

GLOBALIZATION AND TRADE LIBERALIZATION: “A THREAT OR AN OPPORTUNITY”?

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Abstract. *The present paper attempts to evaluate the global economic system through the perspective of neoliberalism, which advocates for the continuous liberalization of trade and the progressive opening of the markets in different economic sectors. Seeking to observe the neoliberal vision on the world economy, the study relies on two speeches delivered by the former European Union’s Trade Commissioner, Pascal Lamy in a time span of four years, between 2000 and 2004, a period marked by two important WTO Ministerial Conferences: the Doha 2001 WTO Ministerial Conference and the Cancun 2003 WTO Ministerial Conference. Nonetheless, in order to provide a balanced analysis of the world economic system, the study provides a brief introspection into the other theoretical vision, alterglobalism, which advocates for a different understanding of the relations between trade liberalization, state intervention in the economy and the reduction of the existent economic disparities. The analysis is divided into three sections: the first section portrays the two antithetical visions, neoliberalism and alterglobalism, while the second one focuses exclusively on the person of Pascal Lamy and on the speeches that represent the core of this study. The third section consists in a comparative analysis of the two divergent economic perspectives, trying to identify the main opposing points, as well as those points on which the two economic perspectives may converge. The conclusion looks closely at the relations between globalization and trade liberalization and the criticism brought about by alterglobalism, the archrival of neoliberalism and trade liberalization. It also considers the relation between the two neoliberal speeches of the former EU Trade Commissioner, attempting to identify potential links or divergent attitudes between the two.*

INTRODUCTION

The present paper sets to evaluate two different visions through which the increased globalized economy might be characterized: a neoliberal perspective, chiefly advocating for the continuous liberalization of trade and the progressive opening of the markets in different economic sectors, and the alterglobalist vision, which provides for

a different understanding of the relations between trade liberalization, state intervention in the economy and the reduction of the existent economic disparities.

The paper is divided into three different sections: the first one depicts the two antithetical visions, the neoliberalist and the alterglobalist visions on the world economic order. The second section provides an

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overview of the person who wrote the speeches employed in the present paper, the position he held at the time of writing, the organization he belonged to, as well as the ideology that stood at the core of the organization he represented at the time of writing and the aimed intention of the speeches. At a second stage, the two neoliberal speeches of the former EU Trade Commissioner Pascal Lamy, in the Romano Prodi's 1999-2004 European Commission, will be thoroughly analyzed, attempting to observe the connections between the speeches and the neoliberal perspectives that underpinned them. The third section consists in a comparative analysis of the two divergent economic perspectives, trying to identify the main opposing points, as well as those points on which the two economic perspectives may converge.

The conclusion closely looks at the relations between globalization and trade liberalization and the criticism brought about by alterglobalism, the archrival of neoliberalism and trade liberalization. It also considers the relation between the two neoliberal speeches of the former EU Trade Commissioner, attempting to identify potential links or divergent attitudes between the two.

SECTION 1: NEOLIBERALISM VS. ALTERGLOBALISM: TWO COMPETING VISIONS OF THE WORLD ECONOMIC ORDER

This section commences with depicting the neoliberal vision on the economic order. Considering the far-reaching impact the globalization has, it is fundamentally important to observe the different definitions attached to globalization and the impacts that have

been identified in economic, social and political terms.

The neoliberal frame

The current part of the paper aims at depicting the neoliberal frame on which the analysis of the two neoliberal speeches of the former EU Commissioner for Trade Pascal Lamy will be consequently designed.

The main idea behind the neoliberal vision of the global economy assumes that trade liberalization, the gradual openness of the economic markets and the prevalence of market capitalism over the previous protectionist measures bring benefits to everyone. When referring to trade liberalization it is inevitable not to mention the close intertwinement between trade liberalization and globalization. The past decade saw the concept of globalization becoming increasingly used by economists or politicians when they were referring to the profound changes the world political and economic environments have experienced in the last century. Apparently, globalization has become the concept that best characterizes the continuous changes people face every day. In order to properly understand what globalization stands for, it might be extremely useful to pay close attention to the variety of definitions globalizations has received: Pronk regards globalization as a revolutionary process, which has fundamentally transformed the societies. He considers that the unprecedented technological advance that determines the extension of communication into almost all spheres of life and the information technology are the two fundamental aspects determining an intensification of the economic interdependence on a global scale.

Globalization seen as a revolution adds new capacities for human development, producing irrefutable changes in the economy and every day's life of people. Globalization appears to be an inevitable and unmanageable process to which no one can oppose or resist. Thomas Friedman writes about globalization: "*Globalization isn't a choice. It's a reality ... and no one is in charge – not George Soros, not 'great powers'... [They] didn't start it, [they] can't stop it [...] The global market today is an electronic herd of anonymous stock, bond and currency traders sitting behind computer screens [...]*"¹. In the words of Armand Mattelart globalization is: "*one of those tricky words, one if those instrumental notions that, under the effect of market logics and without citizens being aware of it, have been naturalized to the point of becoming indispensable for establishing communication between people of different cultures*"². In Mattelart's vision, globalization possesses a hegemonic power through which it can organize and decode the entire meaning of the world. A similar approach was taken by John Beynon and David Dunkerley who wrote "*globalization, in one form or another, is impacting on everyone on the planet ... globalization might justifiably be claimed to be the defining feature of human society at the start of the twenty-first century*"³. Rajaei considers that globalization can best be explained in economic terms through which all economies are gradually integrated into a single economy developed under the framework of the capitalist market⁴. It

appears that the capitalist forces, an aspect already identified by Lenin, set the norms and rules that govern the society. With the collapse of communism in Central and Eastern Europe at the end of the 1980s, the advocates of capitalism considered that "*free marketers have won over the social engineers*"⁵. John Williamson, the American economist who introduced the concept 'Washington Consensus', considered to be the neoliberal manifesto of the Washington-based world financial institutions, has taken a similar approach. Williamson summarizes the main points that underpinned the neoliberal ideology endorsed at the end of the 1980s – beginning of the 1990s by the world financial institutions: fiscal discipline, public expenditure priorities, tax reform, financial liberalization, exchange rates, trade liberalization, foreign direct investment, privatization, deregulation and property rights. Although the 'Washington Consensus' was initially designed for the Latin American countries, it was considered to be universally applicable. A healthy and competitive economy must be characterized by a correct fiscal policy, which should reveal a positive balance between a primary surplus and an operational deficit. Moreover, the reforms of the economy should consider a reorientation of expenditures from those sensitive policy areas, which usually receive more attention to those policies that produce higher economic returns and are capable of reducing the economic disparities within the society,

¹ Pronk, 2000, p. 46

² Schirato, Webb, 2003, p.1

³ Ibid.

⁴ Rajaei, 2000, p.24

⁵ Ibid

such as primary health, education and infrastructure. Tax reforms are needed in order to determine increased incentives for investing in a country and to improve the equity between the different layers of the society. Further goals that should be sought by a country who is determined to substantially transform its economic system into a competitive one involve the financial liberalization, whose final scope is to abolish the preferential interest rate provided to various borrowers and to achieve a moderate positive interest rate, a unified exchange rate which should determine a growth in exports, trade liberalization, suggesting that all quantitative trade barriers existent in a country should be changed into tariffs, preferably low tariffs, foreign direct investment by which foreign companies willing to invest in a country should not encounter bureaucratic barriers, determining an increased competition between domestic and foreign companies. Furthermore, those enterprises that were previously owned by the state should be privatized, the role of the state being gradually reduced; another aspect that deserves consideration refers to deregulation, by which it is implied that governments should remove those regulations that have a daunting effect of the entry of new firms on the market or that restrict competition. Nevertheless, the deregulating process should not disregard the safety of the people or the environment. Lastly, the government should endorse measure that aim at a sufficient protection of the property rights, making the new technological innovations available for everyone⁶.

Much of the neoliberal ideology found in the Washington Consensus had been embraced by the current globalization process. Nonetheless, confronted with the existent economic disparities between countries, especially between the rich and industrialized North and the poor and backward South, the World Trade Organization (hereafter WTO) had to adapt its policies in such a way as to ensure a fair representation of the interests of all its member states, be they large and rich or small and poor, and to launch sustainable programs aimed at poverty reduction and substantial improvement of the global trade rules between nations.

The alterglobalist perspective

This part attempts to provide a brief introspection into the other perspective of the economic order, the alterglobalism.

Despite its apparent success, the Washington Consensus has been extensively criticized for not providing immediate answers to the most serious problems that confront the poor countries. Perhaps the clearest context in which Washington Consensus' provisions have not been substantially endorsed by governments is the case of the East Asian economies, whose success determined the economists to rethink the Washington Consensus advocacy for enhanced trade liberalization. Seen for an alterglobalist perspective, the main rival of the neoliberalism, trade liberalization and the opening of markets to competition between domestic and foreign companies create large disparities between the rich and the poor, marginalizing the developing countries and making them subject to the further

⁶ Williamson, 1993, pp. 1332-1333.

exploitation of the industrialized states. The Washington Consensus' conviction that the liberalized markets would determine a more efficient allocation of resources and economic growth when government's intervention is minimal does not work properly in all situations; it fails to take into account the sound financial reforms, competition policy, the transfer of technology and the transparency the system needs in order to reap the benefits brought about by the pure trade liberalization. Moreover, it does not cover issues such as sustainable, egalitarian and democratic development. Joseph Stiglitz, a former Vice-President and Chief Economist of the World Bank, in an article from 1998⁷, argues that the apparent success of the Washington Consensus lays in the simplicity of the program. In the alterglobalist ideology, the governments need to be closely associated with the economic transformations that take place in the country, considering that the actions taken by them can have a major impact on the further conduct of the economy and subsequently of the country. Therefore, Thatcher's TINA or Ronald Reagan's neoliberal vision on the economy are not particularly welcomed by the alterglobalist's advocates. Moreover, alterglobalists considered that the Washington Consensus has extensively focused on privatization at the expense of competition. They believe that without a proper institutional framework, which supposes the existence of competitive markets and regulatory bodies, the privatization process may turn into a sound failure. Despite acknowledging the benefits that might be brought about by privatization,

the alterglobalists consider that there might be a consistent number of public objectives that will not be attained if promoting endlessly the privatization of enterprises. With respect to the role the governments can play, alterglobalists considers that governments should have a key role in those situations when the markets fail, considering this as an inevitable outcome of an imperfect economy dominated by incoherent information and incomplete markets. The governments are the sole responsible for endorsing those policies that are aimed at safeguarding the interests of the society. The widespread conviction among alterglobalists is that, due to the relative failure of the Washington Consensus in offering reliable answers to the problems societies were confronted with, a new set of economic policies, dubbed the post-Washington Consensus need to be launched by the international financial institutions.

SECTION 2: THE NEOLIBERAL PERSPECTIVE IN PASCAL LAMY'S SPEECHES

The present section depicts, as mentioned in the introduction, information about the author of the two neoliberal speeches, the former EU Trade Commissioner in Romano Prodi's 1999 – 2004 European Commission, Pascal Lamy, the position he occupied when he delivered the speeches, the organization he belonged to at the time of writing, as well as the ideology that stood behind the messages he expressed in the two speeches. Furthermore, the focus of the section will shift to the thorough analysis of the two speeches, aiming to emphasize his

⁷ Stiglitz, 1998, available at: <http://www.globalpolicy.org/socecon/bwi-wto/stig.htm>

convictions about the benefits brought about by the neoliberal approach he was largely advocating.

Contextualizing the documents

In order to properly contextualize the speeches employed in the analysis, one must pay particular attention to the important events that dominated the political and economic environments in the period when the speeches were delivered; consequently, the first speech, dated October 2000, marked one year since the Seattle 1999 World Trade Organization (hereafter WTO) Ministerial Conference has soundly failed⁸. Moreover, October 2000 marked one year since Pascal Lamy has been officially appointed EU Trade Commissioner. After serving for ten years, between 1984 to 1994 as the chief of staff to the former European Commission President Jacques Delors, the champion of the Single European Act and one of the main politicians who have largely embraced the idea of creating a Single European Market, Pascal Lamy was appointed in September 1999, after receiving the confirmation vote from the European Parliament, as EU Trade Commissioner⁹. During the hearings in front of the European Parliament, the designated Trade Commissioner exposed his visions on the world economy, hinting already the neoliberal approach that was to be embraced by Mr. Lamy in the negotiations he carried

out throughout his mandate¹⁰. As the EU Trade Commissioner, Pascal Lamy was mainly responsible with the external representation of the European Union's trade policy. During his mandate, Commissioner Lamy had to negotiate on behalf of the then fifteen member states of the European Union their and EU's trade interests on a bilateral, regional and multilateral basis with different other economic actors.

The message behind Lamy's two speeches is that globalization represents both an unprecedented opportunity to strengthen the democratic principles that underpin the existence of most of the international institutions and to further promote the trade liberalization which would pay off in better standards for everyone, but also a threat in creating larger disparities between countries and within the society.

The discourse analysis

This section sets to evaluate the two speeches delivered by the former EU Trade Commissioner, Pascal Lamy, in a time span of four years, between 2000 and 2004, a period marked by two important WTO Ministerial Conferences: the Doha 2001 WTO Ministerial Conference¹¹, which has seen the launch of the Doha Development Agenda (hereafter DDA) and the Cancun 2003 WTO Ministerial Conference¹². The two speeches analyzed in the paper are "Globalization: a threat or an

⁸ For an extensive coverage of the Seattle 1999 WTO Ministerial Conference, please see: http://www.wto.org/english/thewto_e/minist_e/min99_e/min99_e.htm

⁹ European Commission, available at: http://europa.eu.int/comm/archives/commission_1999_2004/lamy/index_en.htm

¹⁰ Lamy, 1999, available at: http://europa.eu.int/comm/archives/commission_1999_2004/lamy/speeches_articles/lamyverb.pdf

¹¹ For a complete overview of the Doha 2001 WTO Ministerial Conference, please see: http://www.wto.org/english/thewto_e/minist_e/min01_e/min01_e.htm

¹² For a complete overview of the Cancun 2003 WTO Ministerial Conference, please see: http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm

opportunity for democracy?", delivered in Brussels, in 2000 and "Globalization and Trade: How to make sure there is space for development", delivered on June 22, 2004 at the Sophia University, Tokyo.

Having in mind the neoliberal frame that has been introduced above, the analysis of the speeches will extensively focus on the central tenets of the speeches, on the keywords identified, the metaphors employed in relation to various key words, the relation between keywords and the narrative.

One of the central tenet of the speeches is the conviction that globalization brought unprecedented opportunities for economic growth and for the spread of democracy in the world. Nevertheless, globalization can also determine substantial disparities within societies and between countries. The world in which we are currently living has experienced, in the past decades, a tremendous technological advancement; this development has affected all economic sectors with which it came into contact: telecommunication, financial services, transport, information. Subsequently, the world became increasingly united into an integrated market economy. Nonetheless, apart from the undeniable benefits brought about by globalization, it has also brought uncertainty and poverty to various regions.

"Globalization: a threat or an opportunity for democracy?"

Globalization, as pictured in the first speech¹³, determines major changes at the level of the world economy: on one hand, the markets are getting

increasingly united, whereas the political territories are continuously fragmented; on the other hand, the rapidness with which financial markets react to the outcome of the multilateral negotiations contrasts with the slow reaction politicians have with respect to the same negotiations. Lamy further defines globalization as the clear outcome of market capitalism, being solely responsible for the technological innovations, the continuous exploitation of the markets, the foreign direct investment and the creation of significant economic disparities between countries in the world. The fact that globalization and market capitalism have been closely intertwined is further emphasized by Lamy who argues that globalization presents the three main features of market capitalism: efficiency, instability and unfairness. People need efficiency, to prevent instability and to correct the unfairness. The European Union's successful story, suggesting the benefits that may be brought about by regional integration, has been employed to emphasize the need for concerted action that politicians should take in relation to globalization and its negative effects. Through opening their national economies, by promoting labor mobility and investment in research and development areas and by fostering increased competition between companies, the European countries have reached in a short period of time an unprecedented level of economic welfare. As any other economic actor, the European Union has to face the growing pressure of globalization. Despite possessing substantial advantages that suggest that the European Union can cope with the

¹³ Lamy, 2000, available at: http://europa.eu.int/comm/archives/commission_1999_2004/lamy/speeches_articles/spla36b_en.htm

mounting pressure of globalization, people in Europe still regard globalization as a major threat against the traditional social economic model. In order to emphasize the rather negative connotations attached to globalization in Europe, Lamy uses the metaphor *Bastard Keynesianism*, by which he attempts to explain Europeans' vision on globalization: the unhealthy state of the local and national public budgets, the lack of sufficient social protection and of labor mobility and low income are all considered to be the negative effects brought about by globalization. The fact that the American multinational companies are dominating the European market is considered an additional negative effect of the globalization. What is disregarded at this point is the fact that the presence of multinational companies into another economy may not all the time be a negative aspect, their economic activities and connections with the state of origin presenting potential advantages for the economy of the state in which that particular company operates. What Europe needs to recover from the current economic stagnation is to fully exploit the benefits brought about by the internal market and by the extraordinary economic and technological potential. Moreover, the European Union must allocate more funds for research and environment and should continue to focus on the further integration of the financial services and capital at a regional level. Through employing the term economic governance, Lamy identifies the consistent policies on budget surpluses, public finances and fiscal competition on mobile factors, which may impede the fundamental tax reduction reform a healthy economy needs. The term governance, repeatedly used by Lamy,

suggests that a democratic regime can only overcome the difficulties of globalization by developing strong governance underpinned by clear commitments to the democratic values. The metaphor European superstate indicates the power the EU possesses; if used appropriately, the EU might become an unrivalled economic and political player. Nevertheless, the current status does not allow the European Union to proceed at the speed it is actually capable of; therefore a major rethinking of the Union's long-term objectives is extremely necessary. The real threat globalization poses for Europe comes from inside, not from the outside of the Union; it resides in the lack of willingness portrayed by politicians in making the fight against poverty and economic disparities within societies their primary goal. The other threat posed by globalization refers to the environmental development: if not tackled at the right moment, it may degenerate into real threats against world peace and security. The European Union cannot withdraw itself into a nutshell and disconsider what is happening around its borders. It must use the potential it has by helping the developing countries to counteract the negative effects of globalization. The fundamental actions that must be taken are the progressive reduction of the trade barriers and the firm support of those economic measures that would pay off in the future by promoting the continuous trade liberalization. Europe can transform globalization into a successful story if it manages to define its role in international relations, especially in those forums where it must act with a single unitary voice, such as the WTO, UN, the World Bank and IMF.

“Globalization and Trade: How to make sure there is space for development”

With respect to the second speech¹⁴, what has been mentioned from the beginning is that the two speeches have a similar tenet, both of them dealing extensively with the benefits and the inevitable disadvantages brought about by globalization. Lamy argues that if globalization is tackled in the proper way, it will determine more jobs, economic growth and implicit economic welfare for people. Nonetheless, it must not be neglected that globalization determines economic disparities between countries; therefore, the interests and demands of the developing countries should also be considered by their richer and more developed partners when engaging into multilateral negotiations. Considering the disparities caused by globalization, besides the inevitable positive effects it had, Lamy notices that in order to deliver its full potential, globalization must be sustainable, and in order to be sustainable it needs to encompass economic and social provisions aimed at promoting an equitable distribution of welfare within the society. Referring to the relation between globalization and market capitalism, Lamy notices the prevalence of market capitalism in the past centuries. The metaphors increased velocity and ferocity, although the later may have some negative connotations, are employed with the aim of providing a clear and shocking picture about the real force the market capitalism has. As in the previous speech, the European Union is

employed as an example in explaining the impacts of globalization: we may identify another aspect, which did not suffer major changes in the time span of four years between the speeches. What distinguishes the European Union from the other forms of regional integration is the fact that, although committed to trade liberalizations and free-market oriented economies, it does not disregard the interests of its citizens; consequently, Lamy defines the European Union as being a “*market economy, but not a market society*”¹⁵.

Trade liberalization and open markets should not be feared by anyone in the world, as far as the two take into consideration the sustainable development and the interests of the developing countries. Using the European Union as a successful model for the regional integration, Lamy encourages the developing countries to strengthen their cooperation in trade terms, the inevitable outcome being that their northern and richer partners will better hear their voice in the multilateral negotiations. The commitment assumed by the European Union in the previous years in development and humanitarian aid transformed the Union into the largest donor of development aid in the world; this aspect reflects the orientation of the Union: while fully endorsing the principles of neoliberalism, it pays attention to those developing countries that are in need of substantial funding. Making use of its single market, the European Union became the largest importer of the products coming from the developing countries, offering these countries the opportunity to further exploit those

¹⁴ Lamy, 2004, available at: http://europa.eu.int/comm/archives/commission_1999_2004/lamy/speeches_articles/spla232_en.htm

¹⁵ Ibidem

economic sectors in which they have a comparative advantage. The fact that the European Union has set the development policy among its top priorities may come into contradiction with the pure neoliberal ideology advanced by Williamson, but considering that the EU does not represent the pure neoliberal model, the inclusion of the development policy does not appear to be so outstanding. In the light of this argumentation, the economic and political weight the EU put behind the Doha Development Agenda can be perfectly understood.

The World Trade Organization, the successor of the GATT system, as the main international organization that deals with trade issues, has been frequently criticized for failing to represent the interests of the smaller and poorer member states, especially developing countries, who remained marginalized and exposed to further exploitation. Lamy, the current Director – General of the WTO, provides an innocent image of the WTO, referring to it as a “*rather small, rather nascent island of international governance in a sea of globalization*”¹⁶. As it has already been hinted, by supporting the launch of the Doha Development Agenda, the EU wanted to emphasize the great importance it attaches to development issues, ensuring that these are at the forefront of the multilateral negotiations. However, taking into account that the development is closely linked with trade issues, and in particular to the multilateral trade negotiations, the finest way in promoting the interests of the developing countries was considered to be the 2001-launched Doha Development Agenda. Referring in

particular to agriculture, the former commissioner makes the plea that there is nothing wrong in having a consistent agricultural policy, which for many developing states is the only source of revenues, but the problem with agricultural policy resides in the excessive subsidies an economic power, such as the EU or the US, allocates for supporting the agricultural sector. Due to the large amount of subsidies, the trade in agricultural products might get distorted, especially with respect to the export subsidies, an aspect which severely harms the interests of the developing countries. Because of the massive reduction of the export subsidies in the EU, it became obvious that the EU has distanced itself from all the other economic powers, making serious commitments in opening its markets to the agricultural exports of the developing countries. For the Doha Development Agenda to succeed, the developing countries needed to be better integrated into the world economy, the opening of markets in agricultural products being just the first stage in achieving the overarching goal of further integrating the developing and the less developed countries into the world economic system. There is nevertheless a fundamental distinction that can be made between developing and less developed countries, some of them such as China, India, Brazil having enough resources and capabilities in order to strongly defend their interests in the international negotiations. At the other end of the spectrum there were countries, such as Ethiopia, Chad, Laos which lacked both resources, infrastructure and knowledge that would enable them to make their

¹⁶ Lamy, 2004, available at: http://europa.eu.int/comm/archives/commission_1999_2004/lamy/speeches_articles/spla232_en.htm

voice heard in the multilateral negotiations. Consequently, those countries which have reached a certain level of development should not just disregard the poorer countries' interests, but instead should work together into offering these countries substantial economic assistance that would eventually help them to improve their economic situation, which subsequently will determine an improvement of the countries' ratings in the international organizations. Nevertheless, the trade negotiations have proven to be quite difficult, every country being willing to preserve its own interests. Lamy uses the metaphorical comparison of trade negotiations with volcanoes with three phases, "sleeping, smoking and erupting", in order to emphasize how difficult is to reach an agreement acceptable for everyone in trade negotiations. A positive eruption suggest that the then coming trade negotiations, substantially harmed by the failure of the Cancun 2003 WTO Ministerial Conference, might have delivered the expected outcome, a consistent aid package for the developing countries, dragging them out from the state of isolation in which they were before. In the concluding remarks, the former trade commissioner pleas that globalization is not only about causing economic disparities between countries, but also about the measures that might be implemented in order to reduce the economic backwardness of the developing countries. The multilateral trade negotiations in agricultural terms were considered to be the first step taken by the richer and powerful economic powers in the direction of supporting the integration of the developing countries in the world economic system.

SECTION 3: BRIDGING THE GAP BETWEEN NEOLIBERALISM AND ALTEGLOBALISM

The present section reveals the main contradicting features of neoliberalism and alterglobalism and attempts to find possible convergent points between the two perspectives on the world economic order.

Main contradictions between the frames

In a pure neoliberal perspective on the economy, trade liberalization and the continuous opening of the markets occupy a central position. The neoliberalists consider that the progressive opening of the markets brings benefits to everyone. In the neoliberal ideology, the state should play a minimal role, its intervention on the markets having a daunting effect on their efficiency. On the other hand, the alterglobalists believe that markets cannot be endlessly liberalized. Due to the existence of the market failures, a certain degree of protection from the government should be enforced. Therefore, alterglobalists require selective regulation on the markets from the state. There is no consensus to be reached between the two ideologies on this matter. Nevertheless, the idea of an over regulated market comes into conflict with both ideologies.

Globalization, considered from a neoliberal perspective, brings unprecedented opportunities for the international community. As it has been argued throughout the second chapter of the neoliberal study, globalization represents an opportunity to spread democracy throughout the world. Nonetheless, the neoliberalist acknowledge the fact that globalization brings also negative effects for states, those economically and politically less developed having to bear the costs of

globalization more than their richer and better developed counterparts. From an alterglobalist perspective, globalization has not lived up to its potential. The current world in which we live in is marked by inequality and social injustice. Weak institutionalization and corruption in the least developed countries adds to the gloomy image of globalization, as these countries cannot equally compete with their mighty partners in the world markets and often times are unable to counter the rigid economic conditionality imposed on them by the developed countries. Moreover, they feel marginalized in the extent that they find it difficult to make their voice heard in the international economic forums. With respect to the success of globalization, there cannot be any convergent points between the two visions, considering here that neoliberals believe in the significance of international financial organizations, while the alterglobalists consider that these institutions promote mainly the interests of the developed states. From a neoliberal perspective, the World Trade Organization provides the proper institutional set-up under whose umbrella the smaller and less developed states can form alliances that would enable them to make heard their voice in the multilateral negotiations. The Washington Consensus is a failed policy, particularly because it does not recognize the role the state should play in economy and with regard to the transferability problem, the Washington Consensus might work in one country, but not in others. Once again, this perspective advocated by the alterglobalists comes at odds with the neoliberal vision, referring here to the fact that neoliberals regard the Washington Consensus as generally applicable to all countries in the world, given that the target country adapts the required

economic reforms. A potential common ground between the two ideologies refers to the need of developing strong institutions that would oversee the economic process and transparent decision-making procedures, as well as equitable dispute settlement mechanism, such as those developed under the auspices of the WTO. However, the alterglobalists consider that a state should play a major role in supervising the readjustment processes, providing with the general guidelines of conducting democratic and sustainable economic reforms and finally in applying the necessary enforcement mechanisms.

From a neoliberal perspective, there is a close link between globalization and democracy. What both fundamentally need is good governance, meaning that there must be strong institutional frameworks that should be committed to democratic values and free-market economic principles. In this aspect, one may argue that the WTO, alongside the other international financial institutions, pays considerable attention to the needs of the developing countries, introducing equally applicable rules for both the rich and poor countries. Moreover, the international organizations are fully committed to providing the less developed countries with substantial economic and political assistance aimed at dragging these countries from their isolation and progressively integrating them into the world economic and political order. Although the principles of good governance are extremely important from an alterglobalist perspective, the current world system is not delivering the desired hopes and expectations of a fair and socially just international mechanism. The existent institutional framework does not reflect the needs of the less developed countries. The rules

and the procedures of the WTO and of other financial organizations are imposed from above without taking into consideration the needs and interests of the developing countries. Moreover, the workings of such organizations are marred by the lack of transparency in the decision making process and the democratic deficit. Alterglobalists strongly believe that these institutions should either undergo substantial reforms that include participation in the decision making process of the less developed countries or reconsider their role in the international system.

With respect to the economic growth issue, the neoliberals consider that this can be achieved through intensive trade liberalization. What does this exactly entail? Through progressive liberalization of trade the trade between countries, more and more economic markets become open for competition between domestic and foreign companies. The standards of the products are considerably increased due to the growing competition between companies, the choices the consumers can make are substantially diversified and the overall economy benefits from the competition. Trade liberalization has a twofold impact: whereas it creates more jobs in the newly opened economic sectors, it may also determine a job reduction in those less competitive economic sectors. Nevertheless, there may be policies endorsed by the governments in order to reduce the incipient unemployment, such as the re-specialization programs. Neoliberals consider that an economic growth is highly dependent upon a good fiscal discipline, a consistent reduction of trade barriers, as well as on the foreign direct investments, observing here the benefits that might be brought about by the financial operations of the foreign companies into one country, and the establishment of a

stable exchange rate. Moreover, the bureaucratic barriers that may block the entrance of a foreign company on the market should be lifted if the government of a given country wants to register consistent economic growth that would pay off in reducing the economic disparities within the society. Alterglobalists, on the other hand, stress the importance of macro-economic stability, but in the sense of stabilizing output and unemployment. The major implication of a successful macro-economic policy rests on averting economic crisis. One way to avoid them is by building robust financial systems and undergoing financial reforms. However, alterglobalists are reluctant about the desirability of achieving fast economic growth if it includes crucial trade-offs, such as environment, infant industry, protection and research and development.

Concerning the issue of privatization, the neoliberals firmly believe that it must occur at all levels of the economy, especially in those uncompetitive economic sectors which demand substantial allocation of funds from the budget, but which are unable to return them, creating therefore a considerable budget deficit. By privatizing the industry, the whole economy benefits, in the sense that more and more foreign companies will invest large amounts of money into transforming the former uncompetitive sectors into competitive and efficient industries. Alterglobalists believe that privatization was one of the major failures of the Washington Consensus. It was intended to improve economic efficiency and reduce fiscal deficits. However, it failed to deliver the expected outcome. Another critique to privatization is related to the fact that no one can foresee where the privatization of separate sectors of the industry ends. A potential convergent point with the neoliberal frame is

represented by the belief that a strong institutional infrastructure is needed in order to have an efficient privatization. The alterglobalists perspective goes further in requiring regulatory bodies that deal with the institutional framework.

Another important aspect refers to competition policy. From a neoliberal perspective, as it has been above-mentioned, competition brings positive effects on the economy, the technical standards of the products are substantially increased as a result of the growing competition between the domestic and foreign companies. The range of goods that consumers can benefit from is also increased due to the growing competition. Competition is also beneficial for the welfare of citizens; with more and more companies acting on the market, as the prices have the tendency to decrease, the salaries tend to increase. Alterglobalists believe that competition is far from being perfect, especially in developing countries, where competition is suppressed by controlling the distribution system and predatory pricing. One of the major difficulties arises from the fact that the complicated legal structures and institutions that characterize developed countries are not appropriate for a number of developing countries. Another potential common ground lays in the conviction that competition has important implications in trade policy. The rules governing competition should be adjusted in order to deal with the abuses related to dumping. The best way to achieve this is through the integration of fair trade and fair competition laws in the international economic system.

As it has been discussed throughout the section, there are obviously many conflicting views on trade and development between the two frames.

Some of these differences, such as regulation – deregulation and liberalization – protectionism, show that there are slight possibilities for reaching a common agreement upon them. Therefore, the multilateral negotiations in WTO have proven to be not so successful in finding a common ground in these issues. Another important difference relates to the way in which the developed countries should treat their less developed counterparts. Nonetheless, there could be grounds of mutual understanding to some extent when it comes to issues such as privatization, competition policy, institutional framework and capacity building of the state.

CONCLUSION

This paper attempted to portray the neoliberal vision on the relation between globalization and trade liberalization, taking into consideration, as it has been hinted in the introduction, the alterglobalist concerns over the disparities caused by the increased liberalized trade between countries.

After depicting the various interpretation of the process of globalization and the fundamental neoliberal beliefs concerning the benefits brought about by the globalization of trade, referring here to the progressive opening of the markets, the paper analyzed two particular neoliberal speeches of the former EU Trade Commissioner, Pascal Lamy, delivered in a time span of four years, trying to identify the main themes advocated by him with respect to the benefits/advantages brought by the globalization. As it has been mentioned in the second section, the two speeches of Mr. Lamy bear the influence of the two decisive moments that preceded the moment when the

speeches were delivered, naming here the Doha 2001 and Cancun 2003 WTO Ministerial Conferences.

The world in which we currently live has seen in the past decades the undeniable impact the globalization may have. The technological developments, the liberalization of the economic markets, and the growing interdependence between national economies laid the basis for considering the global economy as an integrated and unitary market. Those countries whose economies were stronger have better overcome the impacts of globalization; the others have remained in a relative backward economic condition, their integration into the current world economic system being less easier than of the formers. Nevertheless, the international economic community has affirmed its willingness to provide substantial assistance for those countries who are willing to implement the required economic reforms that would transform their economies into more competitive economies, providing them with the opportunity to make their voice heard in the multilateral negotiations conducted under the close scrutiny of the World Trade Organization's agreements.

From a neoliberal perspective, exemplified by the two speeches of Pascal Lamy, the sole solution of coping with the adverse effects of globalization is to continue extending trade liberalization to various economic sectors that have been closed before. The first speech of Pascal Lamy, delivered one year after the Seattle 1999 WTO Ministerial Conference failed, establishes the link between the success of trade liberalization and the creation of good governance. The European Union is employed as the best example of regional integration, the member states of the EU extensively embracing the ideas of liberalizing trade

between them. The resulted interdependence between the national economies has had a twofold effect: on one hand it reduced the likelihood of an economic confrontation, fostering the creation of the supranational institutions entrusted with representing the countries' economic interests in the multilateral negotiations, and on the other hand it raised the economic leverage the newly created economic block has in these negotiations.

Whereas the first speech reflects a closer neoliberal vision to the pure neoliberalism advocated by Williamson, the second speech marks a fundamental departure from the traditional neoliberal vision by extensively covering the aspects of development policy. In this respect, one may criticize Lamy for being inconsistent with the message he sent with regard to the trade liberalization he advocated so strongly in the first speech. The reality is that the EU, employed again as the reference model, has always been more attached to the development issues than the pure neoliberal vision of the world economic would require; therefore, the criticism might be easily counteracted by those, namely the alterglobalists, who argue that neoliberalism, besides bringing unquestionable benefits to the world economy, fails to identify other areas of concerns, namely the development matters.

How the world economic order will develop remains a matter to be addressed by the coming multilateral negotiations. Some positive signs have been already identified during the 2005 Hong Kong WTO Ministerial Conference, which marked a minimal, but significant advance, into integrating the developing countries in the world economic order.

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