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| Institution: University of Warwick |
| Unit of Assessment: Politics and International Studies |
| Title of case study: Regulating Global Trade and Finance: Influencing Australian Trade Policy, Shaping Public Policy Debates and Informing Practitioner Agendas |
| <p>1. Summary of the impact</p> <p>Trade and finance are the lifeblood of the global economy. Research conducted within the International Political Economy (IPE) cluster has tracked changes in how trade and finance are governed. This case study demonstrates the impact of the IPE cluster on a range of beneficiaries including national governments, international organisations and non-governmental organisations. Via the £4.3M ESRC-funded Centre for the Study of Globalisation and Regionalisation (CSGR), members of the IPE cluster have influenced national economic policies, shaped policy debates on international regulatory regimes and informed the attempts of non-state actors to raise ethical standards in transnational corporate practices.</p> |
| <p>2. Underpinning research</p> <p>There are inevitable ethical and policy trade-offs inherent in international cooperation to regulate global trade and finance. The underpinning research of this case study showcases work undertaken within IPE at Warwick over the past two decades that has identified tensions within and proposed practical initiatives to resolve such trade-offs. This research has focused on both top-down approaches to international regulatory regimes and bottom-up policy reforms driven through private-sector governance initiatives, presenting the possibility of new policy tools designed to produce more equitable outcomes in trade and finance sectors when viewed globally.</p> <p>To act as a bridge between academics, policy experts, and end-user communities, PAIS staff pioneered the concept of the 'Warwick Commission', which has attracted substantial University funding since 2007. Warwick Commissions are charged with carrying out independent analysis of a seemingly intractable problem with the goal of making practical and realistic recommendations for policy-makers: http://www2.warwick.ac.uk/research/warwickcommission/. The First Warwick Commission (2007-8), entitled 'The Multilateral Trade Regime: Which Way Forward?', took evidence from a wide range of experts including politicians, trade practitioners, academics, key representative business organisations and civil society actors with an interest in the world trading system. The programme of research, directed by Professor Higgott and assisted by an ESRC Impact Grant (RES-172-25-0055), lasted for one year and led to a final Report, which was launched at the World Trade Organization (WTO) in Geneva in December 2007. The Report argued that to make the WTO 'fit for purpose' key reforms should centre on redefining the organisation's objectives and functions. In particular, these reforms should aim to realign the WTO's responsibilities and governance procedures in order to provide more equal benefits to its weaker member states. Additionally, such reforms would enable the momentum behind the proliferation of preferential trading agreements to be channelled towards mutual policy goals that could benefit all countries, such as non-discrimination between trading partners and greater transparency in international commercial relationships.</p> <p>The principal conclusions of the Second Warwick Commission (2009) on 'International Financial Reform' challenged conventional wisdom in transnational policy communities and global governance scholarship that effective international cooperation necessarily involves a transfer of policy responsibilities from the national to regional or global levels. This Report, directed by Professor Seabrooke, identified counter-cyclical economic policies and macro-prudential regulatory frameworks as vital tools to combat the sources of financial instability, the conflicts of interest facing both private banking institutions and financial regulators and the unsustainable asset bubbles that fuelled the conditions for the various phases of the global financial crisis in 2007, 2008 and 2009. It highlighted the problems associated with attempts to impose a 'one-size-fits-all' set of reforms to global financial governance that would centralise responsibility for financial stability and regulation in global institutions, which could magnify existing problems of 'regulatory capture'. Policy recommendations emphasised the importance of host country regulation to govern both domestic and foreign banks operating in particular jurisdictions.</p> |

Impact case study (REF3b)

Whereas the two Warwick Commissions focused on 'high-level' engagement with policy-makers connected to international institutions and national governments, Dr Richardson has worked with practitioners to propose changes in the way that transnational corporations treat their workers and farmers. This is of particular importance given the expansion of sugar production in the context of rising food prices and the use of sugar cane to make biofuel. Richardson's research has addressed the use of non-state governance initiatives, recommending that the 'sustainable certification' of sugar producers would be more effective if they were integrated with existing regulatory authorities rather than duplicating tasks. It also suggests that more emphasis is required on securing the livelihoods of the rural poor, since the mechanisation of sugar production is leading to large numbers of redundancies. Thus, the 'Aid for Trade' initiatives launched by international donors need to be used for social transfers as well as promoting economic competitiveness.

3. References to the research

1. R. Higgott and H. Weber (2005) 'GATS in Context: Development, an Evolving *Lex Mercatoria* and the Doha Agenda', *Review of International Political Economy*, 12(3) pp. 434-55. [2012 impact factor: 1.661]. Peer-reviewed journal article.
2. R. Higgott et al (2007) 'The Multilateral Trade Regime: Which Way Forward', University of Warwick. Peer-reviewed Report of the First Warwick Commission.
3. L. Seabrooke et al (2009) 'International Financial Reform: In Praise of Unlevel Playing Fields', University of Warwick. Peer-reviewed Report of the Second Warwick Commission.
4. L. Seabrooke, (2010) 'What Do I Get? The Everyday Politics of Expectations and the Subprime Crisis', *New Political Economy*, 15 (1) pp. 49-68. [2012 impact factor: 1.930]. Peer-reviewed journal article.
5. B. Richardson (2009) *Sugar: Refined Power in a Global Regime* (Basingstoke: Palgrave Macmillan). Peer-reviewed research monograph.
6. B. Richardson (2010) 'Big Sugar in Southern Africa: Rural Development and the Perverted Potential of Sugar/Ethanol Exports', *Journal of Peasant Studies*, 37 (4), pp. 917-938. [2012 impact factor: 5.805]. Peer-reviewed journal article.

Associated grants:

1. ESRC Resource Centre Grant (M555285001, £1,987,057.01) Centre for the Study of Globalisation and Regionalisation, PI: Professor Richard Higgott, 1 October 1997-30 September, 2002.
2. ESRC Research Grant (RES-555-28-5001, £2,328,375.65), Centre for the Study of Globalisation and Regionalisation, PI: Professor Richard Higgott, 1 October 2002-30 September 2007.
3. ESRC Research Grant (RES-555-28-5003, £199,037.15), CSGR-GARNET Network, PI: Professor Richard Higgott, 1 July 2005-31 December, 2007.
4. ESRC Research Grant (RES-172-25-0055, £50,050.00), 'The Future of the World Trade System after Doha: Enhancing Interaction between the Business and Trade Policy Communities', PI: Professor Richard Higgott, 1 November 2007-30 November 2008.
5. ESRC Research Grant (PTA-026-27-2467, £75,088.20), 'The Global Political Economy of Sugar', PI: Dr Ben Richardson, 1 October 2009-30 September 2010.
6. Leverhulme Trust Early Career Fellowship (ECF/2010/0518, £50,342), 'Social Justice in the Sugar Cane Industry', PI: Dr Ben Richardson, 1 October 2010-30 September 2012.

4. Details of the impact

The underpinning research listed above has achieved impact since 2008 via the uptake of the Warwick Commissions and the work of CSGR across three main contexts: 1) influencing Australian trade policy; 2) shaping public policy debates about global trade and financial regulation; and 3) informing practitioner agendas.

Influencing Australian trade policy

The Report of the First Warwick Commission energised national and international public policy debates about the future of global trade governance in the WTO in the wake of the failure of the Doha Round negotiations (sources 1, 2, 3 and 5). Since 2008 it has become a reference point in national and international policy discussions: 3,500 printed copies of the Report were distributed internationally; and over 2,500 PDF versions have been downloaded from the website. In September 2008 a review of trade policy by the Australian Government adopted the Commission's Recommendations. The Mortimer Report, entitled *Winning in World Markets: Review of Export*

Policies and Programs, acknowledged the salience of the Commission's analysis and was particularly supportive of the proposal that 'critical mass' decision-making should be considered in order to speed up negotiations at the WTO. The Mortimer Report also supported the Commission's recommendation that the WTO's temporary Transparency Mechanism for Regional Trade Agreements be made permanent. In 2008 Higgott gave briefings to senior Australian trade officials and politicians in Canberra. The Minister for Trade subsequently wrote about the work of the Warwick Commission as follows: "The Warwick Commission's Report is timely and I applaud the Commission's contribution to the debate. I appreciate the work the Warwick Commission has undertaken in seeking to strengthen the multilateral trading system" (source 1).

Shaping public policy debates about global trade and financial regulation

The First Warwick Commission was widely recognised as an authority on the question of global policy making in the context of UK public policy debates (source 4). On 3 June 2008 Higgott gave evidence to the House of Lords European Sub-Committee A (Economic and Financial Affairs and International Trade) Inquiry into EU Trade Policy (source 2). The Committee's Report, entitled 'Developments in EU Trade Policy' (London: HMSO, 5 December 2008) endorses "[...] the Warwick Commission's recommendation in favour of the introduction of 'critical mass' voting at the WTO as a reform which would speed up decision-making and agenda-setting at the WTO". Furthermore, one Member of Sub-Committee A, said: "May I congratulate you on this Report [...] Warwick has invented a marvellous process for linking academics [...] and the policy world. So much good social science work goes on in universities and it never gets near the policy world [...] This is a marvellous model [...] you had the WTO on your Commission [...] It is terrific". A further indication of the impact of the First Warwick Commission is that the Report won Gold at the 2008 Chartered Institute of Public Relations Pride Awards for the best campaign designed to inform public policy (source 5).

The impact strategy of the Second Warwick Commission led by Seabrooke was to target high-level international media outlets in order to stimulate wider public debate about financial regulation as the crisis unfolded (sources 6 and 7). A key recommendation of the Report—that an unlevel playing field should be implemented through a combination of host country regulation and macroprudential regulation based on types of risk rather than the overall stores of safe capital— informed and shaped international media responses. This included features in *The Economist*, *Handelsblatt*, *The New York Times* and *The Wall Street Journal* (source 7). The elite of the world financial press reported on the Commission's findings, including a feature article in *The Economist* comparing the report with regulatory proposals from the Bank of England: "Although there is wide agreement that macroprudential policy is needed to limit systemic risk, there has been very little detail about how it might work. Two new reports help fill this gap. One is a discussion paper from the Bank of England, which sketches out the elements of a macroprudential regime and identifies what needs to be decided before it is put into practice. The other paper, by the Warwick Commission, a group of academics and experts on finance from around the world, advocates specific reforms" (source 6).

Richardson's findings on the EU's 'Aid for Trade' initiative in the sugar industry were published with a prominent Brussels-based think-tank called the European Centre for Development Policy Management in two separate forms. A longer discussion paper and a shorter comment piece were circulated through its Weekly Compass newsletter and GREAT Insights magazine to a wide range of analysts and commentators interested in Euro-African affairs. This research also informed media coverage of the issue in *The Guardian* newspaper, *The Swaziland Times* and formed the basis of his work with Traidcraft on their advocacy work around Aid for Trade policy (source 9).

Informing practitioner agendas

Richardson's work informed and fed directly into an influential Report by the Nuffield Council on Bioethics on biofuels, which called for mandatory certification of all biofuel imports into the European Union (source 8). This was later passed into legislation and Richardson is now working as an academic consultant with Bonsucro, one of the world's biggest agricultural certification schemes. Bonsucro is composed of companies and civil society actors that collectively agree on a sustainability standard against which members are audited. A testimonial obtained from the Head

of Sustainability, demonstrates that Richardson's work has fed directly into the formulation and revision of Bonsucro's policy documentation (source 10). Among others, the Bonsucro standard has been adopted by the Brazilian sugar industry and major downstream buyers like BP and Shell. Richardson represented Bonsucro at the 2011 ISEAL Alliance conference and has also been appointed to the five-person committee reviewing this standard, which is due to deliver its findings by the end of 2013. The standard already covers 2.5% of the global sugarcane area (over 500,000 hectares) and is expanding quickly, providing an opportunity to improve the terms on which workers, farmers and peasants engage with the industry.

5. Sources to corroborate the impact

Evidence for impact on Australian trade policy:

1. **'Australia's Role in Addressing the Future of the Multilateral Trading System'**, speech delivered on 8 April 2008 by former Australian Minister of Trade praising the work of the First Warwick Commission and stressing the importance of its findings for Australian trade policy. Available on request and online: <http://bit.ly/1cB3a2S>

Evidence for impact on public policy debates:

2. **House of Lords European Union Sub-Committee A.** This source recognises the significance of the Report and congratulates Professor Higgott in the House of Lords European Union Committee Report, *Developments in EU Trade Policy* (p.90). Available on request and online: <http://bit.ly/16k5hn1>
3. **Panel on the Future of US Trade Negotiations.** Citation of the Recommendations of the First Warwick Commission in evidence presented to the Committee on Ways and Means in the US House of Representatives (29 February 2012). Demonstrates on-going impact of the Report (p.9). Available on request and online: <http://bit.ly/1d1ES4J>
4. **Member of Parliament for Harrow West.** The source can testify to the impact of the Report of the First Warwick Commission on influencing UK policy debates about the future of multilateralism.
5. **Gold Award, Chartered Institute of Public Relations (CIPR).** In 2008 The First Warwick Commission achieved 1st place in the 'Public Affairs' category of the prestigious CIPR Pride Awards. The award recognises research-based campaigns that have been designed to inform the public policy agenda.
6. **The Economist** explicitly acknowledges the Second Warwick Commission Report as a source of inspiration for its own Special Report on Financial Risk, published in February 2010. Available on request and online: <http://bit.ly/16TuYP9>
7. **Handelsblatt**, 'Wenn die Banken selbst die Fäden ziehen', 26 November 2011. Evidence of the Second Warwick Commission informing and shaping international media responses to the financial crisis. Available on request and online: <http://bit.ly/17xA5kw>

Evidence for impact on practitioner agendas:

8. **Nuffield Council on Bioethics.** The Council and the Working Party thank Richardson for "invaluable advice and input" in their Report on ethical issues of biofuels (p.v). Available on request and online: <http://bit.ly/1atgH96>
9. **Traidcraft.** On request the source can confirm the assistance provided by Richardson in their advocacy work on 'Aid for Trade' policy and citation of his work in their briefing to Members of the European Parliament.
10. **Head of Sustainability, Bonsucro.** In his testimonial (available on request), the source confirms that Richardson has enhanced Bonsucro's understanding of "the social conditions of workers in sugarcane fields", "the organisation of unions", and "international conventions". The source acknowledges that Richardson's research has led to amendments of Bonsucro's policies and refers to him as a "great asset to our organisation".