Chapter Seven

CONCLUSION

This study has focussed on the evolution of the multilateral trade regime, which eventually culminated into the establishment of the World Trade Organization in 1995. We have subsequently analysed the interface of India's political economy with the WTO. It becomes evident the while yesterday's dialectic was that of a central balance between a handful of powers and their colonies, today's dialectic is a complex interdependence between unequal nations. They are actors embodying multiple roles across the various systemic and unit levels of the contemporary global order. Asymmetries in their political and economic strength as well as their divergent national interests make the international trading system vulnerable to conflicts. It is, therefore, necessary to ensure that this does not cause a stalemate in the essential trade negotiations but instead, leads the present WTO regime to evolve in a model in which there is justice for all, even if not gains for all.

This study was launched by posing certain research questions at the outset. These related to questions as to whether the WTO has been able to meet its mandate of 'sustainable development?' and whether there are any imbalances in the functioning of the WTO? We have also referred to the Marxist criticism and the civil society's concerns against the corporate colonialism being bred by the WTO. Another important area of the study concerned the imperatives for India for joining the WTO. It was significant to understand why did the Indian state choose to integrate with the global economy? Consequently, the responses of various actors and the stakeholders within India's civil society assume significance. We also questioned the effectiveness of our bargaining capacity and negotiating strategy at the WTO in meeting our stated policy goals. Thus, our main objective has been to understand the impact of trading
regimes on specific actors within a developing country like India. The aim was to analyse the impact of the WTO on collective state action in India and the fulfillment of India's economic national interest through the WTO. In examining the negotiations of the Indian state in the multilateral trading regime epitomized by the WTO, we raised the question of 'Reverse Colonization' that implies attempts by the periphery to influence the center of the system.

By way of conclusion, we shall first summarise our findings before we attempt to answer the above-stated questions.

Lessons from Past

"Whoever has approved this idea of order.... will not find it preposterous that the past should be altered by the present as much as the present is directed by the past."

T.S. Eliot

The significance of our second chapter is captured in the above lines. The historical analysis of global economic order has highlighted many features which are relevant for arriving at appropriate conclusion for this study. These are as follows:

The evolution of free trade has constantly been influenced by the international political order. The rise of the capitalist economy, mercantilism, the growth of Laissez-Faire and the cold war provide the linkages to establish meaningful interrelationships between the evolution of the WTO and the changing nature of India's political economy. They also provide a common thread across the levels of analysis problem posed by us.

The Industrial Revolution, which was the first wave of globalization, contained the important lesson that any political-
economic change has the potential to cause social upheaval. It can, in fact, wreck the social fibre, if no attention is paid to the demands emanating from the civil society. Today, while we talk of the positive aspects of globalization viz. consumerism, economic growth and better standards of living, the fact remains that in some crucial respects, the repercussions of economic globalization are immensely negative. As we have observed in Chapter Six, the deep integration by the TRIPS in the political economies of developing countries has caused concerns for the rights of farmers. This is a core civilizational issue which would be hard to ignore for the elites of both the developed and the developing countries.

The terms of trade have historically been against the countries of the South causing a vast gap among rich and poor within the prevailing international economic order. The North-South divide is a case in point. Accepting it does not amount to advocating a case for dependency or subjugation; rather it points to the challenge of bridging the gap through concerted action by the international community. The Brettonwoods system, the NIEO, the GATT and presently the WTO, are all efforts to restructure the prevailing international economic order, with a view to make it more equitable. But due to various reasons, as analysed in previous chapters, these efforts have fallen short of fulfilling their stated objectives.

One of the findings of this study is that ideological forces often influence the politics of nations in general and trade policies in particular. Though there has been cyclic change between 'protectionism' and 'free trade', there is ample evidence to suggest a strong desire among nations to achieve and
maintain 'harmony of interests' and not to fall back on the Hobbesian state of nature. The economic causes of the two World Wars have only underlined the case for creating regimes in the issue-area of trade.

Regimes are an important way to maintain equilibrium among nations. They create the existence of a rule-governed behaviour by nations. The imperative of joining an international regime is that there are repercussions on the domestic constituency of a nation-state. While the state remains the principal actor, it faces the dilemma of how to reconcile balance the inherent contradiction between the norms of a regime and specific interests of domestic constituencies of a particular sovereign state. The failure of the US government to ratify the Havana Charter, which it itself had proposed, illustrates this point. Similarly, as we have seen in the later chapters, India while asking for equitable provisions in the WTO agreements failed to bring about commensurate domestic legislation. The danger here is that vested protectionist forces within India's political economy considerably undermine the national interest, thereby disregarding the very objective of joining the international trading regime.

Another pertinent lesson is that instead of looking for unfeasible alternatives to the prevailing global trading system, it is better for developing countries to stay inside the trading regime and strive to change the rules of the game within it. We have noted that 'assaults from outside' like the NIEO collapsed like a pack of cards in front of organized mechanisms and actions of the developed countries. The decision to stay away
from the GATT did not help the cause of certain developing countries at all. At the WTO, while debates of having its alternate model continue, we have noticed that in the present post-Cancun phase, there is much stronger solidarity among the developing countries and this augurs well for their future prospects.

**Whither WTO**

"It is often easier to have an opinion on the WTO than to understand it."

(Pani, 2003)

The storm around the WTO has not died down, ten years after its creation. In Chapter Three, we have analysed the creation and the working of the WTO in a comprehensive manner. This has led to following observations:

While the WTO has a sedate view about itself wherein it sees itself as a rule-based forum for the growth of trade (see the WTO report, *Trading Into Future*, 2001), there has been an avalanche of criticism on it. However, whether we name the WTO, "Good, Bad or Ugly," it is evident that as of now the WTO is the only international economic organization for multilateral trade negotiations among nations of the world. It has a definite ideology and mandate since its inception. We have seen how the 'non-level playing field' among the trading nations was the main reason for the creation of the WTO. It was born with the aim of 'sustainable development' of all nations. Though this has been reflected in the principles on which it operates, an analysis of its working provides a different picture.

Empirical studies about the fruits of the Uruguay Round have shown inconsistencies in the projected gains. The compliance
costs of the WTO agreements were underestimated. We have further elaborated this point in Chapter Six by analysing the TRIPS agreement. However, the democratic structure of the WTO, its safety valves in the form of Dispute Settlement Body and Administered Protection provisions led many developing countries to become its members with the objective of meeting their developmental goals.

We have analysed the working of some crucial provisions in the WTO as well as the Ministerial meets at Seattle, Doha and Cancun. It emerges that much of the criticism against the WTO emanates from it being identified with 'globalization'. This perception of various social groups leads them to question the ability of the WTO to redress the ills of globalization. While this view cannot be accepted in totality, it is recognized that certain imbalances in the functioning of the organization need to be addressed. This requires a strong political will on the part of the North and an assertive political role by the South.

The WTO is at an extremely interesting juncture today in the evolving contemporary global political and economic order. From our analysis, it can be said that the WTO faces two types of challenges - ideological and empirical. Ideological pressures involve concerns about defining and operationalising conceptual terms such as 'sovereignty', 'inequality', 'political will' and 'national interest'. Empirical challenges emerge from the need to examine issues such as structural reform, agenda-setting, imbalances in agreements and level of integration of developing countries like India in the WTO regime. We shall address these points in the last section.
"Those shalt have the power to degenerate into the lower forms of 
life, which are animal; thou shalt have the power out of thy soul's 
judgement, to be reborn into the higher forms of life, which are 
divine "

Pico della Mirandola

The above quotation is pertinent to the Indian state's position in the 
multilateral trading order. It can evolve as a major actor in this trading regime, 
simultaneously meeting its economic national interest. Moreover, what is true 
for India is true for a host of other countries and removal of this ambivalence is 
a prerequisite for strengthening the global economic order, in which developing 
countries like India can have a beneficial engagement with the WTO. In 
Chapters Four and Five we have dealt extensively with the Indian state and its 
interface with the WTO. Following points emerge from our analysis.

We have dwelled briefly on the nature of post-independent Indian 
state, its colonial past and the prevalent predominantly planned 
economy in the initial decades of state - building. We have 
captured the dilemma of a state that changes its course from 
inward orientation to integration with the global economy We have 
also indicated how the state faces domestic resistance on such 
issues The change in economic policies evoked strong responses 
from the stakeholders We have also established that stagnant 
growth - rate failed to achieve the developmental goals After the 
1991 economic reforms, integrating the Indian economy with the 
global trading order became essential. There was acceptance of 
the need for becoming part of the global trading system in order to 
achieve our own policy objectives This explains India's accession
However, there was no consensus in the domestic constituencies within India's civil society regarding the above transformation. For instance, there was a substantial neo-imperialist argument against joining the WTO. The resentment against joining the WTO was a crucial factor in shaping India's approach at the Uruguay Round; and this opposition continues to be the source of discontent over India's engagement with the WTO. We have noted that India participated actively at the WTO meets, especially at Doha and Cancun. It has also been making effective use of its provisions like those pertaining to Anti-Dumping duty and the Dispute Settlement. However, it remains the case, that it could not succeed in achieving a great deal in terms of its overall trade-related objectives—India’s share in world trade has still not crossed 1%, its targets of poverty alleviation and economic growth have still not been accomplished.

Chapter Six analyses the reasons for the above scenario. It shows that India’s approach has been obstructionist, reactive and incoherent. A change in negotiating strategy is required for the gains to accrue from an organization like the WTO. The TRIPS negotiations have also shown the interplay of various actors that influence the policy-making in India. The legislative changes made by India in the Patents Act, clearly show the lacunae in our actions. Instead of making full use of flexibilities in the WTO agreements, we are still not protecting our national interest through prudent legislation but are giving in to certain interests who are ideologically opposed to our engagement with the WTO. Similarly, the Mailbox dispute at the WTO and India's consequent stand at the Appellate level does not reflect a prudent approach. It
substantiates our finding that we have not followed a consistent and pragmatic path at the WTO.

To summarise, it is evident that we need an organization like the WTO to provide stability and equilibrium in the international trading system. It is also clear that certain imbalances in the WTO have to be addressed in order to make it better equipped to fulfill the needs and multiple concerns of its member-countries. India too needs to look within and shed its ambivalence in its negotiating strategy. We now offer some suggestions in order to yield useful insights to the international policy community as well as the policy community in India.

**TOWARDS TOMORROW**

"Policy is like a play in many acts, which unfolds inevitably, once the curtain is raised. To declare then that the performance will not take place is an absurdity. The play will go on either by means of the actors...or by the spectators who mount the stage"

Metternich

The long journey of trade has seen change through many regimes. The present multilateral regime has many rule-based features that should not be allowed to degenerate into an anarchical environment. As stated earlier, the WTO needs to face up to certain ideological and empirical challenges.

**Ideological Challenges**

The perceived loss of sovereignty of individual countries upon joining the WTO has been responsible for much of the criticism within the nation-states against the WTO and its overall functioning. We have noted in Chapter Four, how there were aggressive protests against India's accession to the WTO and it
was dubbed as India’s sell-out to the neo-imperialist masters. However, there are two aspects that require closer attention. First, is the question of how sovereignty is viewed today in international politics and second is how the concept of sovereignty is being used as a cover for protecting vested sectoral domestic interests. There is no doubt that the Westphalian notion of sovereignty has undergone change. Today, sovereignty is even described as being “of more value for purposes of oratory and persuasion than of science and law” (WTO Report, *The Future of the WTO, 2004, p.31*) It is widely acknowledged that accepting the obligations arising from international treaties certainly involves a transfer of some amount of decision-making authority from sovereign states to international organizations. All the same, it is a choice made by the states themselves in pursuit of their national interests. Hence, it can be viewed as change from sovereignty of state to sovereignty of people.

The question of inequality among nations and inequity within the international economic order are more real and appalling. We have discussed in Chapter Three that the WTO has come in for attacks mainly because the promised gains from the WTO-prescribed trading regime have not filtered through to the political economies of the developing countries. The working of the WTO is perceived as leaning towards the creation of a world where “capital can roam across the globe freely but not people.” While the fact of power-play among unequal nations cannot be ruled out, the WTO can learn to operate in a more equitable manner which would give it greater legitimacy in the eyes of the poorer countries. This is to be achieved through better transparency in negotiations, a democratic mechanism to voice dissent and by developing a proper understanding about the role to be played by the WTO. While the WTO cannot address all developmental concerns and become a global government, it can certainly facilitate an international trading system that truly extends the benefits of free trade to the world’s poor.

In order to realize this larger objective, a much stronger political will than so far exhibited is required from our political leaders. There is a need to go back
to the true spirit of the Marrakesh Agreement that sought “the optimal use of world resources in accordance with the objective of sustainable development.” The identified interests of the developing countries viz. growth and development require the WTO to take suitable initiatives in terms of capacity-building measures. This would go a long way in strengthening the trading regime globally and across the individual trading systems of nations. It would also generate a sense of belonging among the developing countries who have been justifiably aggrieved by the fallacy of consensus, referred to in Chapter Three and Chapter Six, upon which the WTO is perceived to function.

**Empirical Challenges**

The WTO Ministerial Meets from Doha to Cancun have drawn our attention to the growing realization among policy-makers and scholars that the WTO is indeed at crossroads. This can be turned into an ongoing quest for shaping the future of the multilateral trading system. A change in the direction towards which the WTO is headed is imperative, if we are to believe that “one cannot afford a eulogy for the WTO. Not yet.” (Debroy, 2002, p 469)

For one, structural reform in the WTO may be necessary but this is not the focus of this study. Here it would suffice to outline some basic features that could help in reshaping the WTO.

First, it is important to rediscover the prime focus behind its creation. The raison d’être behind the WTO was and is trade liberalization. This narrows down the field of integration by the WTO and limits it to its prime task of creating a level playing field for international trade. This view may be “traditionalist”, but it is at the same time positively “reformist” and specifically relevant to its agenda-setting. A second option in this regard, is to adopt a federal or pluralist approach. This would imply a EU style of functioning for the WTO where the spirit of give and take prevails. This can be translated into a pluralistic scenario where regional institutions like the ASEAN, the SAARC,
MERCOSUR deal with policy issues of specific regions first and then the WTO functions as the final coordinator of such policies. It can also take into account the work done by existing international institutions like the WCO and the WIPO as regards harmonization of standards in areas like Customs and IPRs. This is so, because a consensus already exists among nations over the changes brought about, and making use of such institutions to be a building block for ultimate linkage with trade issues would diminish, in part, some of the prevalent conflict between the North and the South. This, in my view, is a better option rather than having, as George Soros has proposed, a complementary international organization “devoted to other social goals, such as poverty reduction and the provision of public goods on a global scale” (On Globalization, June, 2002).

While the concern for democratising the WTO is valid, this brings with it the obvious danger of reducing the WTO to a UN-style functioning. The clamour for technical assistance by the LDCs and the demand for a more representative secretariat without considering meritocratic criteria may make the WTO politically attractive but it may well kill its very purpose of creation. “The danger is that a more politicized the WTO would look more like a useless and wasteful UN development agency than the pre-1995 GATT” (Razeen Sally, paper 23 for CATO, 3.3.2003). Having said that, it also cannot be denied that reform of the Decision-making Process is warranted if the principle of ‘Consensus’ is not to deteriorate in a fallacy. In our earlier chapters, we have seen examples of how drafts (like the Harbinson draft) are virtually imposed by the powerful members. This should be strictly avoided. All negotiating texts and drafts should be presented in open-ended meetings. While the increasing membership of the WTO does make effective participation of developing countries and LDCs is decision-making difficult, the way out could be to create a body within the WTO which would be representative of DCs and LDCs interests and act as their watchdog. This would overcome the problem of growing numbers of poorer countries that are without the capacity, resource
and expertise to fight the asymmetries at the WTO

Thus, structural reform in the WTO should focus at the following:-

a) Keeping the field of action of the WTO limited to trade liberalisation, reducing border barriers and discriminatory policies,

b) Adopting a federal structure by recognising regional trade blocs and international institutions and

c) Evolving mechanism to make the decision-making process truly representative.

Agenda-setting of the WTO is linked to its structural reform. We have noted, in Chapter Three, that the Uruguay Round saw addition of new areas like services and agriculture to the GATT. This was reasonably justified as the trade in these areas was rapidly expanding. However, by incorporating agreements with significant domestic regulatory content like the Sanitary and Phytosanitary measures, the WTO opened the door to classic protectionism. Above all, as we have analysed in Chapter Six, the inclusion of the TRIPS was the final assault on developing countries. Broadening the agenda of the WTO to include these trade-plus issues, pushed them towards three specific problems.

First, it involves a danger of ignoring the core purpose of securing fair market access through trade liberalisation. Secondly, the 'one size fits all' approach adopted in these agreements reduces all notions of 'global public good' ideology to farce. It has to be accepted that imposition of standards of harmonization on countries at the lower rungs of the ladder of development is unjust. Thirdly, it opens the door to prolific demands of including other non-trade issues like environment and labour in the WTO’s agenda. We have already discussed how these issues became contentious enough to cause the collapse of Seattle meet. This illustrates the danger of taking the focus away from the WTO and causing it to wander in the labyrinth of non-trade issues that only accentuate the North-South divide.
It is true that by including the TRIPS in the WTO, a precedent has been set to impose developed countries' standards on other countries, in other areas like food safety, product labelling etc. but the wisdom of learning from the past demands that the WTO does not repeat its mistake. It would not be out of place to consider a moratorium on further strengthening of IPRs under the TRIPS till this issue is sorted out.

A way out can be to have a constitution for the WTO that clearly lays out its agenda. This would also make clear the role of non-state actors. Any change in that should come through voting. This would help in removing the confusion that surrounds the WTO regarding its agenda. Defining the boundaries is the best way to extract optimum performance in the created realm. The WTO also needs to address the imbalances in many of its agreement to make them true to their spirit of creation. This is the case in S&DT, Anti Dumping and Rules of Origin.

We have observed in Chapters Two and Three that the developing countries have been regarded as second-class members at best and free-riders at worst in the trading regimes. Their own demands for protectionism proved counter productive and marginalised them further within the international trading system. Post-Cancun, it can be said that the Third World has come of age. This opportunity for developing countries must not be squandered away. The onus lies both on the WTO and the Third world to ensure better coherence and legitimacy in the trading regime, so that a sense of ownership of the WTO can be generated. The WTO, on its part, would do well to address the problems of structural reform, agenda-setting, decision-making and effective implementation of agreements. Developing countries also have a task to perform, to which we now turn, in our specific context of India.

It may be difficult to shed the colonial influence and protectionist hangover that make us so defensive and obstructionist at the WTO. It may also be difficult to segregate domestic policies with economic policy choices. But, it
has to be at least accepted that India needs to redefine its approach towards the WTO. The *prima facie* requirement is to realise that the WTO offers a bargaining framework, mainly for market access between countries. If we remain entwined to our ideology of self-sufficiency, this framework becomes redundant. Our first commitment should come from this realisation. Secondly, our challenge is to overcome domestic opposition to improved economic policies. Like charity, good trade also begins at home. Reforms in India still have a long way to go. Increased access through the WTO in various sectors like textiles, software etc can, in fact, be used as a counter to the opposition of anti-reform groups in India.

There is nothing in the WTO that prevents us from using our bargaining ability. We have displayed a firm stand on Singapore Issues right from Doha. We also refused to give in on the agriculture issue at Cancun. A similar approach is required at negotiations in other areas, notably the TRIPS and the services.

The asymmetries of bargaining among the countries arise from the inequalities of power and wealth of nations. They have given rise to theories of "negotiating pessimism." While the TRIPS experience has justified this to a certain extent, it is wrong to generalise this theory across the entire gamut of the WTO field. It is necessary to first distinguish between those issues in which the negotiating outcome will be inevitably and particularly detrimental to India and those in which there are no real unfavourable consequences. For example, while it is required to oppose lack of additional protection in Geographical Indications, opposing Transparency in Government Procurement appears a tactical move of our rent-seeking society. Hence, identifying our national interest and then entering into the WTO negotiations accordingly is what is required.

Secondly, India needs to align itself more with countries with common concerns in various sectors of the political economy. In my view, the grandiose
posturing as a leader of developing countries must be eschewed. Instead, India should seek other allies by way of coalition building with nations having similar sectoral interests. For example, the Cairns group in Agriculture, Japan and Hong Kong on Anti Dumping and the EU on investment and competition policies.

Lastly, India can be more proactive in formulating framework agreements in crucial sectors like S&DT, movement of natural persons, transfer of technology etc. Here, it would not be out of place to mention certain concrete proposals on other areas as envisaged by Mattoo and Stern (2003, p.359):

- **Industrial tariffs**: It is in India’s interest to reduce its bound and actual tariffs and to seek to reduce tariffs in industrial countries, especially in textiles, clothing, and footwear. The latter is particularly urgent in view of the large trade-diversion costs imposed on India consequent to preferential arrangements such as the NAFTA. Reforms to Article XXIV, even if feasible, will not compensate for the trade diversion from existing preferential agreements.

- **Agricultural reform**: Given India’s actual and potential comparative advantage in agriculture, and the policy regime, which for the most part taxes rather than protects the sector, there is good reason for a change in India’s negotiating position. Defensiveness could cede to active advocacy of global free trade in agriculture. India could even consider joining the Cairns group in supporting full liberalisation of international agricultural markets.

- **Services**: Although the most serious challenges are domestic (enhancing domestic competition and improving the regulatory framework), India should be open to multilateral disciplines on services liberalisation. This openness could serve as the basis for creating credible negotiating linkages through a formula approach, trading domestic liberalisation for increased mobility of individual
service providers. At the same time, India should press for strengthened multilateral disciplines on domestic regulations under the GATS to address implicit barriers posed by technical regulations, qualification, and licensing requirements.

- **Electronic commerce**: While supporting the current limited initiatives to liberalise commerce, India should push actively for commitments under the GATS on cross-border services trade to secure market access (by prohibiting quantitative restrictions) and to preclude all forms of discrimination (by guaranteeing national treatment). Again, India should support strengthened disciplines on regulatory barriers to services trade.

- **TRIPS**: India should change its intellectual property legislation to ensure that TRIPS benefits can be withdrawn in the event of non-compliance by partners with commitments that affect India's exports. Simultaneously, it should seek to clarify WTO dispute-settlement procedures to prevent the within-sector retaliation rule from becoming an obstacle to such action. Domestically, it should institute workable systems for protecting intellectual property in order to credibly seek their replication internationally. The new competition policy, combined with judicious use of compulsory licensing, can help mitigate the most egregious effects of the TRIPS agreement.

- **Preferential agreements**: The real problem with GATT Article XXIV and GATS Article V is the lack of compensation for third parties adversely affected by trade diversion. Such compensation should be incorporated into the rules. Furthermore, there should be a clear reaffirmation that the MRAs cannot be used as a means of discrimination.

- **Competition policy**: India should ensure effective implementation of its new competition law and be open to discussing multilateral disciplines on competition policy. These disciplines should include outlawing practices that involve negative international spillovers, such
as export cartels (as in shipping), and bringing antidumping within the ambit of competition policy.

- **Standards:** India should ensure that MRAs are not used as a means of discrimination. To this end, the Agreement on Technical Barriers to Trade would need to be clarified, as would the relationship between GATS Articles V and VII to establish the primacy of the latter. At the same time, it should push for multilateral disciplines on domestic regulations in goods and services based on the necessity test. On labour standards, India should be proactive in the International Labour Organization (ILO) to ensure universal adherence to the basic ILO conventions while resisting attempts to bring the issue into the WTO.

- **Government procurement:** Given the potential gains from more efficient and transparent government procurement, India should be willing to undertake multilateral disciplines on government procurement. At the same time, it should seek to create natural linkages with the elimination of barriers to trade in goods and services so that it can meaningfully contest foreign procurement contracts in areas of its comparative advantage, such as labour services.

- **Investment:** Liberalization of India's FDI regulations will continue to yield substantial benefits. The new domestic competition law can regulate anticompetitive behaviour of foreign (and domestic) firms. Subject to preserving the discretion necessary to regulate FDI consistent with desirable domestic objectives (e.g., facilitating transfer of technology), India could be open to considering multilateral rules on investment.

Such a strong, proactive and well-defined approach on the part of the Indian state would go a long way in fulfilling our national interest. It would be instrumental in resolving our basic dilemma of how to accomplish, what Frankel has called, "a revolution that can enlarge the possibilities of human
development for the poorest of its people without exacting fearful costs in human life by unleashing the unpredictable social chaos of a violent upheaval?" (1978, p.xiii). At the same time, it would ensure a positive change in the 'rules of the game' of the prevalent trading regime. This sums up our overall argument that while regimes are important for economic development, developing countries can challenge the principles and norms preferred by the developed nations, for a more equitable sharing of the fruits of free trade.

The ideas in the earlier pages of this chapter are meant to create a design of a multilateral trading regime which is fair and just. It is, therefore, natural that as we move towards tomorrow, we make efforts to realize our vision. The parameters to do so can be derived from John Rawls' 'Theory of Justice' (1971).

According to Rawls, justice is the first virtue of institutions and unjust institutions must be reformed. It is also his explicit assumption that institutionalized inequalities are inevitable but they are consistent with a substantial equality in liberty and personal rights, in any society. He has elaborated his contractarian concept of justice in the following words: "In justice as fairness the original position of equality corresponds to the state of nature in the traditional theory of social contract. This original position is...understood as a purely hypothetical situation characterized so as to lead to a certain conception of justice...The principles of justice are covered behind a veil of ignorance." (in Asirvatham, 1990, p.354). His two main principles broadly confer equal rights to each person, and require rearrangement of social and economic inequalities to the greatest benefit of the least advantaged.

If we take the WTO to operate in 'The Original Position' today, the 'veil of ignorance' covering both developed and developing nations are apparent. If the actors in the present multilateral trading regime would learn to operate on
the two principles of justice, the society or order that would be then created would provide many answers to the problem of political development. Thus, the will and capacity of both actors and institutions are important for determining and reshaping the future of international trading regimes.

The transition to what Vandana Shiva (1998, p.77) has called an "alternative economic paradigm that does not reduce all values to market prices and all human activity to commerce" is therefore, essential. We have to endeavour to determine the links between the contemporary context of the prevailing trading regime and the institutional response of the WTO itself. Such context can be spelled out in terms of outlining the implications of globalization and the concerns of civil society.

The WTO cannot hope to continue operating in a deeply divided world. It has the mandate for sustainable development and it has to work in that direction, for “to keep options open for future generations, the present generation must begin now, and begin together, nationally and internationally” (The Brundtland Report, 1987) Once such considerations are accepted, the prevailing dominant theoretical perspectives will be either reconceptualised or even replaced by fresh perspectives to understand the interplay of the WTO and developing countries like India. This constitutes a vital future direction for further research.