much more thoroughly and extensively than in earlier times. What makes this possible is a combination of more sophisticated technology and financial markets that permit the instantaneous transfer of unlimited amounts of capital between countries through electronic transactions, together with an interlocking network of institutions dedicated to ensuring that all countries in the world become integrated into this global market. In other words, the technology makes it possible and the politics make it permissible.

Interlocking Agreements and Institutions

There are many layers of interlocking agreements and institutions that are dedicated to this neoliberal agenda. There are bodies like the World Bank and International Monetary Fund, which have pressured indebted countries in the world to completely reorganise their entire economies and societies along neoliberal lines (deregulating, privatising, cutting social spending etc...) through the imposition of what are known as "structural adjustment policies". There are agreements between two countries (known as bilaterals) such as the one between New Zealand and Singapore. There are regional groupings such as APEC. There are agreements struck between special groupings of countries, such as the OECD's attempt to establish the Multilateral Agreement on Investment (MAI). But the grand-daddy of them all is the World Trade Organisation (WTO).

The movement opposing this global imposition of neoliberalism burst onto the international scene through what became known as the "Battle of Seattle"; so many people mobilised that they prevented the WTO from holding its annual meeting in 1999. Since then, those promoting the WTO have become very sensitive to the accusation that the free trade agenda it promotes is one that advances the rich at the expense of the poor. They claim that, without an institution like the WTO that can manage and enforce the rules of free trade, the law of the jungle would prevail. In reality, however, the trade and investment rules that the WTO is dedicated to managing *are* the rules of the jungle. The overriding rule is that there shall be no rules. Even though the world's wealthiest countries made extensive use of activist industrial trade and technology policies to develop their own industries, poor countries are now being prohibited from adopting these same strategies.

Recolonising the World

It is not surprising, therefore, that growing numbers of people and groups around the world are viewing this global imposition of the neoliberal model as a new form of colonialism. In the 1960s, West African revolutionary Amilcar Cabral defined colonialism in the following terms:

"Colonialism can be considered as the paralysis or deviation or even halting of the historical development of one people in favour of the historical development of other people."

It neatly captures the connection between development and colonialism; that colonialism ensured that there would be no "normal" development.

Colonialism enabled one group of countries, which include those that are the wealthiest today, to dramatically boost their own economic growth and development far beyond what would have otherwise been possible. At the same time, it derailed the development processes that were underway in the areas that were colonised, areas that are now among the poorest in the world.

Colonialism was the initial means by which some countries achieved high levels of development at the expense of others. The economies of the colonies were organised not to meet the needs of the local people, but to maximise the wealth that the colonial powers could extract. The extraction came in many forms: cheap or (in the case of slavery) free labour; plentiful raw materials; fertile land for cropping.

From the Poor to the Rich

Economist Ernest Mandel did some colonial arithmetic adding the value of the gold and silver taken from Latin America to 1660, the wealth extracted from

the Dutch East Indies from 1650 to 1780, the profits of French companies in the 18th century slave trade, and the wealth accumulated by the British from slave labour in the British Caribbean and fifty years of looting in India. The total of more than one billion pounds sterling was more than the total capital of all industrial enterprises in Europe in 1800.

This massive transfer of wealth away from the poorest people towards the world's richest people has continued apace ever since, and far exceeded the comparatively minuscule flows of aid in the opposite direction. Yet the irony is that these countries whose wealth has been systematically plundered from them over centuries are now heavily indebted to the countries and institutions that took that wealth from them. The ongoing systems of extraction combined with this debt are major driving forces for the global gap between rich and poor continuing to grow to the point where today, the world's three richest individuals are estimated to have more wealth than the combined GDPs of the world's 48 poorest countries.

Dictating the Rules

What made this possible was that the colonial powers got themselves into the position where they could dictate the rules. The people in the colonies effectively lost the ability to determine their own development strategies. Their domestic policies and their relationships with other parts of the world were defined and controlled by their colonial masters.

Today, although there are very few formal colonial relationships left, the loss of control over the development process that poor countries experience is every bit as real and is intensifying. It is being driven by institutions like the WTO that continue to insist on a development agenda that says one size fits all, that despite all the evidence to the contrary, the neoliberal model is the only way to

go for every country in the world. This amounts to kicking away the ladder, preventing the possibility that human society may truly develop in a fairer, more equitable and sustainable manner.