

Trade Systems in Crisis: A Dialogic Journey Through Power, Justice, and Transformation

Last week, as global headlines reflected the latest round of Senterej in trade wars and economic upheaval, our Open Dialogue examined an under-discussed yet crucial driver of our current crisis: the global trade system. This conversation, second in our Open Dialogue "Senterej Moment" series exploring aid, trade, and philanthropy, brought together global voices to trace how we arrived at this moment and where we might go next.

The discussion featured **Lori Wallach**, Director of Rethink Trade at the American Economic Liberties Project and a 30-year veteran of trade battles; **Dr. Jodie Keane**, Principal Research Fellow at ODI Global focusing on the climate-trade nexus; and **Dr. Lebohang Liepollo Pheko**, a leading African futures thinker with the Trade Collective and a member of the Club of Rome. **Tom Kruse**, director of Global Challenges at the Rockefeller Brothers Fund moderated, speaking from his unique position as one of the few philanthropy program directors supporting trade policy work.

You can [watch the video recording on our YouTube Channel](#).

Unmasking the Trade ‘Beast’: From Bretton Woods to Corporate Capture

The conversation began with Lori Wallach providing what she called a crucial "level setting" - mapping the actual architecture of global trade that most people, including many working on related issues, fundamentally misunderstand. Using slides to illustrate her points, she traced a story of institutional capture that transformed trade from a tool for international cooperation into a mechanism for corporate domination.

The Original Vision: Keynes vs. The Market Fundamentalists

"We're familiar with the Bretton Woods Conference after World War Two," Wallach began, explaining how the post-war global economic architecture was born from a fundamental disagreement. On one side stood John Maynard Keynes, who **"wanted something focused on balance with labour standards. The ILO had been hatched by then. He wanted competition policies to combat corporate monopolies and cartels. He had a notion of a managed system where balance and outcomes like full employment were the key."**

Neoliberals Capture of the Global Trade Regime to Implement Corporate Hyperglobalization



Post WWII-1990s: "Bretton Woods" Era



(On trade, Keynes advocates for balanced and managed trade with labor standards and competition policy to counter monopolies, U.S. officials focus on tariff cutting)

On the other side, **"the US was pushing a very different model, focused on a nascent system of free trade, neoliberalism."** This tension would define the next 75 years of global economic relations.

The original GATT (General Agreement on Tariffs and Trade) that emerged was relatively modest. It covered **"things you could drop on your foot"** - actual physical goods crossing borders - and established basic principles: non-discrimination in how you treated foreign goods for regulatory purposes, and "Most Favoured Nation" status ensuring everyone in the deal got the same treatment. **"If it wasn't a good, it wasn't covered by the trade rules."**

Crucially, the GATT had **"the usual safeguard for domestic sovereignty of requiring consensus for a decision."** Countries maintained democratic control over their economic policies.

The 1980s Transformation: Enter the Neoliberals

"We enter in the 80s, the neoliberal era," Wallach explained, showing how **"US corporate interests, along with European allies and some governments in Chile, Singapore, and Austria"** began a systematic campaign to transform the entire system. The pivotal moment came in 1995:

"You replace the GATT, which covered trade with the new institution, the World Trade Organisation, for the first time, it's enforceable. The GATT had the usual safeguard for domestic sovereignty of requiring consensus for a decision. The WTO requires a consensus to stop decisions."

This seemingly technical change was revolutionary. Under GATT, countries had to agree to enforce decisions. Under the WTO, decisions were automatically enforceable unless countries could achieve the nearly impossible task of consensus to stop them.

The Trojan Horse Strategy: Trade Agreements That Aren't About Trade

But the real transformation was in scope. Wallach methodically explained how a host of new agreements were bundled under the "trade" umbrella that had nothing to do with moving goods across borders:

GATS (General Agreement on Trade in Services):

"A binding agreement... that requires deregulation, privatisation in the service sector and commodifies things like public health, education, etc." This wasn't about trade - it was about forcing countries to privatise public services.

TRIPS (Trade-Related Intellectual Property Rights):

Perhaps the most audacious expansion. **"The philosophers of free trade, Ricardo Adam Smith rolling in their graves to have that agreement impose an obligation on all signatory countries to guarantee new monopoly rights, patents, copyrights, trademarks."** The irony was staggering:

"Every country must do, for instance, a 20-year monopoly patent, a standard of intellectual property that obviously the US didn't have until it was a developed country." The very countries that had used flexible intellectual property rules to develop were now forcing developing countries into rigid monopoly systems.

Investment Protections (ISDS):

The most radical innovation. **"It literally formally elevates individual investors and corporations to the equal of a sovereign nation state with a one-way suit system where the corporations can sue the governments outside the courts, demanding taxpayer compensation for any domestic policies they think undermine their foreign investor rights and privileges."**

These rights **"go beyond domestic law, including in the US, where we have a very robust property system."** Foreign corporations gained rights that even domestic companies didn't have.

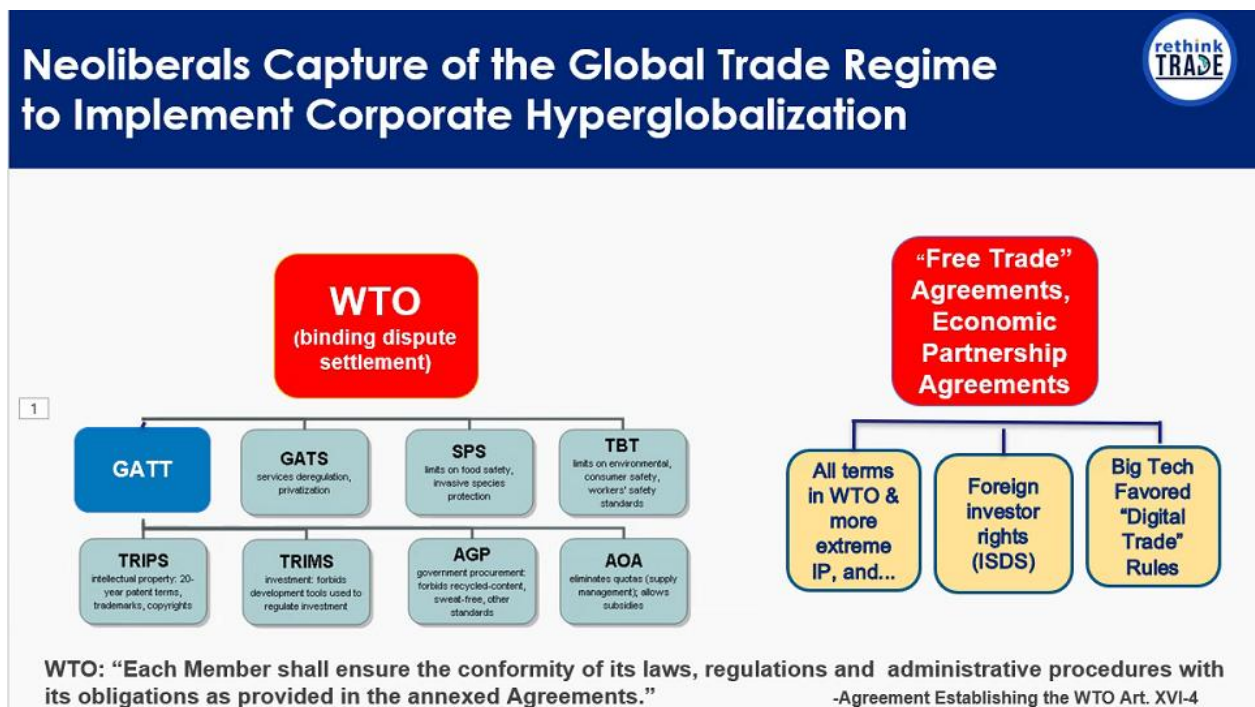
Government Procurement:

"A key industrial policy tool, you want to buy renewable energy, you want to buy electric cars? No. These rules impose basically privatising and marketing what would otherwise be a government instrument to create and make sustainable markets."

The Digital Expansion: Big Tech's Final Frontier

The most recent expansion came with digital trade rules, **"started breaking my heart with the Trans-Pacific Partnership being pushed by the Obama administration."** These rules **"forbid anti-trust, anti-monopoly policies that limit things like privacy online, that guarantee a variety of secrecy protections that can undermine... right to repair and other small business consumer and labour protections."**

As Wallach emphasised: **"This is the actual system. And so, when people say neoliberalism died, this may be rotting. There have been attacks on its enforceability, but the Hulk remains in place and it's enforceable."**



The Enforcement Mechanism: Why These Rules Have Teeth

What made this system uniquely powerful was its enforcement mechanism. **"It's the only enforceable international rules with internal dispute settlement, internal sanctions."** Environmental agreements, labour standards, human rights treaties - none had this kind of enforcement power.

The operating principle was clear: **"Each member shall ensure conformity of its laws and regulations with the annexed agreements."** Countries were required to subordinate their domestic laws to trade rules.

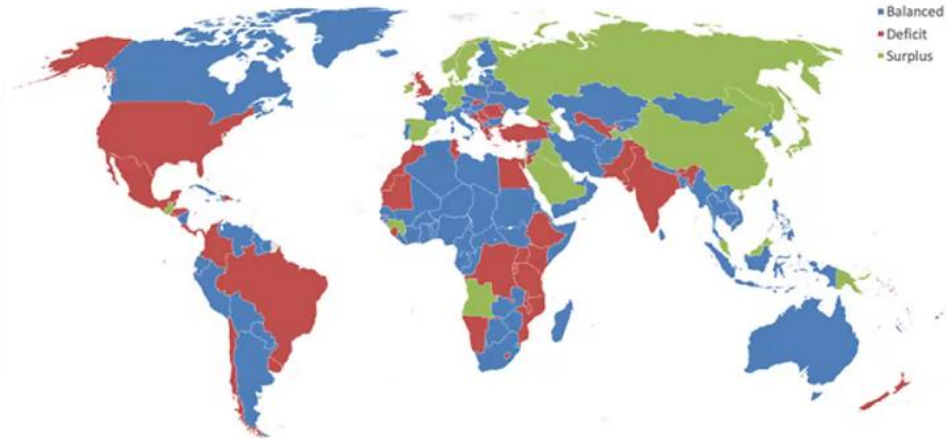
The Devastating Results: A System That Failed Even Its Own Goals

Wallach's slides revealed the scope of failure. **"The world is now divided into 65 major countries including Brazil, India, and Mexico are in extreme and chronic trade deficit while green countries, a handful of them... have huge trade surpluses."**

Our Current Trade Policy Has Been a Disaster: Massive Imbalances Generated by Relatively Few Export-Driven Nations Using Mercantilist Policies



Countries' Balance of Payments Position in the International Trading System



Source: Authors' elaboration based on World Bank data.

This wasn't just imbalance - it was systemic dysfunction. Wallach described the results as **"severe imbalances in trade"** and **"a lack of diffusion of the technologies we need for health."** The COVID vaccine crisis, where **"the WTO blocked access to COVID vaccines for most of the world"** exemplified how these rules **"generate financial crisis, as well as severely limiting policy space."**

The Agricultural Catastrophe: How Trade Rules Created Hunger

Perhaps nowhere was the failure more stark than in agriculture. **"Literally, a guy from Archer, Daniels Midland, came out of the corporation, wrote the damn agreement in agriculture and then went back in."** The result? **"The US is now in a food trade deficit for 10 years"** while **"the multinational ag corporations, basically, are the winners in all of this."**

More devastatingly: **"They have taken 70 countries in the Global South that were food independent and made them import dependent."** The mechanism was simple: Countries that were feeding themselves... had all those programs made illegal, had all of the subsidised crap dumped on them, and it just flattened their capacity.

The Climate Connection: Trade Rules as Climate Killer

The intersection with climate became clear when Wallach described the **"circular firing squad of WTO enforcement cases attacking each other's climate and renewable energy policies."** Countries trying to build green industries through domestic procurement or subsidies found themselves facing trade challenges based on decades-old rules designed for a fossil fuel economy.

"So, if we want to deal with the climate crisis, we have to get these limits out of the way." The current trade system wasn't just failing to help with climate action - it was actively blocking it.

This journey into the history of trade revealed that what most people think of as "trade policy" is actually a comprehensive system for constraining democratic governance and empowering corporate interests globally. As Wallach concluded: **"Most problematically, while neoliberalism has got a very severely bad reputation, those rules have not gotten out of the way to give the policy space to deal with the multiple crises that we are dealing with in the world."**

The View from the Institutions: Reform or Collapse?

Dr. Jodie Keane brought a different perspective, speaking from her work with international organisations and developing country negotiators. She painted a picture of institutions under siege and offered crucial nuance about the reality facing many Global Majority countries.

The Institutional Crisis: Optimism Crushed

Keane began by contextualising the starkness of the current resource crisis: **"The WTO have had their resources cut to the bone. It's unlikely that there will be any trade day at the forthcoming COP."** This wasn't just about money. It was about political will disappearing at the crucial moment. The irony was painful. It comes at a time when all the major trade institutions are being led by women from the Global Majority, raising hopes for transformation. She highlighted **"there was optimism that we might get the reforms that we need. Now it's looking like there won't be any trade day at all at COP 30."**

The Negotiators' Perspective: Modest Wins Under Threat

Keane offered insights from her direct work with the Least Developed Countries (LDC) group at the WTO, revealing a gap between outside criticism and insider experience: **"When I speak to the LDC group about the outcomes of the Ministerial Conference, they actually think that they were quite good... there's a commitment to the Sustainable Development Goals. There's a commitment to development."** They weren't revolutionary changes, but they mattered to countries with limited alternatives: **"There was a lot about improving use of special and differential treatment, a kind of commitment to the WTO and its relationship to addressing the sustainable development goals, including issues like work on the fisheries subsidies."**

Even these modest gains were under attack. **"Earlier on in June, there was a proposal to reaffirm commitment to aid for trade... But the US has pushed back strongly on that. And we know now some other countries are really pushing back as well on any mention of climate change."**

The African Vision: Building Bridges While Others Build Walls

Speaking from Morocco where African trade negotiators were meeting, Keane shared a powerful vision that had circulated: **"There was a lovely phrase used: 'The rest of the world is building walls, but on the continent, we are building bridges.' So, whilst barriers are being raised elsewhere, on the continent, they're being lowered."**

This wasn't limited to Africa: **"Integration is continuing across ASEAN countries... and it's just being managed and governed in a different way, and different types of institutions are being created."** Regional integration was proceeding despite global institutional breakdown.

The Modelling Problem: Flawed Assumptions Drive Bad Policy

Keane offered a crucial analytical insight often missed in policy debates: **"We have to actually go back to the kind of modelling that was informing the trade policy and to think about... what economists... in the modelling and the kind of impact assessments... they inform the trade policy makers."**

The problem was foundational: **"We know that there are issues there in terms of the modelling, the assumptions, in terms of how markets work, distributional implications... now our models are far more sophisticated, and we take into account firm level structure and so on. But these are all very, very new developments."**

Her message was pointed: **"Let's not blame trade for everything. Let's think about the modelling, the assumptions, and also the governance and the institutions around it."**

The Capacity Reality: Why Walking Away Isn't an Option

Keane's most important intervention challenged calls to simply abandon existing institutions. **"For some countries, especially, extremely capacity constrained countries... they need the current system, because they just don't have the capacity to engage and create... they just severely capacity constraint."**

The reality was stark: **"I'm always struck that you've still got smaller, poorer countries buy into the system... you've got countries like Ethiopia, because it is like an anchor, and it does provide some policy kind of certainty in... what is quite a turbulent world."**

For these countries, **"small countries tend to depend more on trade as a driver of growth because they have small domestic market."** The existing system, flawed as it was, provided **"access to the market of 166 other countries. That's just extremely powerful."**

The Reform vs. Revolution Dilemma

This led to Keane's real concern: **"When I hear... discussions about the future of the WTO... we need a new system... the expression that I see from negotiators, from small countries, is like, 'No, we don't. We just need the current system to work. We just need it to be reformed'."**

The risk was real: **"If big players start walking away from the system, I'm just quite concerned about... the effects on the smaller players, I think it will be quite damaging."** Revolutionary change could abandon precisely those countries most in need of international protection from big power bullying.

Decolonising Trade: Memory, Extraction, and Reparative Justice

Dr. Liepollo Pheko brought perhaps the most transformative lens to the discussion, insisting on historical memory as the foundation for any meaningful change. Speaking from Johannesburg as someone who had lived and worked across 52 countries, she offered a global perspective rooted in African experience but extending far beyond continental boundaries.

Reframing the Conversation: From Trade to Extraction

Pheko began by fundamentally reframing the discussion: Pheko framed trade deals as **"a tool of dominance, conditionality... primarily economic and financial rather than overt political occupation."** This wasn't simply about updating colonial methods - it was about recognising continuity.

"EU and the ACP partnerships... AGOA and these often... reinforce dependency, favouring minority world or the global north, and eroding industrial and food sovereignty in the majority world." The language itself was political - consistently referring to the "majority world" and "minority world" rather than Global South and North, emphasising demographic realities obscured by power dynamics.

The Corporate Sovereignty Problem

Pheko highlighted one of the most radical aspects of current trade rules: **"The spectra of companies having larger financial capacity than entire states and being viewed as being on par with states is something that we have to continue to challenge in all of its wrongness."**

This wasn't abstract. Through Investor-State Dispute Settlement (ISDS), **"corporates can sue governments undermine sovereignty and policy space for developmental or redistributive economic reforms."** The result was a world where democratic decisions could be overruled by corporate tribunals.

Global Value Chains as Chains of Devalue

Pheko offered a devastating reframe of the celebrated "global value chains": **"Global value chains, and what I've sometimes called them, global chains of devalue... produce these kind of extractive**

logics, positioning majority world countries really as only suppliers of raw material of cheap labour zones."

The pattern was clear: **"Value added protection and profit remain concentrated in the minority world, and whilst also making it incredibly difficult for majority world, or global south countries to even begin to climb this value chain of production and of finished products."**

The Numbers Don't Lie: Contemporary Extraction

Pheko's analysis wasn't just historical - she provided stark contemporary data: **"\$2.3 trillion have flowed into Africa in loans and remittance, but \$1.4 trillion have left during the same period through debt repayment and profit repatriation."**

This led to a fundamental question: **"We have to ask ourselves... is this really investment?"** Investment requires surely reciprocity and commitment over time. So this is extraction by other means.

Historical Memory as Foundation for Justice

Pheko insisted that any meaningful change required confronting history directly: **"When we think around reparations and what we've actually has been taken and extracted, it completely shifts the notion of who's the real giver and who is the real taker. It completely shifts the conversation around aid and trade."**

The historical scale was staggering: **"The 10 million Congolese people who died, whilst we understand that even now, cobalt is being extracted in this way... the slave economies that accounted for 5 to 10% of Europe's GDP in the 18th century. And these profits seeded what today is still subsists as an industrialist, industrialised capitalist model."**

Her conclusion: **"The past is still very much with us."**

Digital Colonialism: New Frontiers, Same Logic

Pheko connected historical patterns to contemporary digital expansion: **"People like Bill Gates, Mark Zuckerberg... are just your digital equivalents of your Columbuses and Marco Polos... occupying digital spaces in the same way physical spaces were occupied."**

This digital colonialism **"re-exerts and it really reinforces existing crevices, existing divisions, the existing... inequalities and the deeply... deeply undemocratic ways in which the digital divide remains a divide, particularly between... black and brown people and... white people."**

BRICS and New Formations: Promise and Contradiction

Pheko offered a nuanced view of emerging alternatives like BRICS, seeing them as potentially reconfiguring trade away from traditional north-south dependency, yet warning: **"There are contradictions even within these blocks... which do reproduce more of the same neoliberal, globalized form of doing trade."**

The African Continental Free Trade Area received similar analysis: **"I think it's a really difficult, contradictory, messy, neoliberal document, and I'll say that with my full chest... but what I will say is that at least it's an instrument... in our own hands as a continent."**

Success Stories: Proof of Alternative Possibilities

Despite systemic constraints, Pheko highlighted examples of successful resistance:

Vietnam's Strategic Defiance:

"Vietnam has pursued strategic manufacturing support and now exports about \$372 billion annually while rejecting rigid WTO rules to create room for sovereign industrial policy."

Rwanda's Textile Revolution:

"Rwanda also banned the use of clothing imports to grow local textile industry." This challenged the continent being flooded with secondhand clothes that prevented local industry development.

Digital Sovereignty in Practice:

"Nigeria's Twitter ban and data localisation efforts show attempts to resist big tech dominance and monetise local digital economies."

Reparative Justice as Framework

Pheko's most radical intervention was reframing the entire discussion around reparative justice: **"When we think around philanthropy... I suggest that we frame it as reparative justice, that it begins with remembering how we got here, with the recognition of historical and ongoing forms of extraction."**

This required **"structural restitution, the cognitive restitution, of a land of economy, of sovereignty and of voice."** It meant moving beyond charity to acknowledge historical debt and contemporary responsibility.

The Degrowth Question: What Needs to Ungrow?

When the discussion turned to planetary limits and degrowth, Pheko offered a crucial intervention: **"I am not a degrowth economist... but I keep getting lumped in with those folks... one of the things that needs to be degrown is the idea of white privilege. Is the idea that the standard of living in Europe is a divine entitlement."**

Her message was clear: **"There's no history to how that standard of living came to be... there is no historical debt and contemporary culpability as well. And the idea that... discomfort is something to be avoided, and it really isn't."**

Movement Building and Social Formation

Pheko emphasised the importance of organised resistance: **"Formations like the Africa trade network, our world is not for sale. The gender and trade network... have mobilised multiple organisations to demand, not only fairer trade, but also mobilised government ministers... done a lot of mobilising work at WTO meetings."**

These movements provided **"strategic opportunities, as well as strategic calculations"** for building power and creating alternatives to the current system.

The Digital Frontier: New Colonialism in Code

The conversation revealed how digital trade rules represent a new frontier of corporate power. As Wallach explained, these rules **"forbid anti-trust, anti-monopoly policies that limit things like privacy online, that guarantee a variety of secrecy protections that can undermine... small business consumer and labour protections."**

This wasn't just about technology - it was about democracy itself. Pheko highlighted Nigeria's resistance: **"Nigeria's ban on Twitter... and data localisation efforts have really shown attempts to resist this big tech dominance... and to monetise local digital economies."**

The stakes couldn't be higher. As one participant noted in the chat, we're witnessing the creation of a global surveillance state masquerading as trade policy, with AI governance completely absent from current frameworks.

Climate vs. Trade: The Collision Course

Perhaps nowhere were the contradictions of the current system more apparent than in climate policy. Wallach described a "circular firing squad" of WTO cases: **"While that's being said, there's been a circular firing squad of WTO enforcement cases attacking each other's climate and renewable energy policies."**

The pattern was consistent: countries trying to build renewable energy industries through domestic procurement or subsidies found themselves facing trade challenges. **"So, if we want to deal with the climate crisis, we have to get these limits out of the way."**

Keane added texture to this, noting how **"the EU CBAM and the carbon border adjustment measures are perhaps becoming even more protectionist... because of this movement now to include export rebates for European producers."**

Success Stories: Proof That Alternatives Work

Despite the grim analysis, the speakers shared inspiring examples of countries charting different paths:

Vietnam's Strategic Success: Pheko highlighted how **"Vietnam has pursued a strategic support system for manufacturing... and now exports about \$372 billion US annually... they have also rejected very rigid WTO rules, and they've opened room for sovereign domestic industrial policy."**

Rwanda's Textile Revolution: **"Rwanda also banned the use of clothing imports to grow local textile industry"** - pushing back against the continent being flooded with second-hand clothes from the Global North.

Regional Innovation: The African Continental Free Trade Area, despite its flaws, represented **"at least an instrument in our own hands as a continent, and potentially the largest trading bloc in the world."**

The Floor of Decency: Rebuilding Trade on Human Terms

When moderator Tom Kruse asked about the "magic wand" solutions, Wallach offered a concrete vision: **"I would take international rules - WHO treaties, environmental agreements, ILO standards - and make those human and planetary rules the floor of decency for actual trade rules."**

This "floor of decency" would include:

- ILO labour standards ensuring rights to organise and bargain collectively
- Environmental protections from multilateral agreements
- WHO health obligations, including access to medicines
- Competition policy to prevent corporate monopolisation

But Wallach was clear about what this required: **"There is no way forward... absent being able to rebuild the muscle [the advocacy, organising, and movement-building capacity that had successfully challenged trade expansion in the past], both at the nation level and internationally, the construct of how it works."**

The Philanthropy Challenge: Funding the Transformation

A theme throughout was philanthropy's failure to engage meaningfully with trade. Tom Kruse noted: **"As a philanthropy practitioner, often lonely in the support work that we do for people who are working on trade policy... there are not a lot of funders in this space."**

This absence was particularly troubling given trade's central role in blocking progress on issues philanthropy does fund. Wallach gave a stark example from the COVID pandemic: **"When trade rules were getting in the way of getting life saving medicines to people... there were leaders of philanthropy who were saying, this is absolutely not an intellectual property problem... where South Africa and India were saying, we need to change the rules."**

The movement-building infrastructure that successfully challenged trade expansion in the 1990s and 2000s had atrophied. **"That capacity doesn't exist anymore and needs rebuilding, though there's still a generation with the history and a new generation ready to act."**

Voices from the Global South: Agency and Resistance

One of the most powerful interventions came from Samantha Waki, speaking from Kenya. She connected the technical discussion to lived experience: **"I was a child in the 80s... there was an optimism... there was a feeling that we were growing as a country. Institutions were working well."**

Her question cut to the heart of the matter: **"Who will drive this? We have people like Lori with the history of what was supposed to be and how it was shifted. A lot of it is actually reset - going back to the original spirit and bringing it into current context."**

This highlighted a crucial point: many Global South countries inherited trade systems they believed were designed for development, only to discover the "back door" corporate agenda embedded within them.

Digital Democracy and Technological Justice

The conversation revealed how current digital trade rules threaten any possibility of technological sovereignty. Pheko argued for **"digital sovereignty... resisting premature liberalisation"** and warned against viewing the Fourth Industrial Revolution as automatically progressive.

The challenge was immediate and practical. With AI governance completely absent from trade frameworks, corporate interests were already shaping the rules through the back door of intellectual property and digital trade provisions.

Regional Integration: Promise and Peril

While speakers celebrated regional alternatives like the AfCFTA and ASEAN integration, they also warned of dangers. As Pheko noted about the AfCFTA: **"I think it's a really difficult, contradictory, messy, neoliberal document, and I'll say that with my full chest... but what I will say is that at least it's an instrument... in our own hands."**

The key was ensuring these regional alternatives didn't simply reproduce neoliberal logic at a smaller scale. Success would require conscious effort to embed different values and priorities.

The Path Forward: Building Power for Transformation

The conversation concluded with a clear message: technical solutions exist, but political transformation requires organised power. As Wallach emphasised: **"This is all pie in the sky unless there is advocacy, education, power building, movement building"** - what Wallach called **"a muscle that's atrophied."**

Lucy Bernholz, reflecting on the discussion, noted parallels with philanthropy reform efforts that focus on narrow technical fixes while ignoring broader power dynamics. The trade system, like philanthropy, needed transformation that addressed adjacent domains - not just trade rules but competition policy, financial regulation, and digital governance.

Why This Matters Now

The urgency couldn't be clearer. As Tom Kruse observed: "**Trade has come back with a vengeance, weaponised by smash-and-grab nihilists who have taken over the US government.**" But this crisis also created opportunities for alternatives that had been impossible when the neoliberal consensus seemed unshakeable.

The speakers identified several converging factors making change possible:

- Institutional breakdown creating space for alternatives
- Regional integration processes gaining momentum
- Growing recognition that current rules block climate action
- Weakening of US hegemonic capacity to enforce old rules
- Rising movements connecting trade to daily struggles

The Call to Action

The message to philanthropy was unambiguous: "**There are strategies, there are amazing experiences, there's a great deal of understanding and knowledge, but there is a real lack of resources**".

But the call extended beyond funding to fundamental reframing. As Pheko insisted, any meaningful response must begin with "**memory of remembering how we got here**" and centre reparative justice rather than charity.

The conversation ended with recognition that "**this is not just a trade crisis. It's a justice crisis - a crisis of planetary boundaries, inequality, and governance.**" The path forward requires seeing trade not as a technical field but as "**a moral, ecological, and political frontier**" where the future of human cooperation will be determined.

For those who couldn't attend this insightful dialogue, the central message was clear: the trade system that shapes our daily lives - from medicine access to climate policy to digital rights - is both more powerful and more fragile than most people realise. Understanding and transforming it isn't a specialist concern but an urgent requirement for anyone serious about justice, sustainability, or democracy in the 21st century.