International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Reassessing Trade Liberalization as a Tool for Poverty Reduction in Low-Income Countries.

Ugwu Brendan Chukwuebuka[1], Umar Ado[2], Grace Modupe Odewuyi[3], Kofi Yeboah Adjei[4], Bolouboye Micah Eradiri[5], Isiaka Akolawole Bakare[6]

[1]Department of Economics, Ahmadu Bello University, Zaria, Nigeria. ugwubrendanchukwuebuka@gmail.com

[2]Department of Economics, University of Lucknow, India, umarado4050@gmail.com

[3]Department of Public/International Law, College of Law, Osun State University, Nigeria. gracemodupeodewuyi@gmail.com

[4]Department of Management Science, Master Of Project Management, Ghana Institute Of Management And Public Administration, 0009-0007-6392-7400. adjeikofiyeboah@gmail.com

[5]Department of Public Administration, Northern Illinois University. 0009-0002-8762-8142, eradirimicah@gmail.com,

[6]Department of International Business, Darla Moore School of Business, University of South Carolina, bakarei@email.sc.edu

ABSTRACT

This research examined the use of trade liberalization as a tool for poverty reduction in low income countries. The objective of this review is to reevaluate the ongoing debate whether trade liberalization reduces poverty in low income countries. This article considered case studies from East Asia, Latin America, and some African countries. While structural instability and the Dutch disease hindered trade liberalisation gains in Latin America, on the other hand, diversified economic structure and greater macroeconomic stability allows East Asia to reap the benefits of liberalization to its advantage. In effect, trade liberalization does not have an overwhelming reduction in poverty. Although, on the long run, the effects are positive and significant, there are many factors that may hinder the success of liberalization in low income countries. A set of guidelines and readiness of the countries are required.

Keywords: *Trade, Poverty, Liberalization*

1.0 Introduction

Background and Motivation

It has long been claimed that trade is a growth engine. The combined assertion that trade not only boosts growth but also that growth lowers poverty is more recent (Bhagwati et al., 2004). These reasons imply that growth will accelerate throughout the post-trade reform transition period to the new steady state. These theoretical claims, however, frequently rely on the analytical presumptions that are made, and they might not hold up under different presumptions. Policymakers have long recognized the need for economic growth in order to reduce poverty, an argument that rests on simple arithmetic (Bhagwati, et al., 2004). Many poor countries have had such low per capita incomes that a perfectly equal income distribution would put everyone below the poverty line. Liberalisation has been the prevailing tendency in developing nations' trade policies during the past few decades. The average import tax decreased by half from the early 1980s and the late 1990s, from about 20% in 1980 to 11% in 1999, (Martin 2003). More recently, the similar pattern has been observed, with average tariffs falling by half in the first ten years of the twenty-first century and attaining 5% in 2014 (UNCTAD 2016). The removal of trade restrictions to allow for the free flow of products and services is known as trade liberalisation, and it will eventually contribute to a nation's growth and development. A higher standard of living for consumers is made possible by the greater variety, reduced cost, and production incentive, all of which raise the quality of goods and make them more accessible to wider worldwide markets. At the very forefront of social policies is poverty, which has a significant impact on society because over 20% of people worldwide live on less than $1 a day (McCulloch et al., 2001). Simply said, trade liberalisation is the process of lowering or eliminating trade barriers (Banton, 2021). One could argue that greater liberalisation will aid in reducing poverty in a country as these obstacles impede free commerce and may contribute to a decline in the competitive advantage of domestic businesses. Are poverty and trade emancipation mutually optimising? The article examines the degree to which liberalisation supports export growth, enhances job creation and possibilities, and boosts productivity in order to establish the criteria within. By creating job opportunities, such as raising household income, which is essential in promoting the decrease, these advancements help to lessen poverty. There is little doubt that economic growth and poverty alleviation are related since company expansion creates jobs. The process and course of liberalisation, however, call for a more thorough examination to determine whether or not poverty is actually decreased; if done poorly, this could have a more substantial and negative impact on the worsening of poverty.

Statement of the Problem

Trade liberalisation has received a lot of support in recent decades as a means of promoting economic expansion and reducing poverty, especially in low-income nations. The fundamental premise is that these nations would gain from more exports, enhanced productivity, and eventually a decrease in poverty if trade obstacles were removed and they were integrated into international markets. The results in the actual world, however, have been inconsistent and have not lived up to expectations. While some nations have enjoyed progress, others have seen limited poverty reduction, increased inequality, and economic insecurity. Many low-income nations struggle to fully benefit from liberalised trade regimes because of structural flaws such insufficient factories, dependence on raw commodity exports, poor infrastructure, and weak institutions. There is an urgent need to reevaluate whether trade liberalisation in its current form actually serves the aim of reducing poverty in low-income countries, given the uneven results and shifting dynamics of global trade.

Objectives of the Review

The review main objective is to reevaluate trade liberalization's efficacy as a means of reducing poverty in low-income nations. The particular goals are:

1. To investigate the connection between trade liberalisation and the decrease of poverty in low-income nations

2. To examine the patterns of trade liberalisation that low-income nations have adopted.

3. To evaluate how trade liberalisation affects important measures of poverty including inequality and employment.

2.0 Methodology

Table 1: Inclusion and Exclusion Criteria Table

Inclusion Criteria	**Exclusion Criteria**
It has to concentrate on trade and poverty alleviation or reduction.	Studies that had nothing to do with trade and poverty alleviation were excluded.
Articles, conference proceedings, or reliable sources from the previous years must be reviewed.	To preserve the integrity of the review, literatures that were not rigorous or adequately examined were also excluded.

Data Sources and Search Strategy

In order to make the review paper more focused and specific, the keywords "International trade," "Poverty alleviation/reduction," and "Low income countries" were used in the search for the review papers. The materials analysed in this review were primarily sourced from various peer-reviewed journals, review papers, conference proceedings, and other pertinent research works that directly addressed the focus of this study. All of these materials were collected from reputable and credible academic databases, including World Trade Organisation, World Bank group, International Monetary Fund (IMF) Researchgate, MDPI, Science Research Publishing, and Science Direct.

3.0 Conceptual and Theoretical Framework

Trade Liberalization and its Components

DeRosa (2012) defines trade liberalisation as the growing integration of global markets for financial assets, tradeable services, and goods. In actuality, it also refers to the growing market integration for key inputs into manufacturing, including labour in all of its forms, comprising skilled labour, basic labour, and other professional services, in addition to mobile physical capital. Thus, trade liberalisation is a multifaceted term that may be seen as the creation of numerous connections and interconnections involving countries and the communities that comprise the modern world, sometimes known as the "global village." It additionally refers to a process through which events, choices, and measures in one region of the world have a big impact on people and communities in far-flung regions of the world. The reduction of tariffs, the removal of quotas, and the removal of non-tariff obstacles are the main elements of trade liberalisation.

Tariff: A tariff is an economic barrier to trade that is imposed on a particular commodity or group of goods that are imported into or exported from a nation. The strategy is typically employed when a nation's local production of goods is declining and imports from outside rivals are increasing, especially if there are strategic justifications for maintaining a home manufacturing capacity. By imposing a tariff on the industry, certain faltering industries are protected in a way that is comparable to subsidies. There is less incentive for the industry to create items more efficiently, more cheaply, and more quickly. Mike (2015) asserts that tariffs also address the problem of dumping. Dumping is the practice of a nation creating vast quantities of commodities and then dumping them on another nation, which results in too-low prices. This can mean offering the product on the international market for less than what it would cost in the place of origin. The producer selling the goods at a price where there is neither a profit nor a loss is the subject of the other allusion to dumping (Mike 2015). The tariff's goal and anticipated result is to promote domestic spending on products and services. Joshi (2014) asserts that protective tariffs can occasionally shield so-called "infant industries" that are experiencing rapid expansion. Despite fierce rivalry, a tariff is temporarily applied to help the industry thrive. If materials have proven more valuable in their new usage than they would have been in the absence of the industry, then protective tariffs are deemed to be appropriate. Eventually, the fledgling industry will have to enter a market without the safeguard of government subsidies. Tariffs have the potential to cause friction between nations, claims Darren (2014). The 2002 US steel tariff, in which China imposed a 14% duty on imported car parts, is one example. In order to exert pressure on the other country to remove the tax, such tariffs typically result in the filing of an inquiry to the World Trade Organisation (WTO). If that doesn't work, the country may then impose a tariff towards the other country. To reduce resource allocation distortions, tariffs should ideally be consistent across industries. Furthermore, because variable rates provide customs officials the chance to alter the goods' description in order to receive a cheaper duty, they open the door for corruption inside the customs service. It has been observed that the elimination of corruption opportunities can lead to a rise in tariff collections when tariffs are lowered and made more uniform.

Trade Barriers: Generally speaking, trade barriers are laws, rules, policies, or practices that either shield domestic goods from international competition or unnecessarily encourage the export of specific domestic goods. Restrictive corporate practices are not typically considered trade barriers, even though they occasionally have a similar effect. Government-imposed laws and procedures that limit, prohibit, or obstruct the international flow of commodities and services are the most prevalent types of foreign trade obstacles (Daniels, 2013).

Non-tariff Barriers: One of the things that makes trading costly and challenging is non-tariff barriers. For instance, imposing particular rules on imports may unfairly benefit homegrown manufacturers. International trade is facilitated by harmonising safety and environmental regulations. Quotas, pricing limits, investment restrictions, and other government actions that could obstruct international trade are examples of trade restrictions or barriers that are not tariffs.

Quota: A quota is a trade limitation set by the government that restricts the quantity or monetary worth of commodities that a nation may import or export in a given time frame. Quotas are a tool used by nations to control the amount of trade they do with other nations. Tariffs, which impose charges on imports or exports, are not the same as quotas. Both tariffs and quotas are protective measures used by governments to try to regulate international trade, although they differ greatly from one another. While tariffs impose specific taxes on commodities, quotas concentrate on controlling the amount (or, in some circumstances, gross value) of specific products that a nation can import or export for a given period or time. Tariffs, sometimes referred to as customs charges, are imposed by governments to increase the total cost to a manufacturer or supplier looking to sell goods within a nation. By raising the cost of imported goods, tariffs safeguard domestic producers whilst also bringing in additional income for the nation. Tariffs are less effective than quotas at limiting trade, particularly when domestic demand for a good is not price-sensitive. Additionally, quotas might cause more disruptions to global trade than tariffs. They can be used as an economic weapon of coercion when applied selectively to different nations.

Importance of Trade Liberalization in Developing Countries

Countries trade with one another since doing so usually improves a nation's economic situation, claim Adelowokan and Maku (2013). While free trade benefits the inhabitants of all nations, competition in international trade takes place at the company level. In general, citizens have access to a wider range of goods and services at more affordable prices. Consider a nation that chooses to economically cut itself off from the remaining nations of the world. People in this country would have to cultivate their own food, create their own clothing, and construct their own homes in order to exist. But if this nation opened its borders to trade, its people would focus on what they do best. Better living conditions, increased income, and increased production are all results of specialisation. Does free trade help all nations? According to a basic tenet of economic comparative advantage, a nation will produce less of one product when it produces more of another. Because resources are limited and communities want to maximise their benefits, this trade-off takes place (Lopez, 2013). 24 How much money or resources it costs to produce things like computers and T-shirts in one country vs another is not the main concern in trade across borders. When resources are diverted from making one product to another, the subject of discussion is just how many T-shirts it requires to make a computer. Trading with the nation that receives fewer computers in exchange for not creating a thousand T-shirts can benefit the nation that can generate more computers by, for example, forgoing the creation of 1,000 T-shirts. Stated differently, nations gain from free trade due to their comparative advantages, meaning that no nation can manufacture anything more cheaply than any other nation in the globe (Bakare, 2014). For emerging countries, the advantages of comparative advantage are especially significant. Economic growth and trade openness have been extensively studied, and the results of the majority of these studies lend credence to the idea that increased trade openness leads to favourable growth consequences (Joshi, 2014). Dr. Sebastian Edwards of UCLA discovered in a seminar paper that nations that liberalise their international commerce and become more open—that is, reduce tariff and non-tariff trade barriers tend to grow more quickly, particularly in the developing world. According to a study conducted specifically for Turkey, trade liberalisation and economic growth are likely to be positively correlated (Shaffaedin, 2014). Furthermore, their most significant discovery is that growth is associated with a decrease in trade distortions, 25 underscoring the significance of the trade policy on that nation's economic performance. Most recently, Antinie (2013) used annual time-series data for Bolivia from 1940 to 2010 to examine the connection between trade openness and economic growth. This is the initial research conducted in that nation spanning seven decades. The outcome demonstrates that trade openness and economic growth do, in fact, have a long-term equilibrium relationship. Additionally, trade liberalisation and economic growth are causally related. Since Bolivia's current government is working to undo many of the hard enacted changes from the 1980s and 1990s, the findings' policy implications are especially pertinent today.

Poverty and its Dimensions

Simply said, poverty is the inability to afford or obtain resources necessary to maintain a respectable level of living, such as access to water and sanitation facilities, healthcare, or education. Nearly one-third of all African workers were salaried in 2017, with many of them working in the private sector, according to ILO statistics (ILO, 2018). The standard of living for these workers is determined by their pay level, and poverty prevalence is frequently strongly correlated with low income levels. In fact, in 2017, almost 56% of all African workers lived in moderate or extreme poverty, earning less than $3.10 per day. This indicates that labour income in Africa is frequently insufficient to raise people above poverty levels.

Absolute Poverty VS Relative Poverty

When household income falls below a specific threshold, it is referred to as absolute poverty. As a result, the individual or family is unable to provide for their fundamental necessities, such as food, shelter, clean drinking water, healthcare, education, etc. People living under the poverty line are unaffected by the nation's economic growth in this level of poverty. Households are compared according to a predetermined income threshold in absolute poverty. Additionally, this degree differs from nation to nation based on the general state of the economy. A household is considered to be in relative poverty if its income is 50% below the average. Therefore, while they do have a little cash, it is still insufficient to cover anything beyond necessities. However, this kind of poverty is subject to alter based on the nation's economic development. Because those who fall into this category do not live in absolute poverty, relative poverty is frequently referred to as "relative deprivation." However, their quality of living is not comparable to that of the rest of the nation. It could be a safe home (a balanced setting that is free of abuse or neglect), clean clothes, TV, internet, or even education. Additionally, relative poverty may not go away. This implies that certain families will never be able to enjoy the same quality of life that other members of the same cultural group currently enjoy. In essence, they are "trapped" in a box with a low relative income. Persistent poverty is another idea that must be investigated when measuring poverty using the relative approach. Every two out of three years, households experience incomes that are 50 or 60 percent below average. Chronic poverty is a crucial idea to keep in mind since it has more significant effects on social and economic circumstances over the long run.

Multidimensional Poverty Index

The United Nations Development Programme's Human Development Report and the Oxford Poverty and Human Development Initiative (OPHI) collaborated to create the MPI, a measure of severe global poverty (for further information, see Alkire and Santos 2010, 2014; Alkire et al. 2011, 2013; UNDP 2010). The index is a member of the Alkire and Foster (2007, 2011) family of metrics. It is specifically a use of the modified headcount ratio. It entails choosing the unit of analysis (household), figuring out which set of indicators they are simultaneously depriving of, and compiling their poverty profile into an average deprivation score. If their deprivation score is higher than a cross-dimensional poverty cutoff, they are classified as multi-dimensionally poor. The "intensity" of poverty, or the number of impoverished people and their poverty score. The MPI employs data from ten variables that are arranged into three dimensions—health, education, and living standards using the same dimensions and weights as the Human Development Index (HDI), as shown in Table 1.

Table 2: The Dimensions, Indicators, and Deprivation Cut-offs

Dimensions of poverty	**Indicators**	**Deprived if**
Education	1.Schooling Years of Child. 2.Attendance in School	1. No one in the household has finished five years of education. 2. Up until class 8, no child of school age is enrolled.
Health	1.Mortality of Child 2. Nutrition	1. Has there been a death in the family? 2. Malnutrition affects any adult or kid for whom nutritional data is available.
Living Standard	1.Electricity 2. Better Hygiene 3. Better drinking water; 4. Better flooring; 5. Fuel for cooking 6. Possession of assets	1. There is no electricity in the house. 2. The sanitation facilities in the household are either not upgraded in accordance with MDG requirements or are upgraded but shared with other households. 3. The household does not have access to safe drinking water, which is more than a half-hour walk from home, or improved drinking water, as defined by the MDG requirements. 4. The floor of the house is made of dung, sand, or dirt. 5. The family uses charcoal, wood, or manure to cook. 6. The household does not own a car or truck, nor does it own more than one radio, TV, phone, bike, motorbike, or refrigerator.

4.0 Discussions

The Nexus between Trade Liberalization and Poverty

It follows that trade liberalisation has numerous advantages. In the long term, trade is especially important since it makes a greater range of goods available and encourages export and domestic production diversification, which guarantees growth and creates jobs in the fight against poverty. For policymakers, minimising the unavoidable negative gaps brought about by liberalisation is more important than determining whether liberalisation will help reduce poverty. Through increased competition from foreign enterprises, liberalisation may exacerbate poverty in countries where the bulk of the workforce is employed in extremely concentrated import sectors. Conversely, if there is excessive concentration in export industries, the opposite may occur. As a result, the variable of production's mobility is crucial and needs to be taken into account when formulating policies (World Bank, 2022b). Particularly in emerging nations, there may be a brief time following liberalisation during which self-employed and agriculturally specialist households see an increase in poverty. This situation would alter, though, as there would be a greater need for unskilled labour, which would raise wages and reduce poverty. In less than 25% of the sample countries, the short-term poverty effects of complete liberalisation of the grain trade are discernible at the national level. Additionally, as the WTO has demonstrated, monitoring and allowing time for transition periods like the ten years granted to developing nations to lower agricultural tariffs—are useful in smoothing the economy into liberalisation. Because of this flexibility, governments can relax limitations, lower adjustment costs, and enable businesses and employees to implement changes more successfully. Therefore, the overwhelming majority of the findings indicate that liberalisation does not considerably alleviate poverty in answer to the initial queries of whether it would do so and if the two are simultaneously maximised. Liberalisation has little effect on increasing export growth when the criteria are evaluated. Trade liberalization's impacts increase imports, which might only increase export output if production uses imported inputs. In terms of employment and opportunity, liberalisation will first result in high unemployment rates as trade barriers are lifted, endangering the stability of domestic businesses and leading to layoffs. In the long run, though, there might be more job prospects as businesses grow under pressure from competition and may spur local innovation, which would result in the creation of new jobs. The likelihood that developing nations will be able to secure enough capital to compete with lower overseas pricing, however, is debatable and illustrates the lengthy process that would be required to fully benefit from liberalisation. Finally, more liberalisation will probably result in higher production. Facilitating imports increases capital flow and accelerates the transition of industrialised to developing economies. Liberalisation will increase capital and labour productivity by introducing machines into manufacturing and facilitating improved worker training through education and technology. Trade liberalization's long-term advantages will surely spur growth. But doing so comes at a high cost and could make the issues that lead to poverty worse. When implementing liberalisation strategies, there are many factors to take into account, and the difficult times must be contained in order to enjoy the rewards.

To put it briefly, the following factors can be taken into account in order to benefit from liberalisation:

• The economy's labour and good mobility structure;

• The government's assistance in enforcing suitable domestic policies to ensure gains from open trade;

• The pace and manner of liberalisation;

• The readiness to benefit from productivity and technological advancements for domestic development; and

• Factors groups that are likely to gain and lose from trade (Lindert & Pugel, 1996).

The advantages of trade liberalisation won't be fully realised without a comprehensive grasp of these factors, particularly given the risk it poses to other societal problems like growth in urbanisation, poverty, labour exploitation, etc. Given that it is challenging to determine the precise degree of poverty, it is evident from this research that the effects of openness on poverty levels vary. To fully gain from trade, society must learn from past mistakes, but it is also evident that the bad effects of liberalisation can be lessened.

Theoretical Linkages between Trade and Poverty

It would be straightforward to draw basic empirical regularities between trade liberalisation and poverty if both could be readily assessed and if liberalisation could be recognised as the primary economic shock in several historical examples. We are forced to look at incomplete evidence on specific aspects of the argument because, regrettably, none of these requirements are met. Understanding the potential pathways through which these effects can manifest is crucial for understanding this data in terms of how trade affects poverty and for developing strategies to mitigate any negative consequences. Although the main focus of this section is the beneficial effects of trade policy and poverty (i.e., the facts as best we can deduce them), these are ultimately important solely because they provide insight into the normative question of "what should we do." According to the discussion, trade liberalisation may affect poverty in a variety of ways. It is crucial to consider how international trade policy might be used to support national policy if reducing poverty is one of its main objectives. This section quickly examines a number of potential policy solutions, beginning with trade policy and progressing to a wide range of what I refer to as complementing policies. It begins by restating that trade-offs occur even in the context of poverty; nevertheless, it does not address the trade-off between poverty and other objectives.

Trade Policy

First, think about how reforming trade itself could be handled from the standpoint of poverty. "Don't do it" is one unsatisfactory reaction to the concern that trade liberalisation leads to poverty. Although it has been challenging to scientifically separate the impacts of liberal trading on growth in the economy, most people agree that it plays a significant influence. In addition to providing immediate benefits, it is crucial to the set of policies intended to guarantee market efficiency and competition as well as openness and predictability in the formulation of public policy. Therefore, liberal trade eventually helps to reduce poverty and ought to be part of the government's arsenal of anti-poverty measures.

"Don't do it all: even though everyone supports liberalisation in general, some industries or goods should be excluded," is another response. In actuality, every nation has certain exceptions, such as in European agriculture and American apparel, but it does not always imply that they are sound economic systems. Undoubtedly, there are instances in which a single trade intervention might improve immediate economic well-being and/or reduce poverty. However, it is unlikely to be advantageous overall to try to pursue these cases due to the challenges of discovering them, preventing interest groups from capturing them, and avoiding the broader message that advocating for intervention pays. Therefore, the argument for arranging a number of exceptions is weak, even though one does not have to go all the way to free-trade in order to gain from liberalism. The effectiveness of such interventions requires very solid evidence, which is generally lacking. It is not compelling to merely make reference to East Asian experiences. Their trade interventions were undoubtedly significant and advantageous (Lee, 1996, implies the exact reverse for Korea), and it is far from apparent that other nations have the institutions necessary to effectively emulate East Asian policy orientations.

"Don't do it now" is a third response. In some situations, this can be a more helpful approach. For instance, trade reform during a recession appears to be more likely to have longer-lasting temporary unemployment than reform during a boom; in cases where investment is required to enable the manufacture of goods of export grade, it may be preferable to give it time to take place. However, there is a huge difference between delaying liberalisation because "the time is not ripe" and sticking to policies with lengthy adjustment periods. Assurance that reform will truly take place is crucial. The costs of adjustment may be reduced if it can be spread out across time, but they will likely increase if it is rejected in the hopes that the risk of liberalisation would pass. It is noteworthy that several trade reforms, such as the Kennedy Round tariff cuts, the ASEAN Free Trade Agreement's anticipated tariff cuts, and the EEC's implementation of free trade, have advanced after they were first introduced—typically at the request of the private sector. This probably reflects the desire of industry to quickly adapt once it is acknowledged that reform will take place.

Judging Policy

To participate in the discussion, one must have a standard by which to evaluate policy. It is useless to conduct any analysis if that is to denounce any shock that results in a drop in income for even one person. All programs will fail this test because of the heterogeneity of families and the significant redistributive nature of trade policy inside domestic economies. In poor nations, even the demand that no household experience temporary poverty is probably too onerous to allow for any action. It is more appropriate to take the more utilitarian stance that fewer households (or individuals) should live in poverty. However, even this requires consideration of the extent of poverty and the various ways that various aspects of poverty react to shocks. In real-world situations, it's also critical to keep in mind that it's simpler to pinpoint trade policy losers than possible winners. While the benefits of reform are diffuse and seem just hypothetical and prospective, the losers are recognisable, tangible, and personified—Krueger (1990a). Only a small percentage of situations allow one to have faith in the sectors that will benefit (such as when high export taxes are eliminated), and even then, it is nearly impossible to predict ex ante which workers will fill the new positions and/or receive pay increases, even though one may be able to pinpoint capital or owners of resources who stand to gain. It is simple to see how opinions towards liberalisation policy are biassed towards dislike when you combine this with the innate tendency to lay more weight on (and hence be more vociferous about) welfare reductions than on equal increases. Furthermore, compared to the middle and upper classes, the impoverished typically have a far lower ability to express their concerns. All of this should not be seen as implying that all opposition to trade liberalisation is erroneous and prejudiced, but rather as an alert that the sheer number of opinions does not always accurately reflect the actual benefits of a change in policy. It also re-emphasizes the importance of political leadership in explaining the relative merits of different policies, even difficult and subtle ones like trade liberalization.

Specific Compensatory Policies

It is reasonable to wonder if society can directly counteract the impact of trade liberalisation if it results in poverty among some segments of the population. The expense, transparency (and the transparency of their misuse), and the impression that they don't accomplish much to address "the problem" that people encounter make simple budgetary transfers unappealing to governments, despite their theoretical appeal to economists. Instead, if aid is provided at all, it is typically in the form of temporary income support, relocation aid, and retraining. In actuality, even these strategies encounter significant challenges, even if they most likely do have a role to play. In any event, official retraining has had varying degrees of success; even worse, it can be difficult to distinguish between situations where trade is at fault and those that are not. The identification of examples is therefore a significant challenge unless one is prepared to underwrite nearly any adjustment. However, it is most unappealing to make a universal promise to pay people for negative shocks. It can be very expensive and transfers private risks into the public sector, which has all the difficulties that come with people taking on more risk since they get the profits while the government bears the losses. The state is not obligated nor able to absorb every adverse shock that people may experience. However, it is challenging to argue morally that some trade shocks call for adjustment aid while others do not. Giving remuneration in a way that promotes rather than inhibits adjustment is an additional challenge. Although the main goal of European agricultural policy is to shield farmers from the effects of their decreased ability to compete in the food production market, it also has the unintended consequence of rewarding present and former farmers. Since compensation is only given to farmers who continue to operate their farms, it has the effect of promoting farming as an activity even though it is no longer directly correlated with farmers' present outputThe government can demand and possibly even fund redundancy benefits in situations where trade liberalisation results in employment losses. As demonstrated by Zimbabwe's so-called "new poor," who failed to spend their money wisely and ended up among the destitute, these can assist some people avoid poverty, but they are not a guarantee of doing so (Oxfam—IDS, 1999).

Complementary Policies

Policies that would be beneficial to have in place or to execute concurrently with trade liberalisation are known as complementary policies. They are intended to reduce adjustment stress and assist households in avoiding poverty by giving them a higher level of economic viability rather than providing direct compensation.

Neoclassical Growth Theory

After World War II ended in 1945, during the boom years of the 1950s and 1960s, it seemed like Keynesian macroeconomic fiscal and monetary policies were effective. The "Phillips curve" was developed to convince people that the government could maintain a low unemployment rate with only a small amount of inflation (Rugina, 1999). Furthermore, by developing the theory of expectations and the real business cycle, the "neoclassical economic theory" attempted to approach Keynesian economics. This theory addresses a number of contemporary issues pertaining to financial and social activities, including money and banking, organised securities, foreign exchange markets, big company holding companies, trade organisations, organised labour, etc. The framework offered by neoclassical economics, which arrived in the 1870s, focused on behaviour selection when examining the statistics model's unique perspective on quantitative response processes rather than the qualitative mechanisms underlying technological change (Debraj, 1998). But during the Second World War, technological advancements transformed from a static quantitative model to one that increased factor inputs, as indicated by a higher rate of economic growth (Brinkman and Brinkman, 2001). Neo-classical growth theory was used in the 1960s, and its approach to long-term growth modeling—driven by growing returns—was widely accepted by the public. Examples of this theory include Ramsy (1928), Arrow (1962), Cass (1965), Koopmans (1965), Solow (1956), and Swan (1956). According to this type of framework, the neo-classical model assumed smooth elasticity of the connection between the inputs and that the production of consumption would increase as an outcome of the stock of knowledge growing within a constant return to scale that returns to each input (capital and labour). For example, Arrow (1962) contended in his "learning-by-doing" concept that technological advances are improved and that increased productivity is the consequence of the cumulative effect, which will also encourage industry investment because investment should lead to the discovery of new knowledge. But according to Arrow's model, there are two potential issues that could arise and raise any growth rates in the model of growing returns:

- Existing competitive equilibrium
- The function of capital and labour increase returns to scale

Smith (1776) noted how economies of scale and the idea of specialisation of labour contributed to technological advancements in the form of "learning by doing" or "learning by using" in the process of national prosperity. Furthermore, it has been suggested that learning-by-doing has widened the main gap between more and less developed nations, according to a number of studies (Lucas 1988; Stiglitz 1987; Rommer 1986). As a result, "learning-by-doing" improved human capital and knowledge stocks, as well as other aspects like yield quality.

Comparative Advantage

Theory of Trade The argument against the absolute advantage idea, according to Ricardo (1817), was that certain nations might have an edge in several areas because they are better at producing both products. On the other hand, another nation might not have any tangible advantages. English economist David Ricardo developed the notion of comparative advantage in 1817 as a response to this dilemma. Ricardo reasoned that commerce and specialisation between two nations could still take place even if Country A had a definite edge in product manufacturing. When a nation can create a product better and more efficiently than it does other things, but cannot produce it more efficiently than another nation, it has a comparative advantage. These two hypotheses differ slightly from one another. While absolute advantage considers absolute production, comparative advantage concentrates on relative productivity disparities.

Structuralist and Dependency Theory Critiques

Economic rigidity and policy failures have been cited as criticisms of structuralist and dependence theories. Raul Prebisch and other structuralists supported import substitution industrialisation (ISI) and highlighted external limitations on development. Critics counter that this strategy produced ineffective, unsustainable industries by undervaluing internal variables including bad governance (Toye, 1987; Krueger, 1978). Growth and innovation in the private sector were frequently hindered by excessive state interference (Lal, 1983).

Dependency theorists like Samir Amin and Andre Gunder Frank believed that exploitative global capitalism was the cause of underdevelopment. However, the theory has come under fire for disregarding local agency and depicting developing nations as passive (Evans, 1979). Its fundamental presumptions are called into question by the growth of East Asian economies, which were made possible by global integration (Kohli, 2004). Furthermore, the analytical depth of the theory is diminished by its Marxist orientation and disregard for internal class dynamics (Cardoso and Falleto, 1979; Leys, 1976). Despite their influence, both theories have mostly been superseded by more adaptable, empirically based frameworks that take internal and external dynamics into consideration.

Global Value Chains and their Distributive Effects

Global value chains (GVCs), which show how industrial processes are dispersed across several nations, have emerged as a key component of international trade. The term "global value chains" describes the entire set of actions taken by businesses and employees to take a product from its inception to its final use and beyond. Design, production, marketing, distribution, and customer service are all included in this (Gereffi and Fernandez-Stark, 2016). GVCs have emerged as a key component of international trade as a result of trade liberalisation, allowing nations—especially low-income ones—to engage in production segments without having to establish entire industries. Because it can give access to global markets, technology, and knowledge, participation in GVCs is frequently marketed as a means of achieving economic growth and reducing poverty. Integration into GVCs provides low-income nations with chances for foreign direct investment, job creation, and higher productivity (Taglioni and Winkler, 2016). The global value chain's distributive impacts, however, are extremely unequal and rely on the type of participation, the institutional setting, and the extent of value capture. Many low-income economies are still stuck in low-skilled, low-paying segments, even if some nations have profited from upgrading inside GVCs by shifting from low-value to higher-value occupations. This leads to poor ties to the local economy and restricted income gains, which can worsen already-existing disparities (Kaplinsky, 2000). Furthermore, structural weaknesses like reliance on a small number of exporters and susceptibility to outside shocks can be strengthened by GVCs. As a result, even though GVCs may be advantageous when trade is liberalised, their distributive effects are not always favourable. To guarantee more equal results from GVC participation, targeted policies like worker protection and skills development are essential (UNCTAD, 2020).

Transmission Channels

Global trade expansion and trade liberalisation have long been acknowledged as effective means of fostering economic growth, especially in low-income nations. There are both direct and indirect ways in which trade and poverty alleviation are related.

Trade → Growth → Poverty Reduction (Indirect)

Through boosting export earnings, boosting economic activity, and raising national income levels, trade expansion indirectly contributes to the eradication of poverty. Countries that open up to global markets frequently see more dynamic growth, which, provided the advantages are shared fairly, can enhance living standards. According to Sachs and Warner (1995), open economies grew more quickly than closed ones, and when pro-poor policies were implemented, this faster growth resulted in a decrease in poverty. Similarly, Dollar and Kraay (2004) discovered a favourable correlation between trade openness and income growth, particularly in emerging nations where government spending on infrastructure, health care, and education enables the impoverished to gain from economic progress. Harrison (1996) also noted that trade liberalisation is associated with increasing national income over time in developing economies, highlighting the role of trade as a driver of economic growth.

Trade → Employment, income, prices → Poverty (Direct)

Trade has a direct impact on poverty by affecting consumer prices, earnings, and employment. In export-oriented industries, which are typically labour-intensive in developing nations, increased trade results in the creation of jobs. For low-skilled workers, this may result in increased employment and better pay (Winters et al., 2004; Goldberg and Pavcnik, 2007). But trade can also force workers out of less competitive industries that compete with imports, which calls for tailored social protection programs and labour mobility. The extent of flexibility in the employment market and the economy’s sectoral structure have a significant influence on salaries.

Trade liberalisation can assist impoverished people that spend a significant portion of their income on consumption in addition to creating jobs by lowering the cost of imported items. Nicita (2019) discovered that in a number of developing nations, household welfare increased as a result of trade-induced drops in consumer prices. Similarly, Porto (2006) demonstrated that by raising the actual earnings of impoverished consumers, lower prices brought about by trade reform contributed to the reduction of poverty in Argentina. However, if the impoverished are concentrated in sectors that are adversely impacted, the gains may be outweighed by income losses, and the distributional impacts of these price effects may be uneven.

Historical Overview and Evolution

Since the 1980s, trade liberalisation in low-income nations has changed significantly, primarily due to changes in the global economy and the growing belief in free markets. The idea that lower trade barriers would promote economic efficiency, growth, and poverty alleviation propelled the push for trade openness. Many low-income nations saw a significant change in their trade policy in the 1980s as they moved away from import substitution and inward-looking measures and towards outward-oriented trade liberalisation. Macroeconomic crises played a major role in this shift, which was further supported by the ideological domination of neoliberal economic principles that were supported by Western organisations. In order to promote native businesses by enforcing high tariffs and limiting imports, several low-income nations first implemented import substitution industrialisation (ISI) methods during the post-colonial era. These policies, however, have resulted in unproductive businesses, trade imbalances, and unsustainable fiscal deficits by the late 1970s and early 1980s (Rodrik, 2001). As a result, the countries sought aid from the World Bank and the International Monetary Fund (IMF), which called for fundamental changes including trade liberalisation. This reform was implemented in three stages: first, quotas and tariffs were reduced; next, export promotion and institutional adjustments were made; and finally, regional and global integration was the final stage. The World Bank and IMF-imposed structural adjustment programs were a key liberalisation tool during this time. Trade liberalisation, privatisation, and fiscal austerity were among the macroeconomic reforms that these programs required in order to get financial aid (Mosley et al., 1995). Despite opening up economies, SAPs were frequently blamed for escalating poverty and undermining homegrown industry. Trade liberalisation was further institutionalised in 1995 with the creation of the World Trade Organisation (WTO), which provided a global framework for lowering tariffs and resolving trade disputes. Although they still have little negotiating influence inside the WTO, low-income nations were urged to conform to international trade standards by joining the organisation (Hoekman and Kostecki, 2009). Furthermore, regional trade agreements (RTAs) like the South African Development Community (SADC) and the Economic Community of West African States (ECOWAS) have become important tools for trade liberalisation. Enhancing intraregional trade, promoting economic integration, and offering protection from shocks to the world market were the objectives of these agreements (Elbadawi, 1997).

Case Studies

The Case of Latin America VS East Asia

Trade gives developing nations the chance to boost economic growth, enhance welfare, and lower poverty, particularly in labour-intensive major export sectors like agriculture and basic manufactured commodities. As trade barriers decline, better products, options, and prices are made available to domestic markets. Low-skilled people are likely to be employed by export-oriented businesses, which will help to alleviate poverty. (Kebede et al., 2011). The shift from socialist, planned economies to ones focused on the open market symbolises the failure of liberalisation efforts in Latin America. On the other hand, East Asia's entry into the competitive global arena was facilitated by the removal of trade restrictions and tariffs. Trade policies were focused on import substitution with high and escalated tariffs and a high incidence of non-tariff barriers, even though both regions shared characteristics, such as export structures that were concentrated in natural resources. This raised concerns about the stark differences in liberalization's success (Duran et al., 2008). Given that both nations impose restrictions on labour-intensive industries like oil and agriculture, the Dutch Disease, monetary policies, political stability, and the rate of change are primarily to blame for the disparity in results. The Dutch illness is mostly to blame for the disparity between the results of liberalisation in East Asia and Latin America. This discrepancy is characterised by the long-term overvaluation of the currency in nations that may export goods at a significantly higher exchange rate than those whose manufacturing firms use the best technology available to remain competitive (Duran et al., 2008). To put it briefly, the issue is that an overvalued exchange rate results from high demand for a single item, which makes it difficult for other exports in the nation to have competitive prices. Latin America's substantial oil reserves contributed to the region's currency's sharp increase. For a brief time, import taxes were required in East Asian nations since their industrial sectors were still in their infancy, but they were also utilised in Latin America to combat Dutch disease (Bresser-Pereira, 2019As a result, taxes were applied more rigorously and securely, making it impossible for businesses in Latin America to thrive without protection when they were eliminated, while manufacturing-dominated East Asian nations were able to draw in more foreign direct investment (FDI) and expanded access to markets. The lack of competitive advantage and the impending threat of economic issues like inflation led to increased unemployment and negative economic effects. In contrast to Latin America, East Asian economies were more diversified, which made them more resilient to shocks and changes and allowed them to benefit from increased trade. In 1978, the turning point of growth per capita divergence began.

Their liberalisation policy failed in part because of how quickly the Latin American region liberalised. The cover age ratios of non-tariff barriers (NTBs) in several Latin American nations remained as high as 60% in the early 1990s, notwithstanding East Asia's reduction of NTBs in the 1980s. Industrialisation and other structural changes were the main drivers of prosperity for Latin American nations; the allure of trade liberalisation led to the swift elimination of trade restrictions, which ultimately led to the collapse of the economies. Since the mid-1980s, there has been a lack of growth and a nearly constant decline in the employment rate in Latin America due to the industrial structure shifting towards sectors based on natural resources in six of the eight countries in the region (Bresser-Pereira, 2019). In stark contrast, despite the Asian financial crisis, East Asia "increased manufacturing employment." Preference erosion, defined as the "decline in the competitive advantage that exporters enjoy in foreign markets as a result of preferential trade treatment," serves as another example of this (Bresser-Pereira, 2019). The WTO's most-favorable-nation (MFN) principle causes countries that experience increased liberalisation to experience growth, which may result in a reduction in preferential treatment. As a result, the removal of special conditions may make it more difficult for the country's industry to survive on a global scale. The issue of increased liberalisation disproportionately affects countries that are least developed (LDCs) and developing countries because it makes it difficult for them to access economies of scale and maintain their competitiveness when they enter the global market by taking away the preferential treatment and support that was initially provided. Last but not least, the Latin American liberalisation plan failed in part because of the absence of political and economic stability. Asia had a more secure administration and a unified, strictly enforced economic plan, whereas Latin American institutions were driven to pursue inward growth plans from the outset. In contrast to Latin America's unstable and overpriced exchange rate, hyperinflation, and high interest rates, East Asia also had significant macroeconomic stability due to its competitive exchange rate, low inflation, and interest rates. The debt crisis of the 1980s was sparked by the shift in the economic landscape as Europe and North America started raising interest rates, and the monetary policies of nearly zero percent interest rates created the ongoing inflation problem and rapid borrowing from Latin American banks (Duran et al., 2008). Moreover, political instability was sparked by the shift from strictly regulated planned economy to liberalisation.

The Role of IMF, World Bank, and Development Partners in Pushing Liberalization Agendas

Through development financing and structural adjustment initiatives, the IMF, World Bank, and other development partners have been instrumental in advancing liberalisation agendas. Loans and assistance from these organisations are frequently contingent on the adoption of policies that prioritise deregulation, privatisation, and market liberalisation. Benefits like more commerce and investment have resulted from this, but there have also been drawbacks, especially in relation to social and economic inequality.

1. The role of the World Bank and IMF:

Conditionality: The World Bank and IMF frequently impose requirements on recipients of their loans and financial aid, such as the implementation of particular economic policies. Liberalisation initiatives including trade liberalisation, state-owned firm privatisation, and market deregulation are commonly a part of these strategies.

Encouraging Market-Oriented Reforms: These organisations support measures that lessen government involvement in the economy, encourage private sector involvement, and allow for global competition in marketplaces.

Technical Support and Capacity Building: To assist nations in implementing these reforms, the IMF and World Bank offer technical support and capacity building, frequently with an emphasis on structural reforms, fiscal management, and macroeconomic stability.

2. The Role of Development Partners:

Bilateral Aid and Debt Relief: Development partners and bilateral aid organisations also contribute to the advancement of liberalisation agendas, sometimes by means of debt relief programs that are connected to policy changes and tied aid, which is aid that is dependent on the purchase of goods or services from the donor nation.

Supporting Private Sector Development: Development partners frequently concentrate on aiding the expansion and investment of the private sector in recipient nations. This can be done by offering funding, technical support, and policy recommendations.

Public-Private Partnerships: PPPs, or public-private partnerships, are becoming more and more important in the development industry. They can involve the private sector in infrastructure projects and other sectors that are typically managed by the public sector.

3. Liberalisation Agendas' Effects:

Increased Trade and Investment: Trade and investment flows have frequently increased as a result of liberalisation measures, especially in industries where international competition has been allowed.

Economic Growth: By encouraging competition and drawing in foreign investment, liberalisation has occasionally aided in economic growth.

Empirical Evidences on Trade Liberalization and Poverty Reduction

The empirical evidence on trade liberalisation and poverty is mostly restricted to case studies due to the intricacy of the relationships between these two topics. Computable-general equilibrium (CGE) models are used in some studies to track how trade policy affects the poor. A joint Oxfam-Institute of Development Studies study on Zimbabwe's cotton market liberalisation in the late 1980s and early 1990s shows how liberalisation may affect the poor (Winters 2000). The government was a monopsony buyer (a single buyer facing numerous sellers) of cotton from farmers prior to liberalisation. It also subsidised inputs into the textile sector by using low producer prices, which decreased the incomes of tiny, impoverished farmers. Price controls were removed as part of the liberalisation process, and the marketing board was privatised. Higher prices and more competition among the three main buyers not just in terms of price, but also in terms of offering small landholders extension and input services were the outcomes. The reverse outcome occurred in Zambia when the maize market was liberalised. Prior to liberalisation, the mining industry provided cross-subsidies to maize producers, which significantly reduced input costs. Furthermore, prices that were set by a parastatal company—a company that receives government funding but is not officially affiliated with it—acting as a monopsony buyer and were consistent throughout the nation and all seasons subtly subsidised tiny producers in remote places. Small farmers, particularly those in outlying locations, were badly impacted by price swings after the parastatal was privatised and subsidies were eliminated, whereas larger farmers near national markets observed no discernible change in market circumstances. Additionally, distant rural corn markets vanished entirely due to a severe decline in transportation infrastructure, leaving impoverished farmers without official sources of revenue. Initial restrictions in Zimbabwe were comparable to an export tax that suppressed competition and maintained low producer prices. The elimination of these "taxes" benefited exports' net suppliers. Nonetheless, in Zambia, the limitations were comparable to an import tariff that gives native manufacturers (and consumers) a subsidy for competing imports. Producers of the import-competing goods saw a drop in revenue once the tariff/subsidy was removed, and at the worst, uncompetitive home production vanished. As Winter notes, a more significant difference between these two situations is that, in Zambia, liberalisation led to the demise of functional markets for the produce of the poor, whereas in Zimbabwe, it created markets in which the poor could participate and improved market performance. According to this study and others, trade reform generally raises the income of the poor overall, and the costs of transition are typically minimal in comparison to the total advantages.

However, there are instances in which liberalisation has detrimental and notable short-term impacts on the impoverished and others. While it is impossible to completely rule out these adverse outcomes, it is crucial to acknowledge that they have frequently been influenced by the early protective patterns. It is also crucial to remember that the majority of studies are based on a short-term outlook, which precludes any adjustments to investment or the economy's development trajectory. The most important advantages of liberalisation, however, are dynamic gains, such as more efficient patterns of investment and technological dissemination. L ikewise, the results of complementary policies that make it easier to adjust to the new free-trade a state of equilibrium are not included. For all these reasons, the studies are likely to understate the benefits of liberalisation, especially for the poor, and greatly overstate its costs. The detrimental distributional consequences of pricing changes brought on by trade liberalisation can be greatly outweighed over the medium term by increases in investment and economic development. Regarding regional trade agreements, recent empirical research from developing nations as a whole confirms this negative conclusion, but it also reveals that widespread trade liberalisation does accelerate growth. According to research by de Melo, Panagariya, and Rodrick (1993), there is no proof that regional integration among developing nations has a positive impact on income and growth, with the exception of the Southern African Customs Union (SACU), where favourable growth effects were observed for Swaziland, Botswana, and Lesotho. Vamvakidis (1999) examines 109 instances of membership in 18, regional trade agreements between 1950 and 1992 and comes to the conclusion that they have had a detrimental effect on the rate of member growth. Additionally, Vamvakidis examines 51 cases of broad liberalisation and concludes that liberalisation has accelerated the growth of nations. There are two ways to measure trade openness, or liberalisation. One is the ratio of total commerce (exports + imports) to GDP, which is the standard metric employed in a large portion of the literature on "new" growth theory. The second is the openness ratio, often known as the Sachs-Warner (1995) ratio. According to Sachs and Warner, an economy is considered "open" if each of the five requirements listed below is satisfied: (i) a tariff rate of less than 40 percent on average; (ii) average non-tariff barriers equal to a tariff rate of less than 40 percent; (iii) a premium of less than 20 percent on the black market exchange rate; (iv) no communist regime; and (v) no state monopoly of significant exports. A country's exact year or years of trade openness can be determined using these criteria. To examine the impact of trade liberalisation or membership in a regional trade agreement (RTA) on growth, a cross-country growth equation of the following form must be specified:

$$g = a + b_1 \text{ (initial GDP per head)} + b_2 \text{ (population growth)} + b_3 \text{ (schooling)} + b_4 \text{ (growth of world GDP)} + b_5 D_1 + b_6 D_2$$

Where D1 is a dummy variable if the country participates in an RTA; and D2 is a dummy variable for the Sachs-Warner openness variable or the trade share variable. Growth (g) is measured taking five year averages over the period 1950-92. For both trade liberalisation metrics, the dummy variable is substantial and positive. According to the findings, countries grow 1.5 percentage points quicker on average following liberalisation, and a 10 percent rise in trade share results in a 0.56 percentage point gain in growth rate. The RTA dummies variable is negative when the same equation is estimated across RTA member nations. When the GDP investment share is used as the dependent variable, the same outcomes are obtained. The investment share is 2.7 percentage points higher after liberalisation, however it decreases when one is a member of an RTA. The fact that, overall, trade diversion is more potent than trade development must be the cause of RTAs' poor outcome. In a different study, Vamvakidis (1998) attempted to calculate the impact of adjacent countries' size and openness on growth and discovered that nations with large, open economies as neighbours expand more quickly. Size is less important than openness. There are additional benefits to being close to a developed nation. Due to its mostly tiny and highly protected economy and relative isolation from the industrialised economies of North America and Europe, sub-Saharan Africa is at a disadvantage in both areas. According to an empirical study conducted by the Bank generally, inadequate liberalisation and improper execution of liberalisation and adjustment programs are to blame for trade liberalization's inability to meet development goals, especially in the case of Africa. The government is frequently held accountable for improper macroeconomic policies or for the improper timing and pace of liberalisation (see, for example, World Bank 1994 and Husain and Faruqee 1994). "Import liberalisation, if done too quickly, may decrease the profitability of locally owned companies competing with imports," Bank employees acknowledge in the latter report. However, neither the consistent liberalisation of various activities inside a country at any given time nor the suitability of global trade liberalisation for all countries at all stages of development are ever seriously questioned. With rare exceptions, the neo-liberal critics likewise frequently overlook this element. The unusual cases—Helleiner (1986), Michaely (1977), Wheeler (1984), Shafaeddin (1991 and 2005), Singer and Grey (1998), and others—allow for nations with varying degrees of industrialisation and progress. Furthermore, when it comes to the effects of trade liberalisation, Lall et al. (1994, Chapter 7) are among those who differentiate between four categories of activity within a nation.

Positive Impacts

As previously mentioned, trade liberalisation promotes better trade between nations, which in turn supports the goal of globalisation. Countries often gain from trade openings because they are able to sell more and purchase more. Trade benefits both parties. In other words, the pursuit of economic wellbeing that accompanies improved growth, the distribution of limited resources, and economic efficiency are all enhanced by liberalisation. The reduction of poverty is directly aided by all of these improvements.

It was estimated that trade liberalisation will help lift 140 million people out of poverty by 2015, with 67% of the USD$90 billion to $200 billion in welfare gains going to developing nations (Fernández de Cordoba, 2015). In particular, a 33% global tariff reduction in manufacturing would result in a US$107.4 billion increase in global trade volume, with poor nations receiving roughly 95% of the welfare gains. Fighting the claim of disproportionate trade growth requires addressing how the benefits of more trade freedom are distributed to developing nations; it is clear that there is a "two-way gain" as a result of liberalisation. By decreasing market inefficiencies in global markets and "due to lower price shifts on agricultural products," more liberalisation also helps to stabilise and raise farmers' incomes (Gnangnon, 2019). By encouraging export diversification, this increased stability and predictability against the implementation of trade restrictions will lower poverty rates. Aid for Trade, a World Trade Organisation (WTO) led program that promotes developing nations to build infrastructure and technical ability and acknowledge the advantages of trade for their economy, is one instance of this long-term benefit. In an effort to diversify exports and gain a competitive edge, this promotes "trade opening" (World Bank, 2022b), which in turn leads to the growth of manufacturing capabilities via investments in industries and sectors. Additionally, it aids with transition by reducing excessively restrictive policies and allowing trade. As a result, the program lowers the costs of lowering tariffs while simultaneously lessening the impact of internal trade barriers like bureaucracy, ignorance, inadequate infrastructure, and financing. It also helps by lowering the obstacles to migration across areas, such as inefficient transportation and energy supplies. Among the 111 aid-for-trade case stories, poverty decreased by 18% to 19%, demonstrating the significant benefits (Hynes & Lammersen, 2017). From 2011 to 2014, a total of USD 9.5 billion was invested annually for this effort, which focused on agriculture, a prevalent issue in nations with higher rates of poverty. The countries were able to expand their agricultural exports and trade as a result of this enhanced development, which decreased the likelihood of food insecurity and poverty in rural areas.

Increased employment possibilities and efficiency in rural areas, as well as improved infrastructure that improves connection and benefits the agriculture sector, which contributes significantly to the GDP of emerging nations, are the reasons for this decreased level of poverty. By supporting agriculture and related industries, a nation can take use of its relative comparative advantages, which increases trade opportunities (Hynes & Lammersen, 2017). By lowering trade expenses for Small and Medium Businesses (SMEs), aid for trade promotes female participation and gender equality by encouraging workforce growth and wage increases. Since women own the majority of SMEs, the percentage of women living in poverty has decreased more than that of men, from 10.6% in 2018 to 12.9% in 2021 (Progress, 2021). According to the Heckscher-Ohlin theory, liberalisation encourages a nation to reallocate its resources to its most abundant factor. As a result, countries with abundant capital and relatively scarce labour will typically import labour-intensive products and export capital-intensive ones, thereby increasing exports. The distribution of resources for trade to these sectors will encourage growth because emerging nations tend to have a surplus of workers due to their inability to obtain adequate capital and specialised skill development. Increased employment will result from this, lessening the impact of poverty (Leamer, 1995). Because international rivalry is so common, trade liberalisation encourages competitiveness. This encourages businesses to offer more incentives for the advancement of technology proficiency and efficiency. Increased competitiveness and income would support the long-term decline in "the proportion of the population living in absolute poverty while average incomes increase" if this tendency continued to rise. Therefore, poverty can be decreased and the ability to pay for basic necessities can be raised thanks to the growth demonstrated by the development of trade (Bacchetta & Jansen, 2003). Both the developed and developing economies gain from labour mobility, which raises the skill premium at both locations. Increased competitiveness and technological accessibility can help developing nations improve their educational systems and spread ideas that encourage economic growth in both nations (Goldberg & Pavcnik, 2004).

• Mauritius' GDP grew by a "average of 6% per year after adopting an export-oriented strategy in 1996" (Fernández de Cordoba, 2015), demonstrating the benefits of trade liberalisation.

• According to Trefler (2004), the Canada-US Free Trade Agreement (FTA) indicates that "tariff cuts contributed to reduced employment during the years following the agreement but [also to] to tremendous productivity increases leading to important long-run efficiency gains."

"Chile's exchange rate policy reform and tariff reduction helped non-traditional exports, which saw a significant rise from 11% of total exports in 1970 to 34% in 1980. Edwards (1983). With a stronger focus on export diversification and institutional inefficiencies, Cambodia transitioned to a market economy in 1993. From 1997 to 2007, the country's average annual growth rate was 8% (Lee & Oh, 2022).

• From 1992 to 1997, Laos' transition to market-oriented liberalisation resulted in a 7% growth rate and a concurrent decline in both urban and rural areas (Lee & Oh, 2022). With a total trade value of USD 1.35 billion, CARIBCAN, which was established (between CARICOM—the Caribbean community and Canada) to support the growth of the export sectors and expand market access for the two nations, has "contributed to MSMEs… integration into the global economy" (World Bank, 2022b).

• From 1980 to 2007, the percentage of people living below the national poverty line decreased from 70% to 19% as a result of Vietnam's opening and the economic policies that attempted to rebuild the nation following the fall of the central planned market system (Tuan, 2012).

Negative Impacts

The substantial costs associated with trade liberalisation have an impact on how much poverty may be decreased. According to traditional economic theory, the free market is the best way to maximise gains and minimise deadweight losses. But when used, particularly in developing nations, ineffective government intervention may negate the advantages of free mobility, necessitating adjustment costs that worsen societal problems like poverty. Human poverty, which is described as "the lack of essential human capabilities such as literacy or nourishment" (York University, 2022), may not be explained by liberalisation; social problems as well as "minimum adequate income" have an impact. The increase in literacy rate won't be substantial if liberalisation doesn't enhance access to basic services like education, and the loss of a nation's natural resources brought on by liberalisation may make social problems and food poverty worse. Additionally, if domestic institutional regulations lack substance, they may lead to problems of worker exploitation and overwork in an effort to meet global market rivalry and expectations, which may also contribute to child labour exploitation. The great doubling is a scenario in which the number of workers doubled as a result of the liberalisation of nations like China, India, and the Soviet Union into the global economy. Low wage costs made this advantageous for companies, but it would be challenging for workers in other emerging nations to compete with this (York University, 2022This feature of liberalisation greatly helped "China [who saw], the earnings of the urban workers more than doubled between 1990 and 2002," and the influx of capital resulted in a dramatic decline in poverty.

Crucially, however, the impact of "China and India's entry into the global economy changed many developing countries from being low-wage rivals of advanced countries to being high-wage rivals of China and India." Since China and India had the comparative advantage of labour abundance, liberalisation made it impossible for places like Latin America and Southern Africa to guarantee competitive production prices. Thus, the creation of generic, low-wage goods and services for the global market was halted, and the businesses involved faced a crisis of survival. Additionally, as businesses reduce expenses, there would be a larger loss of jobs, which would lower household income and worsen poverty. In addition to affecting labour, the opening of China and India caused education to spread into lower-income nations, which diminished the advanced nations' comparative advantage in high-end technology. This has recently been shown by the two nations' growing high-tech footprints, which can be ascribed to their large populations, which "produce as many or more highly educated scientists and engineers as advanced countries even though the bulk of their workforce is less skilled." These economies can rival those of developed nations due to their sheer population size, even though they lack the necessary skills. The stability of the companies is thus put at risk. China's proportion of global imports of high-tech items increased from 6.7% to 27% between 2000 and 2014. Technology advancements have upped the bar for innovation, and China's lower prices give developed nations competitiveness while potentially endangering middle-income nations. This exemplifies the Red Queen Effect, which is the heightened need to adapt in order to survive due to a faster rate of development of competing technology (Freeman, 2006). The "middle-income trap" may be more common as a result of this pressure, which comes at a cost to the middling nations and endangers businesses and employees. As a result, the claim that liberalisation will undoubtedly help foster growth and development needs to be taken into account holistically rather than piece-meal. Due to inadequate infrastructure and comparative advantages enjoyed in other nations, middle-income countries may experience brain drain, which results in the loss of skilled workers from developing nations, impeding growth and delaying the fight against poverty. Since just 30% of low-skilled workers in the US gained from trade with China, 42% were believed to suffer as a result (Banerjee & Duflo, 2019), the idea of losing out on trade is emphasised by the impact on workers. Therefore, there is proof that trade puts low-skilled manual labourers at danger from both the possibility of technology replacement and the availability of more trained or less expensive workers.

Liberalisation has an impact on the cost of items, particularly food, which raises the poverty rate. An economy becomes more vulnerable to price increases abroad as market openness increases; interconnectedness jeopardises the stability and security of food prices. Poverty levels are impacted because people are unable to obtain food, which raises unemployment in the agriculture sector. For instance, trade liberalisation leads to an increase in the short-term poverty headcount among households who specialise in agriculture. Increased market openness also raises the possibility of being hit with disruptions to the world's food commerce, which could result in unfavourable food shortages and a rise in inflationary pressures, as was the case with the 2022 Ukraine-Russia conflict. Given that Egypt depends on the region for 85% of its wheat and 73% of its sunflower oil, price increases of 44% and 32%, respectively, highlight the drawbacks of opening up markets due to the risk of becoming overly dependent on imports (Hertel et al., 2004). Indeed, the Ukraine-Russia conflict in 2022 has shown a similar pattern. Through the provision of exemptions from the Technical Barriers to Trade (TBT) agreement under the accomplishment of justifiable objectives in Article 20, such as "national security requirements" and "to meet other consumer interests," this concept is already taken into consideration in international forums such as the World Trade Organisation (WTO) (World Trade Organisation, 2022b). Thus, the necessity of preserving national pricing stability in the face of shocks highlights the potential drawbacks of free trade. Protectionist measures must occasionally be enacted in order to promote national stability; India's 2022 export restriction on wheat and rice is a prime example. A nation may experience increased inequality as a result of more free trade. Inequality and income gaps will result from pushing the expansion and development of particular industries, which will raise prices and drive workers away from other sectors owing to salary differences. The growth of the unorganised sector further demonstrates this. It is suggested that globalisation and growth may cause businesses to comply with employment norms less frequently in an effort to lower costs and counteract overwhelming foreign competition. On the other hand, they might reduce expenses by laying off employees in the formal sector and hiring from the unorganised labour market, which offers a lower pay rate (World Trade Organisation, 2022a). As individuals relocate to cities in search of low-paying jobs, this promotes rapid urbanisation and population density, which exacerbates the area's poverty and degrades living conditions.

Offshoring is the practice of moving business operations from developed to developing nations in order to take advantage of lower labour costs and abundant natural resources. Through the use of foreign direct investment (FDI), such as local worker training and the building of infrastructure to support or encourage entrepreneurship, it can be argued that this will boost local growth and alleviate poverty. However, this could backfire due to the one-way consumption of raw materials and possible cases of sweatshop labour. Consequently, this could exacerbate living circumstances in exploitation regions, leading to a rise in poverty. The pace of poverty reduction is systematically lower in high-inequality countries because the growth elasticity of poverty decreases as the distribution gets worse, indicating a correlation between poverty and greater inequality (Goldberg & Pavcnik, 2004). In the US, for instance, the poverty headcount was 0.5 of the population in 1991, when the Gini index was 38. However, when inequality rose from 2011 to 40.9, poverty likewise rose to 1% of the population (World Bank, 2022a) Competition, which was once cited as a benefit of liberalisation, has two sides when it comes to poverty. Unemployment problems may increase if locals are unable to recover and get ready for this foreign intervention, even while it helps to put competitive pressure on native businesses. Poverty increases as earnings and living standards decline, thus policymakers are encouraged to think about ways to minimise or bridge the gap between the advantages and disadvantages of competitive pressure. This can be lessened by enhancing the nation's educational system to provide workers the skills they need to be creative and adapt to pressure. Another method is to give domestic businesses preferential status by lowering their tax rates. Examples of trade liberalization-related losses include: Thirty percent of the manufacturing job losses that were seen were caused by the Canada-US Free Trade Agreement (World Bank, 2022c). A stagnating GDP growth and, on the other hand, a surge of 6 million individuals living below the national poverty line—a jump of more than 6% from 55% of the total population—were observed in Kenya as a result of increased trade policy openness (Trefler, 2004). The drawbacks of liberalisation stem from its flaws, which exacerbate poverty issues by worsening a nation's manufacturing and labour conditions through job losses and price increases.

Meta Analyses Vs Systematic Reviews in Trade Liberalization

Two techniques for combining the effects of trade liberalisation on poverty are meta analyses and systematic reviews, although they use rather different approaches.

Meta analyses are quantitative techniques that determine an average impact size by statistically combining the findings of several studies. Meta-analyses can offer reliable estimates of the impact of trade-poverty links, particularly when contrasting the sectoral effects in rural and urban areas (Cirera et al., 2016).

Conversely, systematic reviews are syntheses of the body of current literature using mixed methods or qualitative approaches. To find, evaluate, and analyse all pertinent studies, they adhere to strict protocols. Systematic reviews offer a comprehensive account of the ways in which trade liberalisation impacts different socioeconomic outcomes (Higgins et al., 2022).

Sectoral and Regional Disaggregation

In low-income nations, national-level evaluations frequently obscure the fact that trade liberalisation has uneven effects across industries and geographical areas. For example, post-liberalization pressure on the agricultural sector in West African nations has resulted in a variety of poor consequences (Anderson and Martin, 2006). Smallholder farmers who produce for domestic markets frequently face price instability and adverse government policies, even while export-oriented farmers may profit. Trade liberalisation frequently benefits manufacturing sectors more, particularly in areas with superior market connection and infrastructure (McCulloch et al., 2001). Due to the closeness to ports and markets, metropolitan centres and coastal areas frequently reap greater regional benefits, whereas rural areas may be affected by trade-induced prosperity (Dollar and Kraay, 2004).

Rural vs. Urban

Rural and urban areas typically see uneven results from trade liberalisation. Because of the greater concentration of formal businesses, improved infrastructure, and easier access to international markets, urban areas are more likely to have them. Results in rural regions rely on how local economies are included into export value chains.

If liberalisation is not followed by complementary investments, it may result in job losses in industries that compete with imports, such as the textile sector (Topalova, 2010).

Research from India indicates that poverty decreased more in districts exposed to trade liberalisation, but only when infrastructure and educational standards were sufficient (Hasan et al., 2007).

Mediating and Moderating Factors

Through prices, salaries, and employment, trade liberalisation can help reduce poverty in low-income nations; however, mediating and moderating factors greatly influence its actual benefits. The paths across various populations are determined by these considerations. The primary mediating elements are:

1. Job creation and quality: Trade liberalisation frequently results in a sectoral shift in labour demand, with a rise in employment in export-oriented industries and a fall in import-competitive ones. However, whether poverty decreases or increases will depend on the quality of new jobs, salaries, and stability (Goldberg and Pavcnik, 2003).

2. Price transmission and consumer welfare: Low import tariffs help impoverished consumers by bringing down the cost of items. However, whether households are net producers or consumers of the impacted items determines the total welfare (Winters et al., 2004).

3. Restructuring livelihood strategies through household production and income diversification (McCulloch et al., 2001).

External circumstances known as moderating factors can affect how strongly trade liberalisation affects poverty. These consist of:

1. Starting conditions and structural inequalities: Trade gains frequently have little impact on nations with high levels of starting inequality. The urban region gains the most in these situations (Dollar and Kraay, 2004).

2. Education and human capital: A worker's education and skill set determine their capacity to move between industries. Workers may become stuck in low-productivity or informal jobs if they lack literacy or occupational skills (Topalova, 2010).

3. Discrimination and gender norms: In societies with significant gender disparities, trade may serve to reinforce ingrained prejudices. Women may still be denied access to high-paying positions that are necessary for commerce to prosper, even as the sector expands (Fontana 2009; UNCTAD, 2014).

Critiques and Controversies

Critics contend that when nations grow increasingly reliant on foreign funding and international organisations, liberalisation may result in a loss of national sovereignty. Liberalisation has also been accused of making social and economic disparities worse, especially when social safety nets and measures to combat poverty and inequality are lacking. If liberalisation results in more resource exploitation and insufficient environmental controls, it may potentially have detrimental effects on the environment. Modern economics started with the study of economists who had long recognised the benefits of international trade. International trade has helped spread information and ideas, brought disparate civilisations and remote corners of the world together, and influenced the development of entire regions and countries over the course of millennia. This tendency was accelerated in the 19th century by rapid decreases in communication and transportation costs, and at the start of the 20th century, international trade reached previously unheard-of heights. However, after the two World Wars, the 1929 crisis, and the global rise in protectionism, trade decreased. Following World War II, industrialised nations began to reverse their protectionism, and in the 1970s, this trend extended to developing nations. In the 1980s and 1990s, trade reforms were significantly extended and strengthened throughout the developing world, including in South Asia, East Asia, Latin America, Eastern Europe, and, to some extent, Africa and the Middle East. However, trade reform's outcomes in the 1990s were inconsistent and even fell short of expectations. The voices of those who oppose the social and economic consequences of globalisation have also increased. Among the criticisms are:

1. Trading is a chance, not a promise. Trade changes can support an efficient growth plan and hasten global economic integration, but they cannot ensure its success. Additional components are required to meet binding growth limits, such as solid macroeconomic management, trade-related institutions and infrastructure, and economic-wide expenditures in infrastructure and human capital.
2. Trade liberalisation has a variety of distributive implications, not all of which are favourable to the poor. It was anticipated that trade reforms would raise the wages of unskilled workers in nations that had a comparative advantage in the production of intensive, unskilled goods.
3. An economy can be opened in a variety of ways. Finding the one that works for their nation's political economy, institutional limitations, and starting circumstances is a challenge for policymakers.
4. The ability of the global trade system to effectively balance the interests of industrialised and low-income nations is essential to its continuation and growth. Global markets are particularly unfriendly to goods made by the world's poor, including textiles, clothing, and agricultural items.
5. Issues with attribution and endogeneity.
6. It is challenging to separate the effects of trade from those of other reforms.

Trade vs Domestic Policies

Although both domestic and trade policies are essential for reducing poverty, their relative weights might change based on the particular situation and the type of policy. In order to achieve sustainable poverty reduction, a comprehensive strategy that incorporates both domestic and trade policy is frequently the most successful.

Trade Policies and Poverty Alleviation

Economic Growth: By creating new markets for goods and services, boosting competition, and encouraging innovation, trade can promote economic growth.

Higher Income: By exporting goods and services where they have a comparative advantage, developing nations can profit from trade and raise the incomes of their workers and producers.

Reduced Prices: By boosting customers' purchasing power and expanding their access to a greater variety of commodities, trade can reduce the costs of imported items.

Impact Channels: Trade can have an impact on the impoverished through a number of channels, such as adjustments to the cost of marketable items, the availability of new goods, and shifts in employment and earnings.

Domestic Policies and Poverty Alleviation:

Targeted Programs: The needs of the most vulnerable and impoverished groups can be directly met by domestic policies such as social safety nets, minimum wages, and means-tested welfare programs.

Investment in Human Capital: Putting money into healthcare, education, and skill-building can enable people to engage in the economy more successfully and enhance their prospects for the future.

Infrastructure Development: Putting money into networks for electricity, transportation, and communication can boost economic growth, ease trade, and increase market accessibility.

Good Governance and Institutions: Stable and predictable economic environments and the attraction of investment depend on robust institutions, such as the rule of law, property rights, and open regulatory frameworks.

Pro-poor Growth: Domestic policies can be designed to promote pro-poor growth, where the benefits of economic growth are distributed more equitably and poverty is reduced more effectively. A comprehensive strategy that incorporates both domestic and trade policy is necessary for the effective reduction of poverty. Each country's unique conditions, such as its degree of development, resource endowments, and institutional capabilities, will determine the relative relevance of trade and domestic policy. Trade policies must to be planned and carried out in a way that enhances and supports domestic initiatives to combat poverty. To make sure that trade and domestic policies are accomplishing their goals, it is critical to track and assess their effects on poverty and make necessary adjustments.

Table 3: Key Differences between Trade and Domestic Policies

Feature	Domestic policies	Trade policies
Scope	Within a country's border	Between countries
Focus	Production, consumption and investment within a country	Import and exports within countries
Examples	Taxes, subsidies and regulations	Tariffs, quotas, export subsidies
Impact	Affects domestic economy	Directly affects international trade flows

Who Define Success and How?

Given that these advancements will eventually reduce poverty, international financial institutions like the World Bank and IMF frequently define success in trade liberalisation in low-income countries as GDP growth, increased exports, and economic stability (Dollar and Kraay, 2004; Winters et al., 2004). These standards are frequently adopted by national governments in order to satisfy donor expectations, and funders themselves assess program results using measurable, short-term indicators.

On the other hand, the poor and civil society organisations define success more precisely as an increase in livelihoods, employment, food security, and access to essential services. Critics argued that focussing just on total results often ignores the benefits of liberalisation for women, the informal sector, and rural communities, and obscures the effects of unequal distribution (Rodrik, 2001; UNCTAD, 2022). An extended definition of success should prioritise whether trade liberalisation leads to a discernible reduction in poverty in low-income countries.

Unfair Trade Rules and Limited Market Access for Low-Income Countries

Unfair trade laws and limited market access disproportionately hinder the economic development of low-income countries, hence extending poverty and inequality. High tariffs and non-tariff barriers like complex import regulations and sanitary standards set by wealthier nations are some of these barriers. Subsidies provided to producers in wealthier countries undercut exports from developing countries and limit their capacity for growth, distorting global markets.

Policy Implication and Lesson Learnt

According to a reassessment of the policy's efficacy in eliminating poverty in low-income countries, trade liberalisation can spur economic growth but does not always do so. It makes sense to question whether there are any trade restriction liberalisation tactics that could help the poor. The simplest and most obvious suggestion is to think about how liberalisation might affect the most disadvantaged members of society. In practice, this means developing diagnostic tools that might help decision makers identify individuals who may be negatively impacted by trade liberalisation. This study can be utilised to establish compensation measures that will help those in poverty benefit from the new, free-trade regime and manage the shifting costs of adjustment. With a focus on unskilled services, informal manufacturing, and agriculture sectors areas where the poor are most concentrated, pro-poor trade policies need to be developed right away. These policies should help the poor who engage in trades and remove obstacles such as limited access to markets and agricultural land. Through conditional funding, policy recommendations, and technical help, multilateral organisations such as the World Bank, IMF, World Trade Organisation, and the United Nations have a significant impact on the rate and direction of trade changes. These organisations must, however, refocus their attention from macroeconomic goals to inclusive development outcomes if trade liberalisation is to contribute to poverty alleviation. This means funding adjustment costs, assisting in the growth of trade negotiation capacity, and granting low-income nations greater policy flexibility to align trade reforms with national development plans that seek to end poverty. Additionally, by enacting trade reforms and other economic measures, the World Trade Organisation (WTO) can lessen the suffering of the poor.

Research Gaps and Future Directions

The bulk of recent studies on trade liberalisation and poverty alleviation concentrate on low-income or developing countries. Fragile states and landlocked regions like Niger, Mali, Lesotho, Chad, Afghanistan, Nepal, and a few more countries in Africa and Asia are frequently excluded due to a lack of data, political instability, or economic shocks. In order for landlocked and fragile regions to benefit from trade liberalisation that lowers poverty rates in their communities, future research must immediately take these areas into consideration. Climate change and digital transformation are often overlooked in trade poverty research. Agriculture and exports are impacted by climate change. The sustainability of livelihoods and climate vulnerability must now be taken into account when evaluating trade liberalisation in low-income countries. Future studies should examine the effects of digital trade agreements on poverty alleviation and inclusive growth in low-income nations.

Conclusion

Using case studies and empirical data from previous studies, this report evaluated how trade liberalisation may be used as a strategy to combat poverty in low-income nations. According to the research, trade liberalisation frequently fails to provide these advantages consistently across nations, industries, and regions, even though it can occasionally spur growth and lower poverty. This study found that whereas rural populations, informal sectors, and local industries are frequently left behind, trade liberalisation frequently benefits metropolitan areas, formal sectors, and export-oriented industries. Fragile states and landlocked areas must be included in order to create a more equitable and advanced trade-oriented system. Additionally, climate resilience and digital trade strategies must be integrated to guarantee that no regions, areas, or continents are left behind.

REFERENCES

1. Adelowokan, O. A., & Maku, O. E. (2013). Trade openness, stock market development and economic growth in Nigeria. *Developing Country Studies, 3*(4), 99–108.
2. Alkire, S., & Santos, M. E. (2010). Acute multidimensional poverty: A new index for developing countries. *Oxford Poverty & Human Development Initiative Working Paper No. 38.* https://doi.org/10.2139/ssrn.1815243
3. Anderson, K., & Martin, W. (2006). Agricultural trade reform and the Doha development agenda. *World Bank Policy Research Working Paper No. 3607.* https://doi.org/10.1596/1813-9450-3607
4. Antinie, G. (2013). Trade openness and economic growth in Bolivia: A long-run analysis. *Latin American Economic Review, 22*(2), 117–138.
5. Bacchetta, M., & Jansen, M. (2003). *Adjusting to trade liberalization: The role of policy, institutions and WTO disciplines.* WTO Special Studies No. 7.
6. Bakare, A. S. (2014). International trade as an engine of growth in developing countries: A case study of Nigeria. *Journal of Economics and Sustainable Development, 5*(12), 74–80.
7. Banerjee, A., & Duflo, E. (2019). *Good economics for hard times.* PublicAffairs.
8. Bhagwati, J., Panagariya, A., & Srinivasan, T. N. (2004). *Trade and poverty in the poor countries.* American Enterprise Institute for Public Policy Research.
9. Bresser-Pereira, L. C. (2019). Trade liberalization and premature deindustrialization in Latin America. *Brazilian Journal of Political Economy, 39*(1), 3–27.
10. Cardoso, F. H., & Faletto, E. (1979). *Dependency and development in Latin America.* University of California Press.
11. Cirera, X., Willenbockel, D., & Lakshman, R. (2016). What is the evidence of the impact of trade liberalisation on jobs, wages and the poor? *EPPI-Centre, University College London.*
12. De Melo, J., Panagariya, A., & Rodrik, D. (1993). The new regionalism: A country perspective. In J. de Melo & A. Panagariya (Eds.), *New dimensions in regional integration* (pp. 159–193). Cambridge University Press.

13. DeRosa, D. A. (2012). *Trade liberalization in Latin America: Economic policy reforms and trade performance.* Peterson Institute for International Economics.
14. Dollar, D., & Kraay, A. (2004). Trade, growth, and poverty. *The Economic Journal*, *114*(493), F22–F49. https://doi.org/10.1111/j.0013-0133.2004.00186.x
15. Duran, J., Antkiewicz, A., & Whalley, J. (2008). Trade liberalization and development: Evidence from Latin America and East Asia. *World Economy, 31*(9), 1135–1160.
16. Edwards, S. (1983). The effects of trade liberalization in developing countries: Some new evidence. *Journal of Political Economy, 93*(5), 1009–1020. https://doi.org/10.1086/261205
17. Fernández de Córdoba, S. (2015). Welfare and poverty reduction from trade liberalization. *UNCTAD Discussion Paper No. 224.* Geneva: United Nations Conference on Trade and Development.
18. Fontana, M. (2009). The gender effects of trade liberalization in developing countries: A review of the literature. UNRISD.
19. Gereffi, G., & Fernandez-Stark, K. (2016). *Global value chain analysis: A primer.* Duke Center on Globalization, Governance & Competitiveness.
20. Gnangnon, S. K. (2019). Trade liberalization and farmers' welfare in developing countries. *World Development, 117,* 1–15. https://doi.org/10.1016/j.worlddev.2018.11.011
21. Goldberg, P. K., & Pavcnik, N. (2007). Distributional effects of globalization in developing countries. *Journal of Economic Literature, 45*(1), 39–82. https://doi.org/10.1257/jel.45.1.39
22. Harrison, A. (1996). Openness and growth: A time-series, cross-country analysis for developing countries. *Journal of Development Economics, 48*(2), 419–447. https://doi.org/10.1016/0304-3878(95)00042-9
23. Hasan, R., Mitra, D., & Ramaswamy, K. V. (2007). Trade reforms, labor regulations, and labor-demand elasticities: Empirical evidence from India. Review of Economics and Statistics, 89(3), 466–481. https://doi.org/10.1162/rest.89.3.466
24. Hertel, T. W., Ivanic, M., Preckel, P. V., & Cranfield, J. A. L. (2004). The earnings effects of trade liberalization: Implications for poverty. *World Bank Economic Review, 18*(2), 205–236.
25. Higgins, J. P. T., Thomas, J., Chandler, J., Cumpston, M., Li, T., Page, M. J., & Welch, V. A. (Eds.). (2022). *Cochrane handbook for systematic reviews of interventions* (version 6.3). Cochrane.
26. Hoekman, B. M., & Kostecki, M. M. (2009). *The political economy of the world trading system: The WTO and beyond.* Oxford University Press.
27. ILO (2018). *World employment social outlook – Trends 2018.* International Labour Organization.
28. Joshi, V. (2014). Trade liberalization and development. *Oxford Review of Economic Policy, 30*(1), 1–12. https://doi.org/10.1093/oxrep/gru005
29. Kaplinsky, R. (2000). Globalisation and unequalisation: What can be learned from value chain analysis? *Journal of Development Studies, 37*(2), 117–146.
30. Kohli, A. (2004). *State-directed development: Political power and industrialization in the global periphery.* Cambridge University Press.
31. Krueger, A. O. (1990). Government failures in development. *Journal of Economic Perspectives, 4*(3), 9–23.
32. Lall, S., Navaretti, G. B., Teitel, S., & Wignaraja, G. (1994). *Technology and enterprise development: Ghana under structural adjustment.* Palgrave Macmillan.
33. Leamer, E. E. (1995). The Heckscher-Ohlin model in theory and practice. *Princeton Studies in International Finance, 77.*
34. Lee, Y., & Oh, S. (2022). Trade openness and poverty reduction in Cambodia and Laos. *Asian Economic Policy Review, 17*(1), 30–45.
35. Martin, W. (2003). Trade policy reform in developing countries since 1985: A review of the evidence. *World Bank Policy Research Working Paper No. 2968.*
36. McCulloch, N., Winters, L. A., & Cirera, X. (2001). Trade liberalization and poverty: A handbook. DFID & CEPR. https://doi.org/10.1017/S1474745602211192
37. Mosley, P., Harrigan, J., & Toye, J. (1995). *Aid and power: The World Bank and policy-based lending.* Routledge.
38. Nicita, A. (2019). Trade liberalization and household welfare: Evidence from Mexico. *World Bank Economic Review, 33*(2), 416–435.
39. Porto, G. G. (2006). Using survey data to assess the distributional effects of trade policy. *Journal of International Economics, 70*(1), 140–160.

40. Rajan, R. G. (2006). Has financial development made the world riskier? NBER Working Paper No. 11728. https://doi.org/10.3386/w11728

41. Rodrik, D. (2001). The global governance of trade as if development really mattered. *UNDP Policy Paper*. https://doi.org/10.2139/ssrn.275301

42. Sachs, J. D., & Warner, A. M. (1995). Economic reform and the process of global integration. *Brookings Papers on Economic Activity, 1995*(1), 1–118. https://doi.org/10.2307/2534573

43. Taglioni, D., & Winkler, D. (2016). *Making global value chains work for development.* World Bank. https://doi.org/10.1596/978-1-4648-0157-0

44. Topalova, P. (2010). Factor immobility and regional impacts of trade liberalization: Evidence on poverty from India. American Economic Journal: Applied Economics, 2(4), 1–41. https://doi.org/10.1257/app.2.4.1

45. Trefler, D. (2004). The long and short of the Canada–U.S. Free Trade Agreement. *American Economic Review, 94*(4), 870–895.

46. UNCTAD. (2014). Trade and gender: Opportunities and challenges for developing countries. United Nations

47. UNCTAD. (2016). *Key statistics and trends in trade policy 2016.* United Nations Conference on Trade and Development.

48. UNCTAD. (2020). *World Investment Report 2020: International production beyond the pandemic.* United Nations Conference on Trade and Development.

49. Winters, L. A., McCulloch, N., & McKay, A. (2004). Trade liberalization and poverty: The evidence so far. Journal of Economic Literature, 42(1), 72–115. https://doi.org/10.1257/002205104773558056

50. World Bank. (1994). *Adjustment in Africa: Reforms, results, and the road ahead.* Oxford University Press.

51. World Bank, (2022a). *Poverty and inequality platform (PIP).* https://pip.worldbank.org

52. World Bank, (2022b). *Aid for Trade at a Glance 2022: Empowering Connected, Sustainable Trade.* OECD & WTO.

53. World Bank, (2022c). *Global economic prospects: Slow growth, rising risks.*

54. World Trade Organization. (2022a). *World Trade Report 2022: Climate change and trade.* Geneva: WTO.

55. World Trade Organization. (2022b). *Technical barriers to trade: Exemptions and policy space.* Geneva: WTO.