

**TRADE FOR PEACE:
CAN TRADE BE AN EFFECTIVE TOOL TO SUPPORT PEACE?
LESSONS FROM HISTORY**

Alan Wm. Wolff

Peterson Institute for International Economics

LECTURES AT
THE GRADUATE INSTITUTE AND THE UNIVERSITY OF ST. GALLEN
GENEVA, SWITZERLAND
SEPTEMBER 27/28, 2023

Popular support for the theory that trade supports peace, which has a long pedigree in Western philosophical thought and in the practice of diplomatic relations by the United States and the European Union, suffered a major setback when one WTO member, Russia, invaded another, Ukraine, in February 2022. My assignment in these remarks is to recall for you the history of this idea and policy of trade for peace (T4P), and to set out some of the arguments that are made for and against the validity of seeking to deploy commerce in the cause of promoting peace.

Introduction

In thinking about the history of the relationship of trade and peace, I recalled the poster that hung above my desk at home for some years. It contained a quotation from Winston Churchill: “Study history. Study history. In history lies all the secrets of statecraft.” Well, what can history teach us about trade and peace?

Two weeks ago, I stood on the steps of an ornate 19th century building in Locarno, a small town on the shores of Lago Maggiore, in the Italian part of Switzerland. The town had a name that figured prominently in my readings when I was an undergraduate studying government (the name Harvard uses for the study of political science), and the name still resonated, at least in my recollection. It was in Locarno that in 1925 the European great powers of that time – Germany, Belgium, Great Britain, and Italy – sent their foreign ministers to reach a series of agreements that they felt would maintain world peace in Western Europe. The treaties provided that the borders established by the Treaty of Versailles would be inviolable.¹ As far as I know, trade was not mentioned except as a means of enforcement, an attack on a member of the League would be considered an attack on all members of the League, and the attacking state would be subject “to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State”.² In that era, through this series of treaties, it was said, a “spirit of Locarno” for peace was born. After a experiencing a horrible Great War (what we know as World War I), the foreign ministers sought to assure a lasting peace in Europe.

In 1927 Aristide Briand, the French foreign minister, reached across the Atlantic to Frank Kellogg, the American Secretary of State under Calvin Coolidge, suggesting a treaty to

¹ "Pact of Locarno". Encyclopedia Britannica. <https://www.britannica.com/event/Pact-of-Locarno>

² "The Spirit of Locarno." The National WWII Museum. <https://www.nationalww2museum.org/war/articles/spirit-locarno>

foster peace using means that was to be even more direct. He proposed a bilateral agreement that would renounce war as an instrument of national policy. Kellogg, not wanting the United States to be drawn into a bilateral alliance that might involve the US once more in a European war, suggested that other countries be invited to join the treaty, and in April 1928, fifteen countries signed the Kellogg Briand pact.³ Later, another 47 countries joined. The treaty does not mention international trade.

The evening that I visited Locarno, curious about this history, I looked online to learn more about the Kellogg-Briand Pact which grew from the Locarno treaties and found to my surprise that another five countries joined the treaty in the 1990s due to the newly independent status of several European states, some freed from the Soviet Union and others separated from the former Yugoslavia. The evidence suggests that the pact appears to be still in force, even though it may have stimulated WWII (Hitler hated it), rather than preventing it.

Judgments differ on the utility of the Locarno and related treaties. Were they just examples of human folly, of naiveté, or were they precursors of later, more expansive attempts at sustaining peace through international cooperation, such as through the United Nations?

A different path to seeking international peace with a separate intellectual and practical history involved fostering peace through engaging in commerce. It has its roots in the writings of several philosophers.

In the 1700s, Montesquieu specified that peace is a “natural effect of trade”: “Two nations who traffic with each other become reciprocally dependent...their union is founded on their mutual necessities.”⁴ Montesquieu gave us the idea of “doux commerce”, gentle commerce, a source of the trade for peace idea. It is based on the proposition that trade, the proponent felt, tends to civilize.

Immanuel Kant, as could be expected, approached the subject of peace to produce a more complex construct that included trade. He gave us the concept of achieving “perpetual peace”, created with “republican constitutions, a commercial spirit of international trade, and a federation of independent republics”. Kant, like Adam Smith, existed in an era in which natural laws, and the principles that govern human conduct, could be divined by looking at the world around one, drawing conclusions from one’s own observations – if only one were perceptive enough. (It was what Adam Smith was to do with ideas about fostering prosperity through expanding the available market for products.) A number of philosophers, including Montaigne, Thomas Paine, Voltaire, Adam Smith, and David Hume, supported the Kantian notion.

This line of thinking provided a philosophical foundation for the creation of a liberal international order after the Second World War as a system designed to support a more durable peace.

³ "Kellogg-Briand Pact 1928." The Avalon Project – Yale Law School Lillian Goldman Law Library. https://avalon.law.yale.edu/20th_century/kbpact.asp

⁴ Gary M. Galles. "Montesquieu on Why Trade and Commerce Create Peace, Prosperity, and Good Will." Fee Stories. January 18, 2019. <https://fee.org/articles/montesquieu-on-why-trade-and-commerce-create-peace-prosperity-and-good-will/>

The History of the Linkage of Trade and Peace

Contemplating the relationship between trade and peace has a long history. Plutarch, writing around 100 AD, tells us that in the 5th century BC, Pericles called together all Greeks, in Europe and in Asia, to a general assembly to discuss recovery from war and “the navigation of the sea, that they might henceforward pass to and from and trade securely and be at peace among themselves”. Clearly, peace is necessary for trade to be conducted freely. Trade and peace often correlate neatly. But is the relationship between the two completely reciprocal, that trade enables peace to the same extent that peace enables trade?

The twentieth century holds lessons for both supporting the reciprocal nature of the relationship, and for holding the opposite position.

Often cited as an argument against trade fostering peace is the relationship between Great Britain and Germany in the opening years of the 20th century. They were strong trading partners, but this did not prevent them from engaging in a cataclysmic war. Neglected in the narrative is that they were also fierce commercial rivals. Germany as a commercial power was catching up to the UK and growing at a faster rate. It is likely that their trading relationship did not cause - nor could it prevent - war between the two.⁵

Two scholars (Erik Gartzke and Yon Lupu) take another tack, writing the following:

World War I is generally viewed by both advocates and critics of commercial liberal theory as the quintessential example of a failure of economic integration to maintain peace. Yet this consensus relies on both methodologically flawed inference and an incomplete accounting of the antecedents to the war. Crucially, World War I began in a weakly integrated portion of Europe with which highly integrated powers were entangled through the alliance system. Crises among the highly interdependent European powers in the decades leading up to the war were generally resolved without bloodshed. Among the less interdependent powers in Eastern Europe, however, crises regularly escalated to militarized violence. Moreover, the crises leading to the war created increased incentives for the integrated powers to strengthen commitments to their less interdependent partners. In attempting to make these alliances more credible, Western powers shifted foreign policy discretion to the very states that lacked strong economic disincentives to fight. Had globalization pervaded Eastern Europe, or if the rest of Europe had been less locked into events in the east, Europe might have avoided a Great War.”⁶

Were it to be concluded that economic integration could have secured peace in Europe, the failure to do so came at great cost. In total, military and civilian casualties amounted to around 40 million, including 20 million deaths and 21 million wounded. 9.7 million military

⁵ Hugh Neuberger and Houston H. Stokes. 1979. "The Anglo-German Trade Rivalry, 1887-1913: A Counterfactual Outcome and Its Implications." *Social Science History* 3(2):187-201. <https://www.jstor.org/stable/1171200>

⁶ Erik Gartzke and Yonatan Lupu. 2012. "Trading on Preconceptions: Why World War I Was Not a Failure of Economic Interdependence." *International Security* 36(4):115–150. <https://direct.mit.edu/isec/article-abstract/36/4/115/12042/Trading-on-Preconceptions-Why-World-War-I-Was-Not?redirectedFrom=fulltext>

personnel and about 10 million civilians were among the casualties.⁷

Trade does play a role in war, whether or not it does in maintaining peace. Britain put in place an armed blockade across the North Sea and the English Channel to stop the flow of war supplies, food, and fuel to Germany. In response, Germany launched its submarine fleet to destroy British and neutral ships that were carrying supplies to the Allies. A German attack on the *Lusitania*, a British passenger liner carrying nearly 1,200 people, including 128 Americans, off the coast of Ireland was a critical precursor to the U.S. joining the war effort.⁸

Given the loss of life and destruction, World War I clearly indicated the importance of seeking and maintaining peace and the steep costs of failure to do so. In the years immediately following the war, U.S. President Woodrow Wilson sought to build guidelines for national conduct, to rebuild and recover from the war. He proposed his Fourteen Points at the Paris Peace Conference in 1919. Recognizing the role of trade in managing the relations between nations, he pressed for:

*The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.*⁹

There was widespread formal support for Wilson's Fourteen Points. All the participants at the Peace Conference agreed to it – but none implemented it. Instead, within a decade, they built the largest tariff walls in history, exacerbating and prolonging the global economic depression and unwittingly planting the seeds for another war.

The lesson was learned, however. Franklin Roosevelt was a junior official in the Wilson Administration as Assistant Secretary of the Navy, and John Maynard Keynes was a junior British official at the Paris Peace Conference. The linkage between trade and peace was most aggressively championed by Secretary of State Cordell Hull, who served Franklin Roosevelt between 1933 and 1944. Hull reflected,

*When the war came in 1914, . . . I saw that you could not separate the idea of commerce from the idea of war and peace. I reasoned that, if we could get a freer flow of trade - freer in the sense of fewer discriminations and obstructions - we might have a reasonable chance for lasting peace.*¹⁰

In that spirit, he pursued bilateral trade agreements while upholding the principle of non-discrimination.

Despite his efforts, the peace following World War I was extremely fragile. In 1939, war once again plunged the world back into chaos and despair. During World War II, from

⁷ Nadège Mougel. "World War I Casualties." Reperes. 2011.
<https://www.census.gov/history/pdf/reperes112018.pdf>

⁸ "Unrestricted U-Boat Warfare: The German Naval Tactic of WWI." The National WWI Museum and Memorial. <https://www.theworldwar.org/learn/wwi/unrestricted-u-boat-warfare>

⁹ "The Fourteen Points." The National WWI Museum and Memorial.
<https://www.theworldwar.org/learn/peace/fourteen-points>

¹⁰ Douglas A. Irwin. "Trade Liberalization: Cordell Hull and the Case for Optimism." Council on Foreign Relations. July 31, 2008. https://www.cfr.org/sites/default/files/pdf/2008/07/CGS_WorkingPaper_4.pdf

September 1939 to August 1945, 27,000 people died every single day due to the War.¹¹ Once again, blocking trade became an essential tactic of waging war. During the Battle of the Atlantic, a blockade by Allied forces and a counter-blockade by Germany lasted from 1939 to 1945. According to British Prime Minister Winston Churchill,

*Amid the torrent of violent events one anxiety reigned supreme . . . dominating all our power to carry on the war, or even keep ourselves alive, lay mastery of the ocean routes and the free approach and entry to our port.*¹²

In the Pacific, trade had been used first to placate a rising Imperial Japan, and then in an attempt to curb its ambitions. Trade with Japan had been robust. The United States accounted for two-thirds of Japan's oil and three-quarters of its scrap iron in the late 1930s.¹³ The U.S. continued this trade well after it became apparent that U.S. security interests were being affected by Japan's imperial war aims, with the attack on a US gunboat *Panay* during the Sino-Japanese war in 1937 and rising U.S. public sympathy for China. In 1940, the United States restricted oil shipments to Japan – a decision considered to be one of the factors leading to the attack by Japan on Pearl Harbor on 7 December 1941. In the political climate prevailing in Tokyo, trade became not a cause for maintaining peace, but a factor that brought war closer, the opposite of the outcome that the United States had sought.

The policy linking trade and peace enunciated by Cordell Hull in the 1930s found formal endorsement in August 1941 through the issuance by Franklin Roosevelt and Winston Churchill of the Atlantic Charter, a joint statement (really initially just a press release) outlining their vision for a peaceful and prosperous postwar landscape. In the Charter, they championed:

*...enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.*¹⁴

A few months later, on 1-2 January 1942, this joint declaration was subscribed to by 26 countries, a group that President Roosevelt, with the support of Prime Minister Churchill, referred to as “the United Nations”.

As the War was drawing to a conclusion, on 26 March 1945, President Roosevelt reaffirmed his support for the trade for peace vision by asking Congress to extend and increase the President's trade negotiating authority, writing:

The purpose of the whole effort is to eliminate economic warfare, to make practical international cooperation effective on as many fronts as possible, and so to lay the

¹¹ Max Hastings. 2012. *Inferno: The World At War, 1939-1945*. Vintage.

¹² Winston Churchill. 2005. *The Second World War, Volume 2: Their Finest Honour*. Rosetta Books.

¹³ Ryohei Nakagawa. 2010. “Japan-U.S. Trade and Rethinking the Point of No Return toward the Pearl Harbor.” *Ritsumeikan Annual Review of International Studies* 9: 101-123.

http://www.ritsumeikai.ac.jp/ir/isaru/assets/file/raris/raris-09-06Ryohei_Nakagawa.pdf

¹⁴ “Atlantic Charter.” Yale Law School Lillian Goldman Law Library. August 14, 1941. <https://avalon.law.yale.edu/wwii/atlantic.asp>

*economic basis for the secure and peaceful world we all desire.*¹⁵

Post-War Trade Integration Efforts

As a result of the vast suffering caused by the two World Wars, the victors emerging from these catastrophes adopted strategies very different from that of the punitive peace that they imposed on Germany after the First World War. Their aim was to promote recovery and healing. Trade was identified and institutionalized as a core method for accomplishing this objective.

The multilateral trading system was created in 1947. At this time, it was uncertain whether the global economy would recover from the impacts of the War. After the First World War, during the Great Depression, unemployment in Europe and North America had reached 25 million.¹⁶ When the idea of an International Trade Organization (ITO) first arose, there was no guarantee that the world would not slip into pervasive unemployment with the demobilization of armed forces and the removal of war-driven demand.

The linkage between trade and peace became central to the envisioned post-war economic order. The preamble of the Havana Charter for the International Trade Organization (ITO), signed on 24 March 1948, which was intended to be a sister organization to the World Bank and the International Monetary Fund, read:

RECOGNIZING the determination of the United Nations to create conditions of stability and well-being which are necessary for peaceful and friendly relations among nations, THE PARTIES to this Charter undertake in the fields of trade and employment to cooperate with one another ... For the . . . the attainment of ... higher standards of living, full employment and conditions of economic and social progress and development...

Signatories of this Charter viewed economic interdependence between nations, secured through trade, as a means of avoiding the resurgence of conflict.

While the Havana Charter failed to create the ITO, the cause of peace was served by the coming into force of the General Agreement of Trade and Tariffs (GATT), which in the absence of the ITO, served as an *ad hoc* arrangement of rules for international trade until the GATT was eventually transformed into the WTO in 1995.

For over seven decades, the rules-based multilateral trade system has provided an enabling environment to foster unprecedented levels of economic prosperity and poverty reduction in modern human history - a period free from a shooting war amongst the largest powers.

European Integration

¹⁵ “Franklin D. Roosevelt, ‘Message to Congress on the Trade Agreements Act.’” The American Presidency Project. March 26, 1945. <https://www.presidency.ucsb.edu/documents/message-congress-the-trade-agreements-act>

¹⁶ Rod Mamudi. 2009. “A Survey of the Great Depression as Recorded in the International Labour Review, 1931-1939.” International Labour Organization - Employment Working Paper No.42. https://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_115475/lang--en/index.htm

Following the creation of the multilateral economic organizations, the World Bank, the International Monetary Fund, the Organization for European Economic Co-operation (forerunner of the OECD), and the GATT - in 1951, the most prominent example of harnessing trade for peace was the formation by six European Nations – Belgium, France, Italy, Luxembourg, the Netherlands and West Germany – of the European Coal and Steel Community (ECSC). By pooling the production of coal and steel, the resources essential to the production of military goods could no longer be used to create war among the signatories. Robert Schuman, France’s Foreign Minister, explained:

*The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible... This production will be offered to the world as a whole without distinction or exception, with the aim of contributing to raising living standards and to promoting peaceful achievements.*¹⁷

As with the ITO Charter, trade did not create peace. It created the economic conditions that allowed peace to be maintained.

The founding fathers of the European Union, including Jean Monnet, Paul-Henri Spaak, Alcide de Gaspari and Konrad Adenauer, were driven by the same ideal – to strengthen economic ties to maintain peace, first through integrated production and then through a unified European market. On 25 March 1957, France, West Germany, Italy, the Netherlands, Belgium, and Luxembourg signed the Rome Treaty creating the European Economic Community (EEC). Sharing the production of coal and steel, the peaceful use of atomic energy, and the free movement of goods within Europe were key aspects of the post-war ambition to build sustainable peace. The European Union, regarded today as the largest and most impressive of the post-WWII economic integration projects, was awarded the Nobel Peace Prize in 2012 for the “stabilizing part played by the EU [which] has helped to transform most of Europe from a continent of war to a continent of peace.”¹⁸

The European Union practiced through its expansion eastward on the European continent a policy of promoting peace through regional economic integration. This effort was supported by the United States, beginning with President Harry Truman through to the present under President Joseph Biden. In 2009, marking the 20th anniversary of the fall of the Berlin Wall, the EU Commission summed up its policy, of which trade is no small part, as follows:

*Enlargement... is at the heart of the EU’s soft power to extend the zone of peace, stability and prosperity on the continent. The appeal of the EU has been instrumental in the peaceful democratic transformation of Central and Eastern Europe and it remains the driving force for the reforms in the Western Balkans and in Turkey. It is in our vital interest that we export stability into our neighbourhood.*²²

Last year, the President of the EU Commission Ursula von der Leyen invited Ukraine

¹⁷ “The Schuman Declaration.” European Union. May 9, 1950. https://european-union.europa.eu/principles-countries-history/history-eu/1945-59/schuman-declaration-may-1950_en

¹⁸ “The Nobel Peace Prize for 2012.” The Nobel Prize. <https://www.nobelprize.org/prizes/peace/2012/press-release/>

to apply for Membership in the EU as part of an effort to restore peace in the face of Russia's invasion of that country.

The Cold War

Despite the post-war trade and economic integration efforts, the world faced a constant threat of the re-emergence of conflict from 1946-1989 due to the competition for geopolitical and ideological influence between the United States and the Soviet Union.¹⁹ Trade remained both an instrument of economic war against the USSR and a tool deployed to help make an open conflict less likely.

From 1945-1990, Germany was divided into the East and West. One of the few enduring links between the two was trade. In the immediate aftermath of WWII, an economic blockage by the USSR of Berlin gave rise to the Berlin airlift. Less well-known, in subsequent years, the Federal Republic of Germany (West Germany) bought goods from producers from the German Democratic Republic (East Germany) such as typewriters, cameras, foodstuffs and coal. The Federal Republic reasoned that maintaining this trade would re-establish some degree of economic interdependence between the East and West, thereby supporting a gradual reunification of the country and countering a total absorption of the German Democratic Republic's economy into the Soviet Bloc. Trade was also a way to ensure that the Federal Republic had access to West Berlin. From 1968 until reunification, the Federal Republic (West Germany) made a line of credit available to East Germany of the equivalent of roughly \$700 million (the equivalent of \$6.2 billion in value in 2023), interest-free for up to seven years, to support this trade.²⁰

Beginning in 1949, when the Communists gained control of the government of Mainland China, economic exchanges between the United States and China ceased. The United States embargoed all goods from China. In 1972, President Nixon visited China to counteract the global influence of the Soviet Union by opening relations between the U.S. and the PRC. In a joint communiqué, known as the Shanghai Communiqué, the two countries stated that they viewed:

*...bilateral trade as another area from which mutual benefit can be derived and agreed that economic relations based on equality and mutual benefit are in the interest of the people of the two countries. They agree to facilitate the progressive development of trade between their two countries.*²¹

The Communiqué laid the foundation for the first U.S.-China (PRC) trade agreement in 1979.

President Nixon, supported by Secretary of State Henry Kissinger, also used trade to mitigate tensions with the Soviet Union and reduce the likelihood of nuclear warfare. This

¹⁹ "The Sinews of Peace ('Iron Curtain Speech')." International Churchill Society. March 5, 1946.

<https://winstonchurchill.org/resources/speeches/1946-1963-elder-statesman/the-sinews-of-peace/> Churchill recognized the existence of what would be called "the Cold War" in his speech at Fulton, Missouri.

²⁰ "DDG Wolff: Trade for Peace is More Than a Slogan, It Is Hope for a Better Future." World Trade Organization. July 17, 2020. https://www.wto.org/english/news_e/news20_e/ddgaw_17jul20_e.htm#fnt-1

²¹ "Joint Communiqué Between the United States and China." Wilson Center Digital Archive – International History Declassified. February 28, 1972. <https://digitalarchive.wilsoncenter.org/document/121325>

policy of détente was implemented through a grain agreement, a tariff agreement and eventually the U.S.-USSR Trade Agreement, concluded in 1972, all part of the opening of commercial relations.

Trade between the United States and the Soviet Union was deployed to support peaceful relations. It was also used as a weapon in an attempt to restore peace. In January 1980, the U.S. imposed an embargo on grain exports to the USSR in an attempt to coerce it into halting its invasion of Afghanistan. It did not have the desired effect at the time. Instead, U.S. exports were replaced by competitors and the Soviet Union was undeterred. In 1992, the United States restored nondiscriminatory (MFN) trade status to Russia. In 2022, due to Russia's invasion of Ukraine, Congress acted to withdraw Russia's MFN status.

The United States, like the EU, has used free trade agreements to promote peace with and among third countries. The U.S.-Israel free trade agreement in 1985 included, in a 1996 amendment, qualifying industrial zones between Israel and Jordan and between Israel and Egypt, with the aim that joint industrial production would help sustain peace. The U.S. followed with an FTA with Jordan in 2001. None of these arrangements were of strong commercial importance for the United States. They were instruments in a conscious effort to use trade to bring about a more enduring peace in the Middle East.

History can produce countless examples of trade contributing to both war and peace. The difference lies in the intention and execution of trade policies, agreements and measures - the circumstances in each case. It is clear that governments believe that trade can have a serious impact on the maintenance of peace and act in accordance with that belief.

The Multilateral Trading System – Once Again A Peace Project

For most of the WTO era, the link to peace – so prominent in the mid-20th century – was mostly forgotten.²² Unlike the ITO, peace was not explicitly referenced in the Marrakesh Agreement Establishing the WTO in 1995, nor was it mentioned as a reason for the launch of the Doha Development Round in 2001. In fact, there has been no reference to peace in any of the eleven Ministerial Declarations adopted by the WTO Membership since the Organization's establishment. We can assume that the trade and peace linkage was either taken for granted or was no longer seen as being very relevant, as the level of active inter-state conflicts (but for civil wars and the threat of the use of nuclear weapons) reached a historical low following the end of the Cold War.²³

The notion that international trade can foster peace lost currency as the two world wars of the last century faded from memory, and whatever remained of the theory's credibility was largely extinguished when, in 2022, for the first time one WTO Member invaded another on the European continent. Apparently debunked was the policy of *Wandel durch Handel* (WdH, German for "change through trade")? Also known as *Wandel durch Annäherung*, it refers to a central political and economic element of German foreign policy that the European Union had also largely adopted, of increasing trade with authoritarian

²² The exception was the speech of U.S. President Clinton at the 50th year celebration for the GATT held in Geneva in 1998.

²³ Júlia Palik, Siri Aas Rustad and Fredrik Methi. 2020. "Conflict Trends: A Global Overview, 1946–2019." Peace Research Institute Oslo. <https://www.prio.org/publications/12442>

regimes in an effort to induce political change in the direction of creating a safer global environment.²⁴

Now, the issue is in sharper relief once again, as the Russia-Ukraine war has blocked shipping through the Black Sea, cutting off wheat, sunflower oil and fertilizer shipments, driving up food costs and curtailing physical supplies of these commodities. The intimate relationship between trade and peace is being demonstrated once again with the importance of moving food from areas of surplus to world markets and to those in need. During the 2008 financial crisis, spikes in food prices led to political unrest and violence in northern Africa among other places. Land transportation is at risk – trains and trucks may be interdicted. Some of the warehouses of the World Food Programme (WFP) are empty, with the result that those who were hungry before may be left starving. Even were war to end sooner rather than later, wheat fields are mined, crops are not planted in the war zone, and the logistics of moving grain from other safe sources are not completely flexible. Transportation for Canada's export crops is aimed westward across the Pacific and not eastward toward Europe and Africa.

There is nothing more basic to the human condition than food. Constraints on food supplies and unaffordable prices drive political unrest and can sow the seeds of war.

Trade can produce greater harmony or greater friction. Where there is big-power geopolitical rivalry, the rivalry itself is likely to dominate the challenge of maintaining peace. This is true with respect to Russia and the West, and it can become the case between China and the West. Trading relations will be uneasy, used to coerce, used to limit goods in the name of national security, and used to build a closer alignment of interests.

There is, however, also an area where there is more conviction and less doubt about whether trade can serve a predominantly positive outcome for peace-related objectives. This is to be found with respect to fragile and conflict-affected countries. For these countries, trade can serve as an enabler for peace. To assure that this is the case, the trade and peace communities must bring the trade-peace connection to the attention of both trade negotiators and peace negotiators. This collaboration has historically been difficult to achieve.

WTO Accessions and Peace

It took until 2017 for the theme of peace to return to a position of prominence for the multilateral trading system. This occurred when a small group of fragile and conflict-affected Least Developed Countries (LDCs) that had been outside the system saw opportunities presented by WTO Membership as a pathway to achieving stability and peace. The group, called the g7+ WTO Accessions Group, consists of nine LDCs associated with accession – six in the process of joining the WTO (Comoros, Sao Tomé and Príncipe, Somalia, South Sudan, Sudan and Timor-Leste) and three LDCs that have recently joined the Organization (Afghanistan and Liberia in 2016 and Yemen in 2014). When their ministers gathered during the 11th Ministerial Conference in Buenos Aires, Argentina, they decided to use the group to

²⁴ After being a central tenet in German and European Union politics since the 1970s, the policy came under intense scrutiny following the 2022 Russian invasion of Ukraine. In April 2022, European Commissioner for Economy Paolo Gentiloni stated that "[t]he notion of 'Wandel durch Handel', of bringing about change through trade, has shown its limitations", saying that "[w]e need to rethink our relations with autocratic regimes and strengthen our ties with like-minded partners".

support each other's accession efforts, especially by sensitizing the special challenges and needs they faced in their integration efforts into the global economy after years of conflict, internal or external. The group saw WTO Membership as a path to building credible economic and trade policy frameworks and institutions by promoting transparency and good governance.²⁵ At the launch of this group, I stated the common hope: "that the g7+ WTO Accessions Group can offer a platform to initiate a new dialogue on 'trade delivering the benefits of peace'".²⁶

Can WTO Membership promote peace and security?

Studies²⁷ have found that WTO Membership does not guarantee the reduction of militarized inter-state disputes and major inter-state wars between pairs of Member states. However, they also found that states were less likely to do so when they were WTO Members and benefited from increased trade.

The WTO, successor to the ITO and the GATT, is still a peace project, one that has been rediscovered. The recently concluded Agreement on Fisheries Subsidies is in part itself a peace project. To the extent that fishermen on both sides of the African continent can return to fishing, the threat of piracy will be reduced. To the extent that fishermen's livelihoods are restored to small island economies and to the countries facing each other over seas off the Eastern and southern coasts of China come into hostile contact less often as fishing fleets begin to match blue water fish resources, perhaps there can be more untroubled relations in these waters.

For the most part, today, with the glaring exception of the war in Ukraine, the nature of war is shifting from inter-state conflict to intra-state conflict due to internal governance issues and the involvement of non-state actors.²⁸ Our understanding of peace and security has expanded beyond just the absence of violence, referred to as "negative peace". There is a need to include positive peace in our analysis, which involves "the attitudes, institutions and structures that create and sustain peaceful societies". This approach calls for a conflict-sensitive approach, which incorporates both peacebuilding and humanitarian efforts as well as development and socio-economic solutions, including trade, to assist fragile and conflict-affected situations (FCS)²⁹.

²⁵ The g7+ WTO Accessions Group is also a sub-group of the larger g7+ group that was established in 2010. The latter comprises 20 members, aimed at providing a space for economies that have been affected by conflict to come together and explore pathways out of fragility, transition to the next stage of development, and build resilience.

²⁶ "Launch of the g7+ WTO Accessions Group: Welcoming Development for Post-Conflict and Fragile Economies Through WTO Accessions." World Trade Organization. December 10, 2017. https://www.wto.org/english/thewto_e/acc_e/g7_plus_wolff.pdf

²⁷ Susan Ariel Aaronson, M. Rodwan Abouharb, and K. Daniel Wang. 2015. "The Liberal Illusion Is Not a Complete Delusion: The WTO Helps Member States Keep the Peace Only When It Increases Trade." *Global Economy Journal*. 15(4): 455-484. https://Econpapers.Repec.Org/Article/Wsigexxx/V_3a15_3ay_3a2015_3ai_3a04_3an_3agej-2014-0049.Htm

²⁸ Júlia Palik, Siri Aas Rustad, and Fredrik Methi. 2020. "Conflict Trends: A Global Overview, 1946–2019." Peace Research Institute Oslo. <https://www.prio.org/publications/12442>

²⁹ "Classification of Fragile and Conflict-Affected Situations." World Bank. July 1, 2021. <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>
"FY22 List of Fragile and Conflict-affected Situations." World Bank. <https://thedocs.worldbank.org/en/doc/bb52765f38156924d682486726f422d4-0090082021/original/FCList-FY22.pdf>

Accession to the WTO is predicated on establishing legal and policy frameworks and building domestic institutions on the pillars of non-discrimination, transparency and the rule of law, which are the core principles of the Organization. Membership in the rules-based trading system can act as a platform to launch and consolidate domestic reforms, as well as giving these countries the promise of being heard by the international community. The goals are to promote economic stability, create a conducive business environment through secure and predictable market conditions, improve the condition of workers, encourage the movement of foreign direct investment, and support integration into regional and global value chains. Increasing trade promotes economic interdependence with neighbors and the global economy, creating conditions to support peace. In a virtuous circle, peace enables trade to grow, further reinforcing the possibility of sustaining peace.

The Trade for Peace vision presented by the Ministers of the g7+ WTO Accession group soon resonated with a wider set of countries in different regions: first, in the Greater Horn of Africa where decades-long hostilities between countries started to cool down following the peace agreement signed between Ethiopia and Eritrea in July 2018, which led them to focus on taking advantage of economic opportunities in the region. The region has one of the largest concentrations of active ongoing accessions: Ethiopia, Somalia, South Sudan and Sudan. At the Regional Dialogue on WTO Accessions for the Greater Horn of Africa held in Djibouti in December 2018, the WTO was formally requested to "explore greater co-operation and engagement with the peace community, building on the recent Trade for Peace Initiative, and to define its role in how trade and the WTO could contribute to on-going peace-building efforts around the world."³⁰ Similar dialogues focused on the Arab Region, held in 2020 and 2022, called for a Trade for Peace strategy for the region, which comprises not only a large number of acceding governments but also active conflicts, combined with high levels of fragility. Eight out of the 22 Members of the Arab League are outside the WTO: Algeria, Iraq, Lebanon, Libya, Somalia, Sudan and Syria are formally in the process of accession to the WTO, while Palestine has been granted *ad hoc* observer status in the Organization.

The work carried out by the WTO Secretariat following the establishment of the g7+ WTO Accessions Group has set the foundation for today's Trade for Peace Programme. Initially, in addition to supporting the g7+ WTO Accessions Group, the programme involved building internal knowledge on the linkage between trade and peace and reaching out to the peace community, with which the WTO had no regular working relationship despite many peace practitioners being based in Geneva.

Over time, the vision expressed by the g7+ WTO Accession Group grew beyond acceding governments that are LDCs³¹, a category of low-income countries confronting severe structural impediments to sustainable development, listed by the United Nations and recognized by the WTO. The Group has garnered interest from the fragile and conflict-

³⁰ "Second Regional Dialogue on WTO Accession for the Greater Horn of Africa, Djibouti Outcome: Trade for Peace through WTO Accession, Djibouti, Djibouti City, 3-6 December 2018. WT/ACC/34, WT/GC/198 and WT/COMTD/LDC/27." World Trade Organization. 2018. See paragraph 37.

<https://www.tralac.org/documents/resources/external-relations/wto/2566-second-regional-dialogue-on-wto-accessions-for-the-greater-horn-of-africa-djibouti-outcome-14-december-2018/file.html>

³¹ "LDCs at a Glance." United Nations Department of Economic and Social Affairs.

<https://www.un.org/development/desa/dpad/least-developed-country-category/lcds-at-a-glance.html>

affected situations (FCS), a classification released annually by the World Bank Group (WBG), and aims to inform strategic and operational decision-making within the World Bank Group. In 2022, the following eleven acceding governments were classified as FCS: Azerbaijan, Comoros (expected to accede to the WTO early next year), Ethiopia, Iraq, Libya, Lebanon, Somalia, South Sudan, Sudan, Syrian Arab Republic, and Timor-Leste. Other acceding governments, such as Bosnia and Herzegovina and Uzbekistan, were included in past FCS lists. The 2022 classification also includes 18 original WTO Members and three Article XII Members (countries that acceded after the WTO's founding). The pursuit of WTO Membership by these countries, despite the challenges, is a reminder of the critical contribution that the multilateral trading system can make to the peace and stability of nations. This contribution raises the question of whether the FCS category should be given special consideration in the multilateral trading system, as in the case of small vulnerable economies (SVEs) or landlocked developing countries (LLDCs) in the existing developing country category. The proposal put forward by the g7+ WTO Accessions Group to the 12th Ministerial Conference, calling for the establishment of a Work Programme on Trade for Peace for FCS, points in this direction.

Ongoing Crises and Future Challenges

It is estimated that by 2030, two-thirds of the world's poor will live in FCS,³² further highlighting the need to focus on these vulnerable situations in order to have the most impact possible. Trade often has an important role to play in crisis management, whether the causes are war, natural disasters, climate change, or food insecurity. Trade can make a substantial positive contribution to addressing the challenges faced by FCS. Trade was essential in the response to COVID, allowing for the movement of personal protective equipment and vaccines across borders.

Similarly, trade is currently being utilized to address another crisis, in an attempt to blunt the human suffering due to Russia's invasion of Ukraine. Food and clothing for refugees, as well as necessary medical supplies, are being sourced through trade. Disruptions in trade will cause distress in developing countries dependent on grains and fertilizers whose supplies are interrupted by war. Trade must play a role in responding to shortfalls in supply to the extent possible. Trade, through sanctions, is also being used as a weapon in an attempt to restore peace. The effectiveness of sanctions is not proven. They do not always work. Cutting off Japan from American oil did not stop imperial Japan's expansion. The attempt is being made to smother the conflagration caused by Russia moving into Ukraine by depriving it of trade. The importance of trade reinforces the effectiveness of its suspension. It is an unsure weapon, but it is still considered much less dangerous than a wider war.

Soon after the founding of the WTO, President Clinton, speaking at a WTO Ministerial in Geneva in 1998 said:

Think about the opportunity that has been presented to us; the chance to create a new international economy ... in which open markets and open economies spark undreamed of innovation and prosperity ... in which the skills of ordinary citizens power the

³² Paul Corral, Alexander Irwin, Nandini Krishnan, Daniel Gerszon Mahler, Tara Vishwanath. "Fragility and Conflict: On the Front Lines of the Fight against Poverty." World Bank. 2020. <https://www.worldbank.org/en/topic/poverty/publication/fragility-conflict-on-the-front-lines-fight-against-poverty>

*prosperity of nations ... in which the global economy honours those same values that guide families in raising children and nations in developing good citizens ... in which poor people find opportunity, dignity and a decent life and contribute to prosperity ... in which increasing interdependence among nations enhances peace and security for all. This will be the world of the 21st Century - if we have the wisdom and determination, the courage and clarity, of our forebears a half century ago.*³³

The Trade for Peace Initiative is in its early stages, but it has great potential. It can make a difference if the trade and peace communities make the necessary effort, together.

It is clear that trade does not prevent armed conflict; in fact, it can be weaponized. At the same time, peace is necessary for trade to flourish. Peace, in turn, evidence suggests, is supported by trade.

³³ "United States Statement by H.E. Mr. William J. Clinton, President." World Trade Organization. https://www.wto.org/english/thewto_e/minist_e/min98_e/anniv_e/clinton_e.htm