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WTO Reform: Rewriting Trade History - The United States as Architect and Beneficiary of the Multilateral Trading System

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Abstract

This paper examines the revisionist trade narrative advanced by the United States, which portrays multilateral rules as disadvantageous and seeks to justify unilateral tariffs and coercive bilateral arrangements. It demonstrates that the principles of non-discrimination and reciprocity pre-date Bretton Woods and were embedded in the multilateral system through U.S. initiatives from the 1930s through the creation of GATT in 1947. Far from being disadvantaged, the U.S. has consistently shaped and benefitted from the system, including through the Uruguay Round's expansion of enforceable rules on services, intellectual property, and investment. The analysis shows that the shift toward what has been termed the "Turnberry system" risks fragmenting global markets, eroding the MFN principle, and deepening structural asymmetries that leave developing countries more vulnerable to exclusion. By correcting historical records, the paper underscores the importance of defending multilateral guarantees of equal treatment while building institutional capacity and strategic coordination to better safeguard development priorities in an increasingly contested global order.

A. Introduction: The United States Trade Narrative and its Historical Distortions

The prevailing narrative from the United States (U.S.) presents Washington as a victim of a system it in fact designed, claiming that the only remedy is to weaken World Trade Organization (WTO) disciplines and pressure trading partners through tariffs and bilateral deals. In a recent opinion piece, U.S. Trade Representative Jamieson Greer repeats this storyline, offering a selective interpretation of both history and current policy.[1] He claims that the global trading order originated at the 1944 Bretton Woods conference, evolved into a WTO-centred system he calls "untenable and unsustainable", and culminated in a celebratory "Trump Round" of bilateral arrangements as sound policy.

This framing conceals the U.S. role as chief architect of the post-war trade regime, minimizes the systemic costs of dismantling agreed rules, and treats binding international commitments as disposable instruments, set aside whenever they clash with U.S. political or economic priorities. The history of trade is not a partisan script to be edited at will; recent U.S. narratives, however loud, cannot erase the country's own role as architect and

[1] Jamieson Greer, "Trump's Trade Representative: Why We Remade the Global Order," The New York Times, August 7, 2025.

beneficiary of the system it now derides. The exchange of goods, ideas, and power across borders long predates contemporary U.S. politics.

B. What the Current U.S. Story Gets Wrong

a. Origins of Trade Multilateralism

Greer's claim that Bretton Woods birthed the post-war order that later became the WTO is a misrepresentation of the historical record. The foundational principle that trade openness supports peace and prosperity predate Bretton Woods by decades. In January 1918, President Woodrow Wilson's Fourteen Points called 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".[2] This vision rejected the preferential trading blocs and punitive tariffs that had intensified economic rivalry before 1914.

The pre-1914 system was characterised by fragmentation and commercial antagonism.[3] Britain's imperial preferences granted its colonies privileged market access,[4] while continental powers such as Germany, France, and Italy used high tariffs to protect domestic industries, often escalating intra-European trade disputes.[5] The U.S. also maintained substantial barriers against European manufactured goods. These arrangements contributed to the tensions that culminated in the First World War.[6] Wilson's vision sought to replace this system with one based on non-discrimination, transparency, and reciprocal market opening.

b. The League of Nations: First Attempt at Economic Multilateralism

Wilson's principles informed the post-war settlement through new institutional mechanisms. The League of Nations created an Economic and Financial Organisation (EFO) to translate broad principles of non-discrimination and freer trade into actionable international rules.[7]

Key achievements included the 1921 Barcelona Convention on Freedom of Transit, which codified the right of all signatory states to move goods, vessels, and vehicles through each other's territories without discrimination. This facilitated international commerce for landlocked countries and reduced the scope for strategic obstruction of trade routes.[8] In

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[2] Woodrow Wilson, "Address to a Joint Session of Congress on the Conditions of Peace (Fourteen Points)," 8 January 1918 (Washington, D.C.: Government Printing Office, 1918).
[3] Irwin, Douglas A. *Clashing over Commerce: A History of US Trade Policy* (Chicago: University of Chicago Press, 2017).
[4] Cain, P.J. & Hopkins, A.G. *British Imperialism: Innovation and Expansion 1688–1914* (London: Longman, 1993).
[5] Findlay, Ronald & O'Rourke, Kevin H. *Power and Plenty: Trade, War, and the World Economy in the Second Millennium* (Princeton: Princeton University Press, 2007), pp. 386–397.
[6] Steiner, Zara. *The Lights That Failed: European International History 1919–1933* (Oxford: Oxford University Press, 2005).
[7] League of Nations, "Main Organs of the League of Nations," UN Geneva
[8] League of Nations, Convention and Statute on Freedom of Transit, Barcelona, 20 April 1921, League of Nations Treaty Series, vol. 7, no. 380.

1923, the International Convention Relating to the Simplification of Customs Formalities promoted standardised customs documentation and streamlined procedures, cutting costs and improving transparency by reducing arbitrary and complex frontier regulations.[9]

In May 1927, the World Economic Conference in Geneva brought these efforts together at the political level. Participating governments endorsed, in principle, the reduction of tariffs and the application of non-discrimination in trade relations.[10] Although the resolutions were not binding, they signalled a commitment to avoid the high protective tariffs and discriminatory blocs that had divided the world before 1914.[11]

c. Structural Weaknesses and Lessons Learned

Despite these achievements, the League's economic framework suffered serious weaknesses. The EFO lacked enforcement capacity to counter the protectionist resurgence of the Great Depression, and the absence of the U.S. from the League undermined its legitimacy and leverage.[12] Developing countries, many still under colonial rule, had almost no influence and their needs were largely ignored.

This collapse, explored in the next section, exposed the limits of voluntary and weakly monitored agreements in times of crisis. It also informed the stronger, binding design of the post-1945 General Agreement on Tariffs and Trade (GATT), which featured enforceable rules, regular negotiations, reciprocity, and a dispute settlement process. The League's work thus served both as an early template and as a cautionary example for future trade governance.

d. The Real Origins of the Trading System

Bretton Woods did not create a unified system linking trade with monetary and development finance institutions. It produced two bodies with distinct mandates: the International Monetary Fund (IMF) to manage exchange-rate stability, and the International Bank for Reconstruction and Development (IBRD) for post-war reconstruction. Trade rules emerged from a separate diplomatic track, rooted in the 1941 Atlantic Charter and the initiative to found an International Trade Organization, with GATT as the provisional framework.

By the time the WTO was established in 1995, decades of legal and institutional development had already taken place. U.S. complaints about "unfair" multilateral

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[9] League of Nations, International Convention Relating to the Simplification of Customs Formalities, Geneva, 3 November 1923, League of Nations Treaty Series, vol. 30, no. 454.
[10] League of Nations, World Economic Conference, Geneva, May 1927: Proceedings of the Economic and Financial Organisation, II.46(a) (Geneva: League of Nations, 1927).
[11] William A. Kerr, "'Aggressive Unilateralism' – The New Focus of US Trade Policy," *Estey Journal of International Law and Trade Policy* 21, no. 1 (2020): 1–17, https://law.usask.ca/documents/research/estey-journal/kerr21-1lay.pdf
[12] Patricia Clavin and Jens-Wilhelm Wessels, "Transnationalism and the League of Nations: Understanding the Work of Its Economic and Financial Organisation," Contemporary European History 14, no. 4 (2005): 465–492, https://ora.ox.ac.uk/objects/uuid:8ea86c87-7272-434a-8216-7d81736294ff

constraints overlook its central role in building the system to serve both its own interests and global stability.

C. Interwar Failure, the Reciprocal Trade Agreements Act, and the Shift to Unconditional Most Favoured Nation (MFN)

a. Interwar Failure and the Lessons Learned

The catastrophic breakdown of international economic cooperation during the interwar period (1918–1939) directly shaped the foundations of the contemporary trading system. While the League of Nations' 1927 World Economic Conference had secured political endorsement of non-discrimination and tariff-reduction principles, implementation faltered as the Great Depression deepened, and protectionist pressures intensified.[13]

The unravelling began with attempts to preserve cooperation through a proposed 1930 tariff truce negotiated under the League's auspices among seventeen European countries, including the United Kingdom (UK), France, Germany, Belgium, the Netherlands, and the Nordic states.[14] This initiative collapsed when the U.S. enacted the Smoot–Hawley Tariff Act of 1930. The Act raised tariffs on more than 20,000 imported goods, pushing average rates from 26 per cent to 48 per cent and sharply restricting access to the American market.[15]

Major trading partners retaliated quickly. Canada introduced preferential tariffs favouring British goods over American products.[16] France raised duties on U.S. automobiles and other manufactures.[17] The UK abandoned its century-long tradition of free trade and enacted the Import Duties Act of 1932.[18] Germany increased tariffs on American agricultural and industrial products.[19] These actions triggered a destructive spiral of "beggar-thy-neighbour" policies, worsening economic contraction. World trade fell by

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[13] League of Nations, World Economic Conference, Geneva 1927: Proceedings of the Economic and Financial Organisation, resolutions on non-discrimination and tariff reduction (Geneva: League of Nations, 1927).
[14] Kris James Mitchener, Kirsten Wandschneider, and Kevin Hjortshøj O'Rourke, "The Smoot-Hawley Trade War," *NBER Working Paper No. 28616* (March 2021), documenting League of Nations efforts at coordination.
[15] Kris James Mitchener et al., "The Smoot-Hawley Trade War": details on tariff increases from 26% to 48% average rates.
[16] Ibid.
[17] Ibid.
[18] Alan de Bromhead et al., "The impact of protection on trade: lessons from Britain's 1930s policy shift," *Microeconomic Insights* (October 25, 2018)
[19] Mark Milder, "Parade of Protection: A Survey of the European Reaction to the Passage of the Smoot-Hawley Tariff Act of 1930," *Major Themes in Economics* 1, no. 1 (Spring 1999): 3-26.

nearly one-third between 1929 and 1932,[20] while economic nationalism deepened instability across Europe and strengthened extremist movements.[21]

b. *The Reciprocal Trade Agreements Act and the Shift to Unconditional MFN*

Recognising that unilateral tariff escalation had backfired, the U.S. initiated a major policy reorientation. The Reciprocal Trade Agreements Act (RTAA) of 1934 was a watershed, delegating tariff-reduction authority to the executive branch and establishing MFN treatment as standard practice. This marked a fundamental change in U.S. trade policy, later embedded in the architecture of the post-war multilateral regime.

MFN treatment requires that any trade advantage granted to one country be automatically extended to all other countries holding MFN status with the granting nation.[22] Before 1934, the U.S. applied conditional MFN, extending tariff reductions only when others provided equivalent concessions. The RTAA replaced this with unconditional MFN, making every negotiated cut applicable to all MFN partners without requiring reciprocal action.[23]

c. *Strategic Rationale and the Role of Cordell Hull*

Secretary of State Cordell Hull was the key driver of this transformation. Hull's long experience in Congress had convinced him that discriminatory trade practices were economically damaging for the U.S. As early as 1914, Hull had argued for unconditional MFN, warning that Imperial Preference within the British Empire was "patently unfair".[24] Hull saw unconditional MFN as a way to:

1. Maximise benefits for U.S. exporters, ensuring that concessions negotiated with one country were automatically extended to the U.S. in all other MFN markets.
2. Reduce negotiation complexity, avoiding the endless country-by-country bargaining required under conditional MFN.[25]

Hull also understood the diplomatic value of presenting the U.S. as a champion of non-discrimination in trade, laying the groundwork for global rules that would institutionalise that principle.[26]

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[20] Jakob B. Madsen, "Trade Barriers and the Collapse of World Trade during the Great Depression," *Southern Economic Journal* 67, no. 4 (2001): 848-868

[21] Alan de Bromhead, Barry Eichengreen, and Kevin H. O'Rourke, "Political Extremism in the 1920s and 1930s: Do German Lessons Generalize?" *Journal of Economic History* 73, no. 2 (2013): 371-406

[22] Douglas A. Irwin, "From Smoot-Hawley to Reciprocal Trade Agreements," *NBER Working Paper* (1998): 325.

[23] *Ibid.*, 340.

[24] Kenneth W. Dam, "Cordell Hull, the Reciprocal Trade Agreement Act, and the WTO," *Brookings Institution Working Paper* (October 2004): 2.

[25] Irwin, *NBER Working Paper* (1998).

[26] Ibid.

d. Operational Success and Influence on GATT

Between 1934 and 1945, the U.S. concluded bilateral trade agreements with twenty-seven countries under the RTAA. Each included reciprocal tariff cuts and unconditional MFN clauses. This bilateral approach, combined with automatic multilateralisation, foreshadowed the methods later codified in the GATT,[27] whose Article I made unconditional MFN a cornerstone.[28]

Much of the GATT's wording was directly drawn from RTAA agreements, themselves influenced by nineteenth-century European treaty networks.[29] The 1942 U.S.–Mexico trade agreement is widely regarded as the model for the draft GATT text the U.S. submitted in 1946.[30] By the end of the Second World War, the RTAA had demonstrated that reciprocal negotiations combined with automatic MFN could achieve sustained liberalisation without the bottlenecks of fragile multilateral processes. These lessons were built into the multilateral trading system after 1947.[31]

D. The Atlantic Charter and Article VII: Trade Liberalisation as a Peace Strategy

a. From Wartime Vision to Post-War Architecture

When President Franklin Roosevelt of the U.S. and Prime Minister Winston Churchill of the UK met in August 1941, the world was in the grip of global war. Their summit produced the Atlantic Charter, a joint declaration of principles intended to guide the reconstruction of the international order after victory.[32] Among its eight points were commitments to economic cooperation, the reduction of trade barriers, and equal access to markets and resources. Roosevelt and Churchill explicitly pledged to promote "access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity", and to work towards "the fullest collaboration between all nations in the economic field".[33]

This represented a strategic shift. Economic openness was framed not only as an economic objective but as the foundation for long-term peace and security.

b. From Principle to Commitment: Article VII of Lend-Lease

In 1942, these aspirations were given legal force through the Lend-Lease Agreement between the U.S. and the UK. Article VII committed both governments to "the elimination of all forms of discriminatory treatment in international commerce" and to "the

[27] Kyle Bagwell and Robert W. Staiger, "The GATT/WTO," *MIT Press Direct* (2016).
[28] Alexander Fotoh, "Exceptions to and the Fate of the Most-Favoured-Nation Treatment Obligation under the GATT and GATS," *MPRA Paper No. 41237* (2012): 3.
[29] WTO, "Historical background and current trends," *World Trade Report* (2011): 51.
[30] Ibid.
[31] Ibid.
[32] Atlantic Charter, 14 August 1941. https://avalon.law.yale.edu/wwii/atlantic.asp
[33] History of Government (2025) 'Signature of the Atlantic Charter, 14 August 1941'. Available at: https://history.blog.gov.uk/2021/07/28/whats-the-context-signature-of-the-atlantic-charter-14-august-1941/

reduction of tariffs and other trade barriers" after the war.[34] This clause directly targeted Imperial Preference, under which Britain and its dominions and colonies granted each other exclusive market access while discriminating against outsiders.[35]

By accepting Article VII, the UK effectively acknowledged that post-war economic cooperation required dismantling closed trading blocs. This reflected a shift in economic thinking[36] and Britain's dependence on U.S. wartime assistance. This provision gave Washinton the leverage to press for structural changes to imperial trade arrangements.[37]

c. Imperial Preference as an Obstacle to a Stable Global Economy

The Imperial Economic Conference of Ottawa (1932) had formalised Imperial Preference through a set of bilateral agreements that reduced tariffs within the British Empire while raising barriers to non-Empire goods. Covering about a quarter of world trade, this preferential system was defended as a measure to protect the Empire during the Depression.[38] For the U.S., however, it symbolised exclusion and distortion in the world economy. Secretary of State Cordell Hull, in particular, regarded it as "patently unfair" and a cause of economic nationalism that had helped foment global conflict.

Article VII's commitment to remove "all forms of discriminatory treatment" directly challenged these entrenched arrangements and aligned with the unconditional MFN principle that Hull had already embedded in U.S. trade policy through RTAA.[39]

d. Influence on the GATT Framework

The ideas articulated in the Atlantic Charter and operationalised through what became known as Article VII shaped not only wartime economic cooperation but also the legal foundations of the post-war trading system. By the end of the war, at least sixteen other governments had formally accepted these principles, including commitments to eliminate trade discrimination and reduce tariffs.[40] These commitments fed directly into the drafting of the GATT in 1947. GATT's Article I on MFN can be traced directly to the Charter's emphasis on equal trade access, while its tariff-cutting framework reflected the reciprocal reduction ideals embedded in Article VII.[41]

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[34] Agreement between the Governments of the United Kingdom and the United States of America on the Principles applying to Mutual Aid in the Prosecution of the War against Aggression." Signed at Washington, February 23, 1942. Available at: https://avalon.law.yale.edu/20th_century/decade04.asp

[35] Ibid.

[36] Richard N. Gardner, *Sterling-Dollar Diplomacy* (Oxford: Oxford University Press, 1969): 57

[37] Alan P. Dobson, *US Wartime Aid to Britain* (London: Croom Helm, 1986): 112.

[38] David S. Jacks, "Defying Gravity: The 1932 Imperial Economic Conference and the Origins of Commonwealth Preference," *NBER Working Paper No. 17242* (2011): 3-5.

[39] Rorden Wilkinson, "The Havana Charter: when state and market shake hands," *Serval* (2008): 4.

[40] International Monetary Fund, "The Road to Bretton Woods," *IMF eLibrary* 1, no. 2 (1969): 32.

[41] World Trade Organisation, "The creation of the multilateral trading system," *WTO Official History* (2013): 15.

e. Strategic Legacy

This stage of wartime diplomacy demonstrates that the governance of international trade did not spring from the 1944 Bretton Woods conference, as Greer asserts. It emerged from earlier strategic linkages between economic openness and international security, set out years before the trade negotiations that created GATT.[42] These linkages became central to the evolution of non-discrimination as the pillar of the multilateral system.

E. Bretton Woods, the Havana Charter, and the Birth of GATT

a. The Bretton Woods Conference: Monetary and Financial Objectives

Greer's account places the 1944 Bretton Woods Conference at the centre of the post-war trade story, suggesting it launched an economic order that "evolved" into the WTO. In fact, Bretton Woods was formally the United Nations Monetary and Financial Conference, held in July 1944 at the Mount Washington Hotel in New Hampshire, U.S. Delegates from forty-four Allied nations met to design a framework to prevent a recurrence of the monetary and financial instability that had contributed to the Great Depression and to global conflict.[43]

The two principal outcomes were the creation of the IMF, tasked with overseeing a system of fixed exchange rates anchored to the U.S. dollar and gold, and the IBRD, later the World Bank, to finance post-war reconstruction and development.[44] The IMF was designed to provide short-term balance-of-payments support to help countries avoid destabilizing devaluations and emergency trade restrictions.[45] The IBRD's role was to support reconstruction and long-term investment for economic recovery and growth.[46]

The architects of Bretton Woods, notably John Maynard Keynes for the UK and Harry Dexter White for the U.S., understood that currency instability and credit shortages had strangled international trade in the 1930s.[47] Their goal was to create a stable monetary framework within which trade could flourish.

Bretton Woods did not create binding trade rules or tariff-cutting commitments. The conference passed a resolution calling for a separate meeting to establish an International Trade Organization (ITO) as a third institutional pillar alongside the IMF and

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[42] Garrett Franczak, "Multilateralism with an American Face: The United States, Great Britain, and the Founding of the GATT" (University of Michigan PhD dissertation, 2009): 45.

[43] United Nations Monetary and Financial Conference, Proceedings and Documents of the United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, July 1-22, 1944 (Washington, D.C.: U.S. Department of State, 1948).

[44] Articles of Agreement of the International Monetary Fund, 22 July 1944; Articles of Agreement of the International Bank for Reconstruction and Development, 22 July 1944.

[45] IMF, Articles of Agreement, art. I–IV; see also Barry Eichengreen, Globalizing Capital: A History of the International Monetary System (Princeton: Princeton University Press, 2019), 91–114.

[46] World Bank, Articles of Agreement, July 22, 1944, art. I; World Bank Group Archives.

[47] Robert Skidelsky, John Maynard Keynes: Fighting for Britain, 1937–1946 (London: Macmillan, 2000), 318–45.

the World Bank.[48] This separation between monetary governance and trade governance is critical to understanding the post-war system and directly contradicts Greer's account.

b. The Havana Charter and the ITO Initiative

The ITO was conceived to provide global trade rules that complemented the Bretton Woods monetary and development institutions. In late 1945, the U.S. invited other nations to begin negotiations under United Nations auspices. Between 1946 and 1947, delegates met in London and Geneva to draft the Havana Charter, which was signed in March 1948 by fifty-three countries.[49]

The Havana Charter went far beyond tariff reduction. It covered employment policy, economic development, restrictions on cartels, regulation of primary commodities, and provisions on labour standards. Article 7 explicitly called for action against "unfair labour conditions" in export industries, signalling an attempt to integrate social objectives into trade governance.[50] The Charter has been described as the first comprehensive attempt to reconcile international liberalisation with domestic policy autonomy.[51]

c. The Geneva Negotiations and the Creation of GATT

While the ITO negotiations proceeded, there was urgent need to restart trade flows after the war. In 1947, at negotiations in Geneva, twenty-three countries, led by the U.S., agreed to reciprocal tariff reductions covering around ten billion U.S. dollars' worth of trade. The same talks produced a set of binding rules on non-discrimination, transparency, tariff bindings, and safeguards.[52]

These rules became the GATT, signed on 30 October 1947. Article I enshrined the unconditional MFN principle, directly reflecting the commitments of the Atlantic Charter and Article VII of Lend-Lease. GATT allowed for tariffs as legitimate trade policy instruments but placed them within a framework of reciprocity and predictability.[53]

d. The ITO's Failure and GATT's Endurance

The Havana Charter never entered into force. The U.S. Congress refused to ratify it, objecting to provisions on employment, development policy, and commodity agreements

[48] United Nations Monetary and Financial Conference Resolution on International Trade Organisation, in Proceedings, vol. I (1948), 924–25.
[49] Georgetown University Law Library, "From GATT to the WTO: An Overview," (2015).
[50] Michele Mazzetti, "Trade Agreements and Labour Rights Protection," University of Trento PhD dissertation (2019): 9.
[51] Graz, "The Havana Charter," 4.
[52] Chad P. Bown and Douglas A. Irwin, "Trading Away Tariffs: The Operations of the GATT System," *World Trade Review* 21, no. 2 (2022): 135-158
[53] Chad P. Bown and Petros C. Mavroidis, "The WTO and GATT: A Principled History," *Brookings Institution* (2016): 11.

as excessive constraints on national sovereignty.[54] The Truman administration abandoned the ITO plan in 1950.[55][56]

GATT, intended as a provisional framework, became the de facto institution for governing trade for nearly fifty years. Through successive negotiating rounds, it expanded membership, lowered tariffs, and developed legal disciplines that culminated in the establishment of the WTO in 1995.

e. Correcting the Timeline and Understanding Institutional Independence

The history shows that Bretton Woods (IMF/World Bank) and GATT emerged from separate yet complementary negotiating processes. Bretton Woods addressed monetary stability and development finance, while the trade regime followed an independent path shaped by wartime commitments to non-discrimination and the lessons of interwar protectionism.[57]

Greer's claim that the trading system began at Bretton Woods and took fifty years to reach the WTO is a distortion of the record. The multilateral trade system began with GATT in 1947, less than three years after Bretton Woods, and evolved through a clear, traceable trajectory of tariff negotiations and rule-making. Recognising the distinct origins of trade governance helps explain its resilience, even when monetary arrangements such as fixed exchange rates collapsed in the early 1970s.[58]

F. The Uruguay Round, the WTO, and the Myth of Reciprocity

a. Background: The Uruguay Round and Expanding the System's Scope

The Uruguay Round of negotiations, launched in 1986 under the GATT, was the most ambitious multilateral trade negotiation of the twentieth century. It extended the multilateral rules far beyond trade in goods to cover services, agriculture, intellectual property, and investment measures. The negotiations concluded in 1994 with the Marrakesh Agreement, which formally established the WTO in January 1995.

Where the GATT had been a provisional framework without a formal institutional structure, the WTO became a permanent organisation with a single undertaking: members were required to accept all agreements as a package, rather than selectively opting into specific disciplines. This gave the system greater legal coherence and enforceability.

The account presented by some U.S. policymakers depicts the Uruguay Round as a balanced exchange: developing countries supposedly gained secure access to developed

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[54] Anupam Chander, "The Failure of the International Trade Organization (ITO)," *Journal of Politics and Law* 5, no. 1 (2012): 57-65.
[55] Nicolas Lamp, "Origins of the GATT - British Resistance to American Multilateralism," *EconStor Working Paper* (2013): 12.
[56] Chander, "The Failure of the International Trade Organization," 63-65.
[57] Georgetown Law Library, "From GATT to the WTO.
[58] Terence P. Stewart, "Institutional Foundations of the GATT/WTO System," in *Reconstructing the World Trade Organization for the 21st Century* (Oxford University Press, 2014).

country markets in return for liberalising in services and intellectual property. The record shows that the outcome was far more uneven.[59]

b. The "Grand Bargain" and its Outcomes

Developing countries agreed for the first time to bring services under multilateral disciplines through the General Agreement on Trade in Services (GATS), to accept the stringent intellectual property protections embedded in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and to make new commitments on investment measures under TRIMs. They also bound substantial industrial tariff reductions and agreed to rules covering agriculture, which had previously been largely exempt from GATT disciplines.

In return, developed countries led by the U.S. and the European Community committed to reducing agricultural protectionism, providing also new market access in textiles through the Agreement on Textiles and Clothing (ATC), and improving the prospects for developing country exports.

Most of these commitments were only partially implemented and often over long transition periods that blunted their impact.[60] Agricultural subsidies remained largely unreformed. The ATC phased out quotas, but the most restrictive ones affecting developing countries were maintained until the very end in 2005. By contrast, TRIPS and GATS obligations became enforceable after brief transition periods, locking developing countries into disciplines that primarily reflected developed country commercial priorities.

c. The Asymmetry in Gains and Obligations

While the U.S. often cites merchandise trade deficits as evidence that WTO rules disadvantage it, the overall balance of advantages tells a different story. The persistent U.S. merchandise trade deficit stems from macroeconomic factors, particularly the gap between national savings and investment, rather than systemic biases in WTO rules or trade agreements. The financialization of U.S. businesses and the global demand for U.S. financial assets have encouraged capital inflows that sustain high levels of imports.[61] Over recent decades, U.S. firms have also shifted production overseas to reduce costs, further embedding imports in supply chains. These trade and production patterns reflect broader economic choices and the structural position of the U.S. dollar in the global system, not deficiencies in the multilateral trade regime.

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[59] Faizel Ismail, WTO Reform and the Crisis of Multilateralism: A Developing Country Perspective (Geneva: South Centre, 2020), https://www.southcentre.int/wp-content/uploads/2020/09/Bk_2020_WTO-reform-and-the-crisis-of-multilateralism_EN.pdf.

[60] Martin Khor, *The Twists and Turns of the Doha Talks and the WTO*, SouthViews, no. 41 (November 9, 2012), South Centre, https://www.southcentre.int/wp-content/uploads/2022/02/9Nov2012-Views41.pdf.

[61] Rojas-Suarez, Liliana, and Ignacio Albe. "The Financial Realities of the US Trade Deficit that Tariffs Can't Change." Center for Global Development, 2025. https://www.cgdev.org/publication/financial-realities-us-trade-deficit-tariffs-cant-change

Viewed in its entirety, the system consistently delivers structural advantages to the U.S.:

- Services surplus: The U.S. maintains a dominant position in global services trade, with a services export surplus of over USD 293 billion in 2024.[62] Liberalisation under GATS disproportionately benefited advanced economies with globally competitive services sectors, such as finance, technology, and professional services, while most developing countries remained marginal players.
- Intellectual property rent flows: The TRIPS Agreement entrenched a highly asymmetrical global IP regime, driving substantial transfers from developing to developed countries. By 2020, royalty and licence fee payments from developing economies reached an estimated USD 64 billion annually, much of it accruing to U.S.-based corporations.[63] By 2024, U.S. cross-border receipts had climbed up to approximately USD 144.4 billion, cementing the country's dominant position as the world's leading recipient of IP income.[64] These patterns underscore the structural imbalances that continue to burden developing countries with significant innovation rents and raise serious concerns about equity and development.
- Agriculture: Promised reforms in developed countries were minimal. The U.S. continues to provide tens of billions of dollars annually in domestic support, preserving a competitive advantage in global agricultural markets.[65]

The Uruguay Round further solidified these advantages. TRIPS locked in global IP protections that overwhelmingly favoured U.S. pharmaceutical, technology, and software industries, establishing uniform 20-year patent protection and explicit copyright for computer programmes.[66] GATS created binding rules for services trade, securing access for sectors that made up more than 60% of the U.S. economy and 70% of jobs, with U.S. services exports totalling USD 181.8 billion annually by 1994.[67] TRIMs disciplines removed barriers that had constrained U.S. multinationals, particularly by prohibiting local

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62 U.S. Bureau of Economic Analysis. "U.S. International Trade in Goods and Services, December and Annual 2024." May 2, 2025. https://www.bea.gov/news/2025/us-international-trade-goods-and-services-december-and-annual-2024.

63 South Centre, "Direct Monetary Costs of Intellectual Property for Developing Countries," March 2022. https://www.southcentre.int/wp-content/uploads/2022/03/SC-Report-DIRECT-MONETARY-COSTS-OF-INTELLECTUAL-PROPERTY-FOR-DEVELOPING-COUNTRIES-FINAL.pdf

64 World Bank. "Charges for the use of intellectual property, receipts (BoP, current US$) – United States (BX.GSR.ROYL.CD)." 2024. https://data.worldbank.org/indicator/BX.GSR.ROYL.CD?locations=US

65 U.S. Department of Agriculture, Economic Research Service. "U.S. Agricultural Trade at a Glance." Last modified July 22, 2025. https://www.ers.usda.gov/topics/international-markets-us-trade/us-agricultural-trade/us-agricultural-trade-at-a-glance.

66 IP and Legal Filings. "Protection of Computer Software in the United States." September 15, 2022. https://www.ipandlegalfilings.com/protection-of-computer-software-in-the-united-states/.

67 Bureau of Economic and Business Affairs, U.S. Department of State. 1996. "The Impact of International Trade in Services on the U.S. Economy." Fact Sheet. U.S. Department of State. https://1997-2001.state.gov/issues/economic/3service.html

content requirements that limited operational flexibility.[68] The strengthened dispute settlement system institutionalised binding enforcement mechanisms aligned with U.S. strategic interests, replacing consensus-based blocking with automatic panel establishment, binding arbitration, and appellate review. At the same time, the U.S. shielded politically sensitive sectors, with agricultural support reductions capped at about 20% over the implementation period and textile liberalisation delayed until 2005.[69] These negotiated outcomes ensured that the balance of commitments mirrored U.S. comparative advantages.

Far from being disadvantaged, the U.S. shaped the multilateral rules in ways that delivered enduring structural gains across its most competitive sectors.

d. Linking to the Current Narrative

Greer's claim that the U.S. was *shortchanged* by the WTO misrepresents the record. The U.S. was not disadvantaged. It was a principal architect of the Uruguay Round and one of its main beneficiaries, especially in securing enforceable rules on services, intellectual property, and investment measures.

The evidence shows that the U.S. used its negotiating power to set terms that advanced its own comparative advantages. The disparity in outcomes is visible in the scale of concessions across goods, services, and intellectual property, and in the contrasting timelines for their implementation. This imbalance has been amplified by the U.S. refusal to reform these rules. Developing countries have repeatedly sought to address these asymmetries through various reform initiatives: the G90 has advocated for clarifying and strengthening special and differential treatment provisions linked to TRIPS, TRIMs, and the Agreement on Subsidies and Countervailing Measures (ASCM), specifically proposing permanent exemption for LDCs from TRIPS obligations until graduation from LDC status (including pharmaceuticals and agricultural chemical products), expanded policy space under TRIMs to deploy local content requirements, trade balancing, and other performance requirements to promote domestic manufacturing capabilities and technology transfer, and making development-oriented subsidies non-actionable under the ASCM while providing flexibility to use subsidies contingent on local content for industrialization purposes; the African Group has highlighted fundamental asymmetries in the ASCM that constrain green industrialisation policies while developed countries pursue their own subsidies worth hundreds of billions of dollars; and multiple developing countries have called for eliminating the additional Aggregate Measurement of Support (AMS) entitlements that allow developed countries massive agricultural subsidies beyond de minimis levels.

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[68] Gibbs, Murray, and Mina Mashayekhi. 1998. "The Uruguay Round Negotiations on Investment: Lessons for the Future." https://www.iatp.org/sites/default/files/Uruguay_Round_Negotiations_on_Investment_Lesso.htm

[69] International Monetary Fund. "The Uruguay Round and International Trade in Textiles and Clothing." Chapter 6 in *Staff Studies for the World Economic Outlook*. Washington, D.C.: IMF, June 1996. https://www.elibrary.imf.org/display/book/9781557754974/ch06.xml.

G. The "Turnberry System" and the Risks of Abandoning MFN

a. From Multilateral Rules to Bilateral Discrimination

Beyond misrepresenting the historical record, Greer's prescriptions would fundamentally undermine the multilateral system itself. His advocacy for a "Trump Round" of bilateral trade agreements - the so-called "Turnberry system" - abandons the MFN principle that has anchored the multilateral trading system since 1947 and would enable the unrestrained breach of bound tariff commitments, particularly given the paralysed state of WTO dispute settlement. Rather than extending concessions to all members equally, it distributes preferential access selectively on the basis of political leverage or alignment while enabling the arbitrary application of tariffs beyond bound levels based on economic or purely political considerations, as demonstrated by recent U.S. actions against countries like Brazil, India, and others. This vision reverses the logic that U.S. negotiators themselves once championed under Cordell Hull. The RTAA multilateralised concessions through unconditional MFN, maximising benefits and creating predictability. The Turnberry model does the opposite. It restricts the spread of concessions, fosters exclusive blocs, normalizes the unilateral violation of multilateral commitments through politically motivated tariff escalation, and accelerates fragmentation of global markets.

b. Economic Costs of Discrimination

Trade theory and empirical evidence show that replacing multilateral MFN with discriminatory bilateral arrangements generates systemic costs. Research by Jagdish Bhagwati describes the proliferation of such deals as a "spaghetti bowl" of overlapping rules of origin, standards, and exceptions.[70] This complexity increases transaction costs, weakens supply chain efficiency, and distorts competitive conditions.

For developing countries, the costs are particularly damaging. Preferential bilateral access depends on negotiating capacity and economic weight. Smaller economies rarely have either. Under MFN, they were guaranteed the same access terms as larger players. The erosion of that baseline protection leaves many without meaningful market access, even in sectors where they remain competitive.

c. Risks for Global Value Chains

In today's interconnected production networks, intermediate goods frequently cross several borders before final assembly. Given that intermediate goods valued at around $10 trillion constitute approximately 43% of global merchandise trade, and manufacturing goods represent nearly 60% of global trade totalling $18 trillion in 2023,[71] each border crossing attracts tariffs or compliance procedures if the transaction falls outside

[70] Jagdish Bhagwati, *Termites in the Trading System: How Preferential Trade Agreements Undermine Free Trade* (Oxford: Oxford University Press, 2008).
[71] United Nations Conference on Trade and Development. (2024). *Trade growth amid volatility and ongoing uncertainties: Key statistics and trends in international trade 2024*. UNCTAD Technical and Statistical Report. https://unctad.org/system/files/official-document/ditctab2025d2_en.pdf

preferential arrangements. The result is a cumulative escalation of costs across each stage of production,[72]with profound implications for the competitiveness of global value chains.

Recent analysis[73][74] shows that new U.S. tariffs introduced since 2025 have sharply increased costs for intermediate suppliers in developing countries. Exclusion from preferential deals compounds these burdens, undermines competitiveness, and disrupts supply networks that have taken decades to form.

d. Development Consequences

Historically, smaller and poorer economies have gained more from a rules-based multilateral system than from bilateral bargaining precisely because MFN neutralised the leverage of major powers. The Turnberry approach reintroduces a hierarchy of trade relations in which preferential terms go to those deemed strategically useful, leaving others at the margins.[75]

For Least Developed Countries (LDCs) and small island developing states, the stakes are particularly high. Many depend on unilateral preference schemes, such as duty-free quotas under Generalised System of Preferences programmes, which assume MFN as the baseline. Without MFN, those schemes lose much of their value, and no alternative framework guarantees market access.[76]

e. Impact on Governance and Reform Prospects

Greer's model not only weakens market access for developing countries but also undermines the institutional pressure for reform within the WTO. The Doha Development Agenda, launched in 2001 to address agriculture, industrial tariffs, and Special and Differential Treatment (S&DT) among others, stalled largely because developed countries, led by the U.S., resisted reforms that constrained their domestic autonomy.[77] A shift toward bilateralism removes even the limited leverage developing countries retain in

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[72] Diakantoni, A., Escaith, H., Roberts, M., & Verbeet, T. (2017). *Accumulating Trade Costs and Competitiveness in Global Value Chains* (WTO Staff Working Paper ERSD-2017-02). World Trade Organization.

[73] Borin, Alessandro, Francesco Paolo Conteduca, Guido Di Giovanni, and Richard Baldwin. "Roaring Tariffs: The Global Impact of the 2025 US Trade War." VoxEU/CEPR, March 28, 2025. https://cepr.org/voxeu/columns/roaring-tariffs-global-impact-2025-us-trade-war

[74] da Rocha, Miguel Borges, and Niclas Frederic Poitiers. "The Economic Impact of Trump's Tariffs on Europe: An Initial Assessment." Bruegel, April 2025. https://www.bruegel.org/analysis/economic-impact-trumps-tariffs-europe-initial-assessment

[75] Le Poidevin, Olivia. "Impact of tariffs on developing countries could be 'catastrophic', says UN trade agency." Reuters, April 11, 2025. https://www.reuters.com/world/tariffs-have-catastrophic-impact-developing-countries-worse-than-foreign-aid-2025-04-11/.

[76] United Nations Conference on Trade and Development (UNCTAD). "Global Trade Update: Escalating Tariffs – The Impact on Small and Vulnerable Economies." April 2025. https://unctad.org/system/files/official-document/ditcinf2025d3.pdf.

[77] Arun Krishnan, "Brief Analysis of the Failure of the Doha Development Round," NALSAR University of Law, November 22, 2008, SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1511284.

multilateral negotiations, further entrenching asymmetries in favour of advanced economies.

H. The Broader Challenge to Multilateral Governance

a. Rewriting History to Justify Unilateralism

When powerful states rewrite the origin story of global institutions to suit present objectives, they do more than distort the historical record. This revisionism weakens the legitimacy of multilateral governance itself. In the U.S. case, presenting itself as a victim of the system builds support at home for selective compliance, withdrawal from obligations, and the pursuit of discriminatory bilateral arrangements.

The historical record shows the opposite reality. The U.S. was not a reluctant participant. It was the chief architect of the system, shaping both the GATT and the WTO to reflect longstanding American priorities. By obscuring this history, the current narrative erases the institutional learning that produced durable, reciprocal rules and substitutes a short-term model of leverage built for unilateral advantage.

b. The Development Implications of Narrative Distortion

For developing countries, the consequences of this erosion of multilateral norms are immediate and structural. The MFN principle, once the default guarantee of equal treatment, is now portrayed in some U.S. policy circles as a constraint to be bypassed. Bilateral discrimination, promoted under the “Turnberry system”, makes market access contingent on political alignment rather than development priorities or competitive merit.

Countries without strategic bargaining weight, LDCs, small island states and smaller economies are most at risk. They cannot realistically secure the kind of preferential terms available to larger or geopolitically strategic economies. For them, MFN treatment within the WTO has been the baseline protection against exclusion.

c. The Governance Precedent

The implications of this model extend far beyond trade. When major powers rewrite institutional history to justify unilateral action, they erode the foundations of multilateral cooperation itself. The record from Wilson through Hull to the architects of GATT shows that effective governance emerges when lessons are acknowledged, not when they are erased.

For developing countries that have yet to capture the full benefits of globalisation, trade remains a critical tool for economic transformation. Economies with the largest share of global trade often rely proportionally less on trade for their economic performance, while many developing countries with much smaller trade shares are far more dependent on trade for growth, jobs, and fiscal stability. Successful development experiences show that export-oriented industrialisation has been one of the most reliable paths to sustained growth. The Turnberry model represents a retreat from those principles, reviving the exclusionary bilateralism and competitive mercantilism that characterised global trade between the 16th and 18th centuries. Those systems produced chronic instability and inefficiency before being replaced by cooperative frameworks built on predictability and non-discrimination. By reintroducing discretionary, power-driven trade arrangements, the Turnberry approach threatens to close vital pathways for countries unable to secure bilateral deals with major powers, particularly those embedded in global value chains where discriminatory rules obstruct specialisation, value addition, and technology transfer.

I. Concluding Remarks

The U.S. has been both the architect and a principal beneficiary of the multilateral trading system. From Wilson's Fourteen Points and Hull's push for unconditional MFN to the Uruguay Round's expansion into services, investment, and intellectual property, U.S. negotiators shaped rules to secure lasting comparative advantages. The revisionist narrative of American victimisation now advanced by U.S. officials obscures this record, distorts the historical basis of the system, and undermines confidence in its legitimacy.

The shift toward the Turnberry model of selective bilateralism threatens the foundations of non-discrimination that have long underpinned predictable market access for smaller economies. Bilateral and regional trade agreements are not new, and Members have long used the flexibilities of GATT Article XXIV and GATS Article V. What distinguishes the present moment is the open use of coercion, with trade agreements deployed as tools of political leverage rather than mutual benefit. Proposals for an MFN "peace clause" to accommodate such deals underscore the pressure this dynamic exerts on the multilateral system.[78]

For developing countries, MFN treatment has provided a baseline guarantee against arbitrary exclusion. As that guarantee erodes, they face heightened vulnerability to bilateral deals that prioritise political alignment over development needs. Structural imbalances in the rules, combined with the systemic leverage of major economies, continue to narrow the scope for coordinated reform. The G90's calls to strengthen special and differential treatment, the African Group's proposals to reform the ASCM, and broader efforts to curb excessive agricultural subsidies have all met persistent resistance from developed Members.

Defending MFN and special and differential treatment remains essential. These principles are not only legal safeguards but also political anchors for a more balanced system. Preserving what works, while strengthening South–South cooperation and building institutional capacity, offers the most viable path to greater resilience and long-term policy space.

Understanding the legal and institutional foundations of the trading system is central to credible reform. The claim that Bretton Woods created the trading order erases the longer trajectory of treaty practice and institutional experimentation that runs from the League of Nations to the ITO. Decades of negotiation and reciprocal concessions built the framework that today counts 166 Members. The system is imperfect, and the poorest remain vulnerable, but it has provided a level of predictability and non-discrimination

[78] Hector Torres, "The WTO Stands at a 'Whatever It Takes' Moment," OMFIF, May 2025, https://www.omfif.org/2025/05/the-wto-stands-at-a-whatever-it-takes-moment/.

unprecedented in previous eras. As the U.S. turns inward, it risks undermining an architecture it helped to design and from which it has consistently benefitted.

History shows that when major powers abandon multilateral discipline for discriminatory arrangements, instability follows. The mercantilist rivalries of earlier centuries gave way to cooperative frameworks only after their inefficiencies and risks became undeniable. A return to power-driven trade relations now threatens to close vital pathways for economic transformation, particularly for countries integrated into global value chains where discriminatory rules limit specialisation and technology transfer.

For developing countries, this moment requires realism. Multilateralism has never fully ensured balance, but its core principles remain a necessary shield against the arbitrary exercise of economic power. Preserving that shield, while building more durable forms of cooperation and resilience, is a practical necessity. The choice now is whether to maintain even minimal constraints on discriminatory practices or to slide toward the fragmented and conflict-prone economic nationalism that the post-war order sought to prevent.

This Working Paper has been prepared by the South Centre's Trade for Development Programme. The South Centre is an intergovernmental organisation of developing countries. It produces and disseminates strategic analyses, information, and policy recommendations on international economic, social, and political issues of concern to the Global South. The views expressed in this commentary do not necessarily reflect the official positions of the South Centre's Member States or other developing countries.

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