

In Remembrance of J. Michael Finger¹

‘Most of everything of value I know, I was taught before I left there’

J. Michael Finger

J. Michael Finger died at age seventy-nine in a boating accident on the Potomac River, 17 July 2018. The quote refers to the village of D’Hanis, Texas to which I return below.

I first met Mike in January of 1983 when as economist, I joined the World Bank Trade Division where he was the Chief. On and off since then, we continued working together so by last July we had collaborated for more than thirty-five years. During this long span of time Mike was a guide, source of many inspirations and my close friend. I will use the space I have been offered to share thoughts about some of his most recent contributions and will conclude with brief personal remembrances which I feel are the ones he would have chosen above others for colleagues and friends to remember him.

To honor Mike shortly after his retirement, the Bank published ‘Development, Trade and the WTO: A Handbook’ (Hoekman, B. et al. 2002), where Bernard Hoekman and L. Alan Winters wrote the chapter ‘A Tribute to J. Michael Finger’. In turn, Douglas Nelson edited ‘The Political Economy of Trade Reform: Essays in Honor of J. Michael Finger’ (2004). In the Bank’s Handbook, Hoekman and Winters reviewed and classified many of his early writings under five headings: economic analysis, information and data, political economy, the operationalization of policy advice and contestable market for policy research. I refer the reader to this chapter for a discussion of Mike’s contributions up to the early millennium years.²

By the time of his retirement Mike had become increasingly concerned and critical of the unbalanced outcome of the Uruguay Round against developing countries both in terms of the value of the tariff concessions given and received – as he had quantified for previous GATT rounds of multilateral trade negotiations (MTNs)–, but also and particularly, from the WTO Agreement on Trade-Related Intellectual

¹ I am grateful for comments received from Douglas Nelson and L. Alan Winters.

² A short CV indicates that Mike wrote and/or edited nine books and 170 articles and reviews (ICTSD 2014). Another webpage lists Mike’s journal articles from 1967 to 2007 showing that since the very beginning he focused attention on trade topics and as early as 1969, he was publishing in leading journals (e.g. Finger 1969): www.policyexperts.org/cv/fingerjoseph.doc.

Property Rights (TRIPS Agreement). Mike wrote that ‘TRIPS identifies an opportunity that industrial country enterprises saw in developing countries and provides for them to collect on this opportunity – through the WTO legal mechanism. Meanwhile it provides no mechanism to ensure the benefits for developing countries that the negotiations alleged would follow’ (Finger and Schuler 2004, at 4).³

But as Doug Nelson has noted, Mike was non-doctrinaire and did not feel comfortable with just adding another kicking and screaming against the TRIPS agreement but went on and sought to identify the extent to which intellectual property could enhance income streams in developing countries.⁴ This is the novelty in the book he co-edited with Philip Schuler ‘Poor’s People Knowledge: Promoting Intellectual Property in Developing Countries’. Mike’s contribution lies in having identified several examples of how intellectual property could enhance the income of poor people in poor countries. His chapter in this book ‘The African Music Project’, researches the way African music travels to the world without local musicians receiving a penny from copyright laws and suggests measures about how this could be fixed.⁵

Mike was not against intellectual property rights (IPRs) but against pushing developing countries into adopting industrial countries’ legislation at too early a stage of development, or as he put it ‘birds’ nests are something that birds build as they carry on with what birds do’ (Finger and Schuler 2004, at 35).⁶

Mike continued his criticisms against attempts to include in the Doha negotiations topics that were not priorities for enhancing the development process of poor countries meaning essentially trade liberalization (Finger 2008). The salient example were topics known as the Singapore issues. He stated for example that ‘an agreement on competition policy would not necessarily obligate a poor country to establish a competition authority that met such standards but it would provide a basis for countries who already meet the standards to challenge actions by those who do not. (*Government*) Procurement obligations could have the same effect’ (Finger 2002, at 20; in parenthesis my clarification).

The implementation costs of some WTO agreements were also of his concern, an aspect that usually goes unnoticed to many analysts. For example, he

³ Mike cited that through enforcement of TRIPS industrial countries could collect around USD 60 billion from developing countries (Finger 2004, at 4). Negotiators from developed countries alleged that legal enforcement of TRIPS would result in increased inward FDI and innovations including in new pharmaceutical drugs for treating tropical diseases.

⁴ Douglas Nelson (2004) has said that Mike was ‘... a non-doctrinaire voice for sensible, sustainable, human policy ...’ (at 3).

⁵ Other IPR-related topics addressed in this book include traditional crafts; fair trade; counterfeit of crafts designs and, bio piracy.

⁶ Mike’s prose stands above that characterizing most economists. Our writings and messages tend to be quite dull but his’ was not. In addition to its elegance, it is rare to read any of Mike’s writings lacking a witty and humorous phrase like the one cited here. When chatting, Mike also came up with sparks of humoristic comments and when one of these erupted he looked at your eyes and winked.

concluded that it costs a 'developing country \$150 million to get up to speed in only three of the New Areas: intellectual property rights, SPS, and customs valuation. This \$150 million is more than a full year's development budget in many of the least developed countries' (Finger 2002, at 8).

Faced with these realities, Mike longed for and argued in favour of a WTO that would return to what he called the old GATT magic (Finger 2004) meaning an institution that would serve primarily as the house where countries (rich and poor alike) exchanged trade concessions reaping the economic benefits from liberalization as had occurred in the previous MTNs. The Uruguay Round where for the first time since the creation of the GATT, developing countries decided to participate actively, broke this tradition.

Mike felt that diplomatic negotiators had contributed much to this imbalance as well as to the Doha's deadlock that closed the door for further liberalization under MTNs: 'To the extent that the Doha negotiations have drawn attention away from the domestic issues that were the basis of developing country liberalization—and enhanced the status of negotiators relative to the leaders who fought at home for reform – they have contributed to that waning' (Finger 2008).⁷

Therefore, on matters of trade liberalization developing countries are back to square one: reform programs implemented unilaterally and/or as some recent experiences show, expanding the coverage of liberalized products through signing free trade agreements (FTAs). Some of Mike's recent contributions represent efforts to praise both of these strategies but before commenting on them, it is of relevance to return for a moment to the early 1980s when he played a leading role in the Bank's shift of economic paradigm that later resulted in its institutional support to unilateral trade liberalization programs. During the early years of that decade, the Bank's economic advice to developing countries shifted sharply from that which prevailed under Hollis Chenery Chief Economist for McNamara, to one where Anne Krueger as Chief Economist and Tom Clausen as President, the message centred on the importance of correcting price distortions through unilateral trade liberalization programs. In this drastic shift of economic approach to understanding backwardness and development initially resisted by many staff, Mike as Chief of the Trade Division played a central and challenging role. Eventually the new ideas prevailed and the Bank began its historical shift from project to program lending and under structural adjustment loans (SALs) and trade liberalization loans (TPLs) it supported many developing country reform programs.⁸

With this background in mind, let me now return to Mike's as non-doctrinaire economist. He came to reconsider positively the role of trade defense legislation

⁷ I should add here that Mike held in high-esteem the courageous officials who after decades of import-substitution and rent-seeking policies took responsibility and leadership for implementing ambitious trade liberalization programs. Several of these leaders are mentioned in Finger and Nogués (2006).

⁸ Regarding this shift of ideas *see* Krueger (1998), and Kapur et al. (1997), particularly Ch. 9 and Ch. 10.

during the implementation of liberalization programs. This support contrasts with his earlier writings on the negative impact that this legislation had in open and mature industrial countries. As mentioned in the tribute by Hoekman and Winters (2002), he had criticized US unfair trade legislation (Finger, Hall and Nelson 1982) as its institutional basis for deciding on whether to approve petitions for measures against 'unfair trade' (antidumping, safeguards and countervailing), ignored consumers' interests. Over the years Mike insisted on this legislative flaw and in Chapter 22 of the Bank's handbook cited above, he stated that 'Half of domestic interests have no chance to score'...with a picture of a soccer field of which only one end has a goal" (mentioned in Hoekman and Winters 2002a, at xvi).⁹

Mike and colleagues reconsidered the positive role that these legislations had played in sustaining the 1980s and 1990s trade liberalization programs of Latin America in contrasts to earlier attempts most of which had failed. In 'Safeguards and Antidumping in Latin America Trade Liberalization: Fighting Fire with Fire' (2006), Mike wrote in the preface that the book explains 'how the mechanisms helped policy managers to introduce politically effective constraints on pressures that had overcome previous attempts at liberalization',¹⁰ and that the conclusions show that during these liberalization programs, these multilateral agreements were 'supportive of liberalization, though we emphasize that the skill and courage of policy managers in using them is the difference between success and failure' (Finger and Nogués 2006, at xi and xii).¹¹

The stagnation of the Doha negotiations has downplayed the forces for multilateral trade liberalization and to the extent that countries hold to trade barriers as assets to be exchanged, it has also downgraded unilateral liberalization programs. So where do we go from here? Mike perceived that in some countries a new and quite successful liberalization strategy had emerged from the signing of successive FTAs and he sought to praise it by making it more visible. He concluded that a contrast between the experience of Peru and Argentina during the last two decades could do the job. Peru's trade liberalization experience has been supported by numerous FTA's and is certainly a success story of reform while

⁹ About the application of antidumping and safeguard measures by industrial countries Mike had previously concluded that '... Antidumping is the fox put in charge of the henhouse ... 'who not only eats the hens but also convinces '... the farmer that that is the way things ought to be: Antidumping is ordinary protection with a grand public relations campaign' (Finger 1993), this conclusion being another of his famous phrases.

¹⁰ The book includes country-specific chapters on Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru.

¹¹ In reading back at some of Mike's contributions, I found that in earlier writings he held the idea that legislation on antidumping in industrial countries had also been put to good use during their trade liberalization programs '... The political will to resist trade remedies sprang from the political will that drove liberalization. But now the forces that propelled trade liberalization are weaker and the trade remedies have an identity and constituency of their own ...' (Finger 1993, at 67 para. 2). This book also includes several chapters illustrating through case-studies, the extent to which US antidumping measures have closed trade opportunities in developing countries.

Argentina (and Brazil to a lesser extent) by holding middle-age ideas resulting in worse-than-failed liberalization returned to obscure and discretionary trade barriers that facilitated rent-seeking and corruption (Baracat et al. 2015).

Summing-up, it is important to recall that Mike was among the small group of Bank staff who during the 1980s and 1990s fought and succeeded in shifting the Bank's mindset into supporting developing country reform and trade liberalization programs. More recently Mike's contributions show a deep interest in highlighting developing countries' success stories specially in Latin America a region he was particularly fond of. In a nutshell, the breadth of topics he addressed and documented by Hoekman and Winters (2002) continued to expand up to the very end.

Let me now share few personal remembrances that I hope will help to build an accurate picture of who Mike was as a human being. He used to tell me that he came from a village called D'Hanis that was so small that looking from his window he could see the whole of it including the hardware store; the barber shop; the post office, the town's restaurant and a few others. I tried to picture such a place in my mind and when we travelled through Texas with Mary, Mike's wife for more than fifty years, it turned out to be quite close.¹² D'Hanis is the place he left behind seeking to complete his education, build a family and develop his professional career. In the heading quote, Mike wants us to remember that that place armed him with the human values with which he confronted life's challenges.

In writing my remembrances I have pictured Mike being a small boy in a secluded place where people make a living quite independently of governmental policies. D'Hanis government if it had had one, would not have dared to consider putting a tax on shovels for example. Probably Mike's most famous phrase is 'Trade theory is identifying whose hands is in whose pockets. Trade policy is about who should get it out' (Finger 1979). In a small town few if any would dare to put their hands in others' pockets so moving to bigger towns and closer to big governments Mike must have had a high sensibility to denounce rules and institutions that under pressure from powerful groups facilitate this every so often.

Regarding friendship let me say that in the two post-millennium books that Mike edited (Finger and Schuler 2004 and Finger and Nogués 2006), I count twenty-six authors and co-authors. If we add the participants in the books in his honour (Hoekman et al. 2002 and Nelson 2004) the number comes up to more than hundred. I do not know of anyone that having been able to accommodate his/her agenda would not accept enthusiastically an invitation to share a working experience with Mike. In these research efforts he saw his role as raising the main questions and as progress reports emerged, in providing enthusiasm for the results

¹² According to Wikipedia, in 2,000 D'Hanis had a population of 500: https://en.wikipedia.org/wiki/D%27Hanis,_Texas.

that were coming through. As the lead researcher he was strongly against putting colleagues in a straightjacket methodological strategy. Mike created an atmosphere of research freedom where the group members became friends among themselves.

Mike also dedicated much time to training kids play soccer, the sport he most liked and enjoyed. Until recently I thought that this activity had ended when Mike's three children had gone off to pursue their studies but recently I learned that he continued training kids quite until the very end. As Mike has also told us 'I love chocolate, children, soccer and France, though not necessarily in that order'.¹³

As a family man I remember a conversation we had while a group of us were driving back from some conference. We began talking about what our children were doing and when Mike described what his were up to, a philosophical conversation began about the relation between formal education and family in determining children's achievements. In such a conversation Mike concluded that much of his children's achievements should be attributed to 'pure luck', and I thought to myself that as a father, he was being 100% humble. I cannot emphasize sufficiently just how humble he was.

Our last glass with malbec wine was in November 2017 in Mike's and Mary's living room, where they had invited me and my granddaughter Ema to stay in their home for a few days. Of our evening conversations I remember the high degree of disappointment with US trade policy and the dangerous turn towards unilateralism it had taken by then. Although we did not stay long on this conversation, Mike's disillusion reached the extreme of expressing more or less '... Julio I have dedicated my working life to support a rules-based trading system only to see now how easily it can crumble ...'.

Friendship, warmth, family man, laughter, humility, fighting injustice, longing for transparency and all of these put to their highest degree hopefully comes close to sensing who Mike was as a human being.

I am well aware of just how lucky I have been in having shared so much with Mike and Mary. It has been an incredible journey of learning and warmth.

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¹³ This quote as well as the heading phrase of these remembrances are borrowed from Mike's own resumé.

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