



10th CUTS 30th Anniversary Lecture on

Developing Countries and Trade, Competition, and Corruption

The Dilemmas of the 21st Century and How to Make Progress in Solving Them

Date: September 25, 2014

Venue: New York University School of Law, New York

CUTS 30th Anniversary Lectures

To mark its 30th Anniversary, CUTS International is organising a series of lectures around the world, including India, with eminent friends on topics of interest to go with CUTS' work agenda. The aim of the Lecture series is to address CUTS' future interventions, which would help in promoting inclusive growth from the perspective of their impact on consumer welfare in the light of contemporary policy discourse on trade, regulation and governance.

In this series, the 10th Thought Leadership Lecture was delivered by Jagdish Bhagwati, Professor Columbia University; Eleanor Fox, Walter J. Derenberg Professor of Trade Regulation, NYU; and Kevin Davis, Vice Dean, Beller Family Professor of Business Law, NYU on the theme "Developing Countries and Trade, Competition, and Corruption: *The Dilemmas of the 21st Century and How to Make Progress in Solving Them*" respectively. Merit E Janow, Dean, Columbia School of International and Public Affairs chaired the event while Peter Henry, Dean, Leonard N. Stern School of Business, New York University, Trevor Morrison, Dean New York University School of Law commented.

Welcome Remarks

Pradeep S Mehta, Secretary General, CUTS welcomed the distinguished guests and speakers at the event explained that the 30th anniversary lectures as today's are being organised in several global capitals before introducing a short film giving an account of CUTS' history since its modest beginnings in Rajasthan, India.

Multilateral Trading System is Dead

Jagdish Bhagwati, University Professor, Columbia University while delivering the lecture, said that multilateral trading system is dead and the Doha Round is in trouble largely because of lack of US leadership. According to Bhagwati, the Doha Lite deal being attempted in Bali, is like a decaf and light coffee and we are trying to save the Doha round, which is similar to the steps taken to save the Cancun round on climate change issues.

He said that the multilateral negotiations are crippled and they received another blow by the formations of the regional and bilateral deals. These are all very big deals –they are not small bilateral deals that privilege a small number of countries and discriminate against everyone else. Their preference areas are very large, and they overlap. And they are all following a similar model in terms of a comprehensive trade agenda, though they have different regional perspectives.

He said that let us make sure that we do not harm the weakest among us in the trading system, because the countries that are left out of these super-regional arrangements are the African countries, a few Asian countries, and some Latin American countries. Thus, the important question to be pondered over is that the preferentials, such as Trans-Pacific and Trans-Atlantic, are the only game in town and how does it impact the WTO.

Role of Competition Policy and Law in Development

Eleanor Fox briefly spoke about the importance of competition policy and law on development. According to her, competition law and policy is one among several links in the chain, all necessary links, to empower the less and least well off. It empowers the institutions to knock down barriers and remove restraints which impede the opportunities to the poor.

She referred to the work undertaken by CUTS through the 7Up initiative i.e. Bottom Up Approach and mentioned about various reports that have been produced which provide evidence from across the globe on how anticompetitive barriers are created, so as to deprive the common consumers and producers from participating in the economy.

She emphasised that barriers can be created by various means and mechanisms, such as cartelisation, public and private restraints and thus, it is important to empower institutions to tackle such barriers. This, is one the key roles played by Competition Policy, which empowers people and institutions to access and benefit from economic opportunities, by bringing down such barriers.

She spoke at length regarding the important role that can be played by competition policy. One important aspect that she stressed upon was that well-functioning markets are important for pro-poor growth. Market failure hurts the poor disproportionately and the poor may be disadvantaged by the terms on which they participate in markets. Thus, programmes are needed to ensure that markets that matter for their livelihoods work better for the poor and policies, such as Competition Policy to tackle market failure should be aimed at increasing economic capabilities of the poor.

Tackling Corruption

Kevin Davis briefly spoke about the importance of tackling corruption. He emphasised that it is extremely important for organisations, such as CUTS to be directly involved in issues pertaining to corruption. Given the engagement of CUTS with policymakers and at the grassroots, the organisation is well placed to take on corruption-related issues, as it requires mobilisation of people at the ground level and having the reach to the policymakers at the top.

He highlighted some of the actions being taken at an international level, with the passing of the Anti-Bribery Law in the UK, followed by a large number of countries, OECD's efforts, International Anti-Money laundering law, UN Convention on Corruption etc.

Davis stressed on the need to work on corruption issues, as because investors use indicators such as global indicators for corruption, when taking decisions on whether to invest in a country or not. Thus, it is important to take cognisance of such issues and there is the need to think on what one can do about the same.

Question and Answer Session

At the end of the lecture, the audience was given an opportunity to raise questions or make contributions. There was a lively Q&A session, when numerous micro and macro issues were raised by the over 80 participants. One interesting question was raised on how climate change issues can be dealt with under the competition policy rubric. In response, Pradeep Mehta pointed out that competition not only promotes good governance but also innovation which leads to a reduced burden on environment, as firms innovate to produce goods and services at the lowest costs.

Professor Merit Janow recalled her old association with CUTS and said that the event which has featured three eminent speakers on various governance aspects of developing countries will help take the CUTS' agenda forward.

Mehta, while marking an end to the session, highlighted the important work being undertaken by CUTS in the areas of trade, regulation and governance, which will continue to guide the organisation's agenda over the future.