

the overall potential gain in economic welfare from full multilateral liberalization was a surprisingly small 2.5 percent of global income.³⁰ Within this average, there was a high degree of variation in the specific estimates for gains from liberalization of trade in agriculture, services and manufactures.³¹ Obviously only a fraction of that would be derived from the extent of liberalization that could reasonably be forecast for the Doha Round; even such gains would be realized only gradually over a period of years following negotiation and implementation.

Thus, even to the extent that multilateral liberalization has efficacy in promoting trade growth, these considerations argue for modest expectations concerning further gains from this source. However, our ability to claim that multilateral liberalization promotes trade growth to any extent has recently been challenged by an unsettling result obtained by Andrew Rose in attempting to identify the increased trade that could be attributed to WTO membership.³² Using a conventional gravity model, Rose found that for 98 countries that joined the GATT/WTO between 1950 and 1998, membership in the WTO had overall no statistically significant impact on the intensity of trade between two pairs of countries. As Rose comments, the findings run counter to common sense and thus constitute as much an invitation to future work as a challenge to conventional wisdom.

³⁰ See John M. Curtis and Dan Ciuriak, "The Nuanced Case for the Doha Round", in John M. Curtis and Dan Ciuriak (Eds.), *Trade Policy Research 2002* (Ottawa: Department of Foreign Affairs and International Trade, 2002), pg 90-91.

³¹ If we exclude the high and low estimates for each sector, the average gain was only 1.4%. In level terms, the gains from full liberalization amount to US\$790 billion (in respect of the 2.5 percent figure) and US\$450 billion (in respect of the 1.4 percent figure) scaled up to the estimated size of the global economy in 2002.

³² See "Andrew K. Rose, "Do We Really Know That the WTO Increases Trade?", Working Paper 9273, National Bureau of Economic Research, October 2002, <http://www.nber.org/papers/w9273>.