The interior of a traditional house, Navala village, in the Ba Highlands of northern-central Fiji. Navala is noted for its over 200 thatched buildings). It is one of the few settlements in Fiji which remains fully traditional, architecturally.

5

Economic growth through trade liberalization

for Small Island Developing States in the Pacific: Regionalism versus globalization

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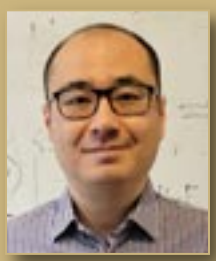


ABSTRACT

Small Island Developing States (SIDS) are unique in comparison to other developing states where foreign trade plays an important role in their economies and their growth experiences. Thus, it is crucial to understand the effects of

different strategies for trade liberalization on SIDS, namely trade integration through regional trade agreements versus global trade liberalization. In this chapter, we estimate the impact of two regional trade preferential agreements (RTAs): the Pacific Island Countries Trade Agreement (PICTA) and the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), plus the World Trade Organization (WTO), on the economic growth of 13 SIDS in the Pacific Ocean using a dataset spanning a period between 1970–2010. We found evidence that RTAs had a positive influence on economic growth and that membership in the WTO negatively impacted economic growth for this group of islands. Defining "free" trade as regional trade integration and "freer" trade as global trade integration, our results indicate that regionalism had benefited the SIDS of the Pacific more than globalization, contrary to the conventional wisdom that greater openness of trade fosters economic growth in all states.

INTRODUCTION

International trade plays an essential role in the economies of Small Island Developing States (SIDS) and their growth experiences because it eases constraints associated with a small domestic market and geographical isolation, through specialization to improve domestic efficiency and competitiveness (Read, 2004). For instance, McGillivray, Naudé, and Santos-Paulino (2010) showed that the average trade flows as a share of GDP over the period from 1980 to 2007 were far higher in SIDS (110%) than among all developing nations (78%). Furthermore, all Pacific SIDS are subject to isolation, where diseconomies of scale are accentuated compared to other small states (Mellor, 1997). These unique challenges faced by the Pacific SIDS mean that successful trade development strategies are essential to economic growth and improvements of living standards among the region. As such, it is crucial to understand the effects of different strategies for trade liberalization on SIDS.

Most states employ both globalization and regionalism as their trade development strategies. *Globalization* focuses on increasing degrees of international integration and interdependency between countries and other economic agents in the world economy; countries employ such strategies usually through membership in multilateral trade agreements such as the World Trade Organization (WTO). *Regionalism*, on the other hand, refers to a tendency towards (preferential) regional trade agreements (RTAs) between states and their near neighbours; famous examples include the European Union and the Canada–United States–Mexico Agreement. Although the importance of trade policy to SIDS is well-acknowledged in the literature, little attention has been paid to comparing the effects of these two different trade strategies on the economies of SIDS.

In this chapter, we estimate the impact of two RTAs: the Pacific Island Countries Trade Agreement (PICTA) and the South Pacific Regional Trade and Economic

Cooperation Agreement (SPARTECA), plus the WTO, on the economic growth of 13 SIDS in the Pacific Ocean using a dataset spanning a period between 1970–2010. The dynamic panel data method is used to estimate the large panel dataset. To further the understanding of the impact of RTAs and WTO membership, we extend our analysis by investigating these trade agreements' effects on trade growth among the thirteen SIDS of the Pacific. As a comparison and robustness check, the effects of membership in WTO among a group of developed island nations and developing island states are studied for the same period, providing more support for our inference. Our results indicate that regionalism has benefited the Pacific SIDS more than globalization, contrary to the consensus that greater openness of trade fosters economic growth in all states.

The chapter is organized as follows: the next section provides an overview of the relevant literature, followed by a section describing the data source and the empirical methodology. Empirical findings are then presented in the Results section, followed by a discussion and some conclusions

THEORIES AND EMPIRICAL EVIDENCE

Most scholars support the conventional wisdom that "free (or freer) trade fosters economic growth" (Asafu-Adjaye & Mahadevan, 2012, p. 83; see also Williamson, 1998) in all states. In addition, the prevailing academic tenet suggests that trade is an accepted strategy for economic growth (Bhagwati, 1995; Krueger, 1998; Vamvakidis, 1998). The Organisation for Economic Co-operation and Development (OECD; 1998, p. 36) asserts that "open and outward-oriented economies consistently outperform countries with restrictive trade and [foreign] investment regimes." Furthermore, most researchers argue that openness to trade fosters economic growth in developed and developing countries (Sakyi et al., 2015). The following evidence offers for consideration an alternative view that contradicts the well-established view that free trade encourages economic growth in all states.

The post-war era of increasing trade liberalization was described by Krueger (2003, p. 10) in a 2003 public lecture as "the golden age — the years from 1946 to 1973, when industrial country growth was so impressive." The years noted in this quote coincide with the initial years of globalization, while the phrase "industrial countr[ies]" suggests developed rather than developing states. In the early 1950s, the developed states, with a desire to assist the economic recovery and reconstruction of the economies damaged during World War II, moved from policies of protectionism to trade liberalization (Thirlwall, 2000). This shift was initially specific to the developed states, while the application of this approach for the developing states did not occur for another 20 years (Harrison, 2005; Williamson, 2005). In the same lecture, Krueger (2003) adds that developing nations will benefit from trade deregulation and will further increase openness to trade. Despite her advocacy for developing economies' trade deregulation, Krueger does

equivocate by suggesting that safeguards are necessary to protect vulnerable states. This cautionary note is also sounded by Winters (2006) and Dollar (2005), who convey that trade liberalization creates winners and losers. These qualifying statements may suggest that SIDS of the Pacific may not benefit from all forms of trade after all.

The economic benefits found by increasing openness to trade for the developed states forecasts an expectation of similar benefits to be realized by the developing state. The developed states hold a belief that the growth to be realized by the developing states through globalization would narrow the per-capita income difference between the developed and developing states, reducing the need for financial aid (Tisdell, 2006). Hence, the World Bank imposed policies to support trade integration (Edwards, 1993). In 1979, the WTO created the 'enabling clause' which offers consideration to WTO members entertaining trade relations with non-members (i.e., developing states). The amendment led to a surge in trade agreements. As noted by the WTO (2011, p. 54), "PTA [preferential trade agreement] activity accelerated noticeably, with the number of PTAs more than doubling over the next five years and more than quadrupling until 2010 to reach close to 300 PTAs presently in force."

. . . TRADE LIBERALIZATION creates winners and losers. These qualifying statements may suggest that SIDS of the Pacific may not benefit from all forms of trade after all.

Most recent empirical studies on trade liberalization are inconsistent with earlier studies (Harrison & Hanson, 1999). We contend that the inclusion of the developing state into the more recent studies may have influenced previous findings. Rodríguez and Rodrik (2000, p. 291) also argue that the concept of free and freer trade fostering economic growth in all states is a misconception created by empirical evidence too strongly stated where the relationship between trade liberalization and economic growth was "not robust." In addition, Rodrik (1999) noted that policy literature may have oversold the benefits of openness.

Assigning partial fault of the developing states' inability to experience growth through trade on the International Monetary Fund, World Bank, and WTO, Stiglitz (2002, p. 214) contends that the international organizations have "approached globalization from … narrow mindsets shaped by a particular vision of the economy and society." In a similar voice, Bertram (2006, pp. 1–2) claims that "all players in aid and development engaged (and still engage) in a rhetorical display of allegiance to those [nationalistic development] models and policies resulting in a radical disconnection of policy discourse from economic reality." Plummer and colleagues (2011) noted that growth models are tailored to conditions that exist in developed states, which do not apply to some developing countries, especially the poorest countries. Models are created from existing theories; if the existing models, as noted by Plummer et al. (2011, p. 2), "may not be realistic for … [the] least developed countries," then new theories and models are needed specifically for such countries.

DeJong and Ripoll (2006) utilized data from 60 nations in various stages of development spanning the period 1975–2000, and found that trade barriers impede economic growth — but only among the developed nations. Yanikkaya (2003) found that trade barriers positively correlate with developing countries' economic growth. Similarly, Winters and Masters (2013) provided evidence for a positive effect of tariffs on economic growth in low-income countries. These findings are in opposition to the ideology of the WTO that lowering tariffs increases industry competition as well as industrialization and leads to a higher standard of living for low-income countries.

Stiglitz (2002) argues that globalization does not benefit many of the world's poorer nations. Specifically related to SIDS, Read (2004) takes this one step further by maintaining that globalization can be harmful to the economies of many successful small island states. Economy Watch (2021, para. 2) conveys that:

> Liberalization of trade policies, reduction of tariffs and globalization have adversely affected the industrial setups of the less developed and developing economies. [As a result, the] majority of the infant industries in these nations have closed their operations. Many other industries operating under government protection found it very difficult to compete with their global counterparts.

The totality of the research suggests two opposing international trading environments in which policies may have very different outcomes in different contexts.

DATA AND METHODOLOGY

Our sample includes 13 Pacific SIDS (see Table 5.1) with data spanning 40 years, from 1970 to 2010. The key variables of interest are those related to economic growth and trade: real GDP/capita growth, imports, exports, and participation in various trade agreements. Each state's real GDP per capita, the volume of imports, and the volume of exports were obtained from the PENN World Tables and measured in constant 2005 US dollars, while growth rates of real GDP/capita and shares of trade as a proportion of GDP were calculated based on the source data. Membership information in the two RTAs and WTO, including entry and accession dates, was obtained from the World Trade Organization and the Pacific Secretariat. Table 5.1 provides a detailed summary of Pacific SIDS membership information related to these agreements. Other commonly used development control variables such as education, life expectancy, state governance, and institutional quality are omitted due to the absence of such data for the sample period; similar data limitations have been noted by Deo (2010) and Edwards (1997).

We first summarize economic growth and trade in a scatter plot for all 13 SIDS over this period (see Figure 5.1). There are considerable variations in the growth rates of

GDP and trade volumes in the sample states, indicating desirable conditions for the purpose of empirical identification. As shown in Figure 5.1, a positive correlation between the average growth rate of GDP and trade volume is indicated by a correlation coefficient of 0.398 (significant at the 5% level), as expected. Of course, a positive correlation is not direct empirical evidence for a causal relationship between trade openness and economic growth in the region. It offers even less information about the impact of trade agreements on economic growth.

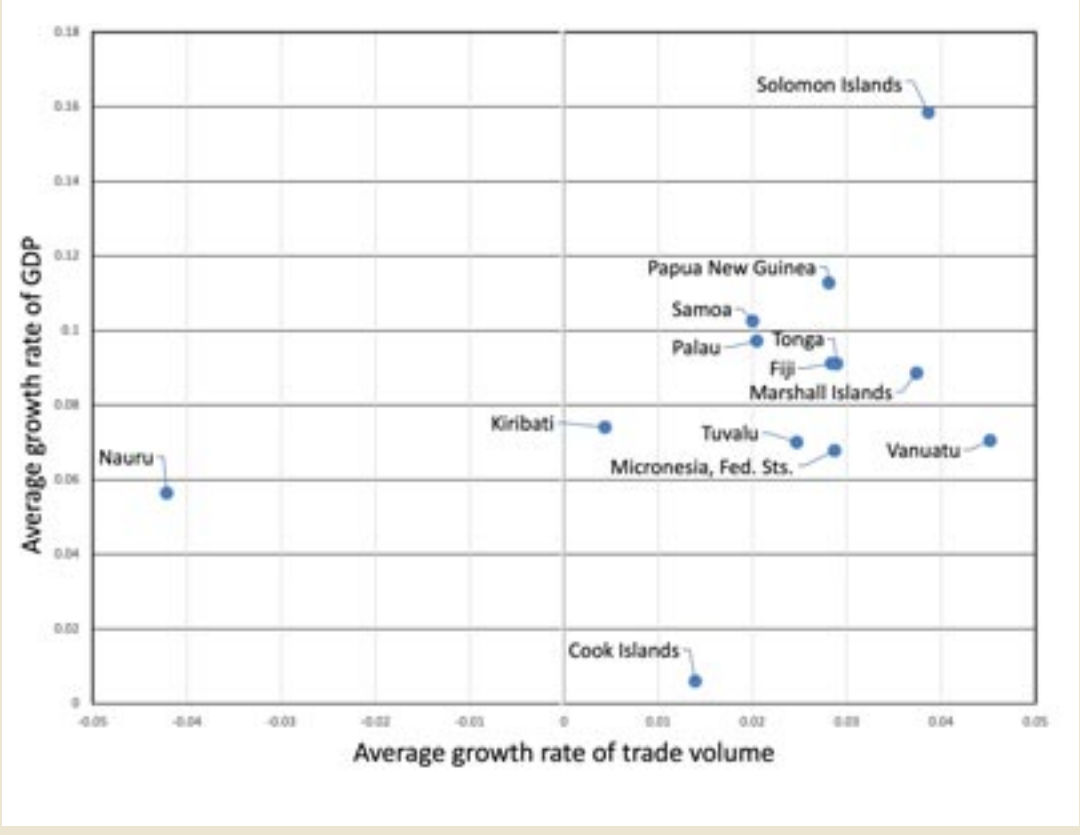
TABLE 5.1: **Island States' Entry into SPARTECA, PICTA, and WTO Agreements**

Island state	SPARTECA Entry into force	PICTA Entry into force	WTO Accession date
Cook Islands	January 1, 1981	April 13, 2003	–
Fed. States of Micronesia [a]	December 29, 1988	*see note*	–
Fiji	January 1, 1981	April 13, 2003	January 14, 1996
Kiribati	August 9, 1981	July 4, 2003	–
Marshall Islands	May 28, 1989	–	–
Nauru	September 7, 1982	April 13, 2003	–
Palau	–	–	–
Papua New Guinea	January 1, 1981	September 4, 2003	June 9, 1996
Samoa [b]	March 26, 1981	April 13, 2003	*see note*
Solomon Islands	May 15, 1981	July 2, 2003	July 26, 1996
Tonga	January 1, 1981	April 13, 2003	July 27, 2007
Tuvalu	June 3, 1981	May 16, 2008	–
Vanuatu [c]	December 17, 1981	July 21, 2005	*see note*

NOTES: a PICTA signed but not ratified.
b Not a member of the WTO for this study; accession date: May 10, 2012.
c Not a member of the WTO for this study; accession date: August 24, 2012.

Source: World Trade Organization (2008).

FIGURE 5.1: **Average Growth Rates in Trade and GDP for Pacific SIDS, 1970–2010**



The natural starting point of empirical specification (spec 1), in this case, is a simple dynamic panel model, as follows:

$$Growth\ Y_{i,t} = \beta_0 + \beta_1 Ex/GDP_{i,t-1} + \beta_2 Im/GDP_{i,t-1} + \beta_3 SPARTECA_{i,t} + beta_4 PICTA_{i,t} + \beta_5 WTO_{i,t} + u_{i,t} \quad (1)$$

Where $Growth\ Y_{i,t}$ is the growth rate of real GDP/capita in country *i* at time *t*. The set of explanatory variables includes the lagged growth rate of export over GDP ratio, $Ex/GDP_{i,t-1}$; the lagged growth rate of import over GDP ratio, $Im/GDP_{i,t-1}$; and the dummy variables indicating participation status in SPARTECA, PICTA, and WTO for country *i* at time *t*, respectively. The usage of dynamic panel methods means that lagged values of the dependent variable also enter the regression but are omitted here to conserve space. The symbol $u_{i,t}$ represents the stochastic error term.
A summary of these explanatory variables is presented in Table 5.2.

TABLE 5.2: **Description and Rationale for Including the Independent Variables**

Ind. Variable	Regression	Description and theory intuition	Source	Predicted sign
Im/GDP	Regression (1)	*Imports as a share of GDP* — An increase in imports is considered a precursor to an increase in economic activity. Therefore, the variable suggests an increase in GDP and economic growth.	PENN World Tables Constant 2005 prices (US$)	Positive (+)
Ex/GPD	Regression (1)	*Exports as a share of GDP* — An increase in exports suggest an increase in production and, therefore, in GDP and economic growth.	PENN World Tables Constant 2005 prices (US$)	Positive (+)
SPARTECA	Regression (1); Additional regressions (1), (2), and (3)	*Membership to SPARTECA (12 states)* — Represents an increase in openness to trade, leading to growth.	World Trade Organization	Positive (+)
PICTA	Regression (1); Additional regressions (1), (2), and (3)	*Membership to PICTA (10 states)* — Represents an increase in open ness to trade and, therefore, growth.	World Trade Organization	Positive (+)
WTO	Regression (1); Additional regressions (1), (2), and (3)	*Members of SPARTECA and/or PICTA who are members of WTO (4 states)* — The 162 memberships in the WTO provide for "freer" trade, an increase in openness to trade, and, therefore, growth.	World Trade Organization Pacific Secretariat	Positive (+)

NOTE: In support of the convention that "free or freer trade fosters growth," the sign for the trade agreements should be positive (+).

Three additional empirical specifications (specs 2, 3, and 4) are estimated using dynamic panel methods to study the impact of different trade agreements on economic growth, total trade growth, and export growth. The goal is to further our understanding of the ways in which different forms of trade integration impact these SIDS economies. In particular, the following three equations are estimated:

$$Growth\ Y_{i,t} = \beta_0 + \beta_1 SPARTECA_{i,t} + \beta_2 PICTA_{i,t} + \beta_3 WTO_{i,t} + u_{i,t} \quad (2)$$

$$GrowthTT_{i,t} = \beta_0 + \beta_1 SPARTECA_{i,t} + \beta_2 PICTA_{i,t} + \beta_3 WTO_{i,t} + u_{i,t} \quad (3)$$

$$GrowthEX_{i,t} = \beta_0 + \beta_1 SPARTECA_{i,t} + \beta_2 PICTA_{i,t} + \beta_3 WTO_{i,t} + u_{i,t} \quad (4)$$

The results from these regressions are presented in the next section.

RESULTS

The estimation results for specification (1) are presented in Table 5.3. The first thing to note in this table is that all of the control variables have the expected signs, as the GDP change is often persistent, so the first coefficient is positive and statistically significant at the 5% level. The constant term is negative but at an economically insignificant level. Since indicators of trade agreements are the variables of interest here, we can see that both RTAs have a positive coefficient, while membership in the WTO is associated with a negative correlation.

TABLE 5.3: **Empirical Results for the Primary Regression**

	Co-efficient	Std. error	p-value
Growth GDP/capita (lag 1)	**0.0328****	**0.0140**	**0.0185**
Constant β_0	**-0.0009***	**0.0005**	**0.0872**
Growth Imports/GDP (lag 1)	**-0.0318****	**0.0125**	**0.0112**
Growth Exports/GDP (lag 1)	-0.0113	0.0083	0.1727
SPARTECA	0.0158	0.0114	0.1657
PICTA	**0.0369***	**0.0206**	**0.0741**
WTO	**-0.0239****	**0.0115**	**0.0381**
SSR = 6.323 Number of instruments = 428 Normality of residual test: Chi^2 = 2079 [0] Wald test: Chi^2 = 32.6 [0.000]			

NOTE: ***, **, and * represent statistically significant relationships at the 1%, 5%, and 10% level, respectively. The dependent variable is growth in GDP/capita.

These coefficients for trade agreements are economically significant, pointing at several percentage points of GDP/capita movements in either direction, but membership in SPARTECA is not correlated significantly with GDP/capita growth. The coefficients suggest that membership in PICTA had a positive and statistically significant (albeit at the 10% level) impact on economic growth among the Pacific SIDS, while membership in the WTO appears to have the opposite effect at a significance level of 5%. These coefficients are substantial, in that membership in PICTA is associated with an increase of 3.69 percentage points in GDP/capita growth and membership in the WTO is associated with a decrease of 2.39 percentage points. This is a contradiction of

the consensus that openness to trade leads to economic growth. Although several studies in the literature point out that openness to trade might not be suitable for developing nations as an effective growth strategy, it is crucial that we further investigate how different trade agreements impact economic growth. In particular, we want to determine whether any of these trade agreements meaningfully impacted trade or export growth, thereby leading to GDP growth.

The results of empirical specifications (2), (3), and (4) are presented in Table 5.4. Specification (2) essentially produced the same results as the primary regression (spec 1): membership in PICTA had a statistically significant positive impact on growth and membership in the WTO significantly dampened economic growth, while SPARTECA's coefficient is positive but statistically insignificant. These estimates are very close to the results of the primary regression. As discussed earlier, it is crucial to understand the ways in which these trade agreements affect economies, including, for example, the volume of imports and exports. The third and fourth specifications offer some insights into this question. The evidence revealed through the analytical process shows membership in SPARTECA and WTO, individually, with a negative estimated coefficient, suggesting that these agreements failed to facilitate positive gains, and trade may actually be depressed.

TABLE 5.4: **Empirical Results for Additional Economic and Trade Variables**

Dependent variable	Growth of GDP/capita	Growth of total trade	Growth of export
own lag (-1)	0.0006 (0.0144)	**-0.0831***** **(0.0321)**	-0.0839 (0.0223)
SPARTECA	0.0168 (0.0114)	**-0.0373**** **(0.0179)**	-0.0185 (0.0707)
PICTA	**0.0347*** **(0.0193)**	**0.01015*** **(0.0586)**	0.0512 (0.0657)
WTO	**-0.0238**** **(0.0111)**	**-0.0658*** **(0.0369)**	**-0.0922**** **(0.0414)**
Constant β_0	-0.0008 (0.0005)	-0.0018 (0.0011)	-0.0016 (0.0035)
SSR	6.1102	25.1948	156.808
Number of instruments	428	428	428
Normality of residual test	Chi^2 = 2209.51 [0]	Chi^2 = 297.862 [0]	Chi^2 = 2342.0 [0]
Wald test	Chi^2 = 8.3913 [0.05]	Chi^2 = 14.8069 [0.005]	Chi^2 = 17.723 [0.0014]

NOTE: ***, **, and * represent statistically significant relationships at the 1%, 5%, and 10% level, respectively.

This is especially true for the WTO; membership in this international trade organization appears to support a decrease in both total trade and export growth. On the other hand, membership in PICTA is positively correlated with the growth in total trade at a 10% significance level. It is also worth noting that although the estimated coefficients associated with some of the dummy variables appear as not statistically significant for some specifications, all three dummy variables are jointly significant at the 5% level for all specifications, indicating that trade agreements do affect economic growth and trade, but not necessarily in the way commonly believed.

DISCUSSION

These empirical results have forced us to reconsider the dominant view that the elimination of trade barriers fosters economic growth for all states, a basic tenet supported by the WTO and the international financial institutions (Bhagwati & Srinivasan, 2002; Edwards, 1993; Harrison, 1996; International Monetary Fund, 2011; Rose, 2004; Zagha & Nankani, 2005). We offer two explanations for these outcomes. First, we argue that the trading environments differ between developed and developing (island) states. Secondly, it appears that geographical distance matters, such that RTAs encourage more trade integration — especially for (collectively) isolated regions such as the South Pacific. In addition, a tenet exists that island similarity of products will deter the interest to trade regionally. Contrary to this view, the Pacific Island Forum identifies the Pacific SIDS as a heterogeneous trading environment (Gounder & Prasad, 2012; Tapuaiga & Chand, 2004), and the World Bank (2016) also refers to the islands' trading environment as unique and diverse.

As noted above, researchers have challenged the conventional wisdom that fewer trade barriers encourage economic growth. Their findings tend to hold true to the developed states — and yet, policies advocating for greater trade integration within small island jurisdictions did not appear to experience similar outcomes as the developed states. As Hay (2013, p. 210) asserts, "islands are not miniature versions of non-island spaces." We argue that there are at least two trading environments: one that is more closely associated with developed states, and a second trade environment that is associated more closely with developing states. We also contend that the widely accepted tenet that "free" or "freer" trade fosters economic growth is by and large the experience of the developed states, and not of the developing states (Harrison & Tang, 2004; Williamson, 2002).

To further support these assertions, we offer two extra regressions that compare the impact of WTO membership between developed and developing island states for the same sample period, specifically regressing the growth of GDP/capita on WTO membership among two different groups of island states. The results, presented in Table 5.5, confirm our inference that WTO membership had very different effects on economic growth

in developed as compared to developing island states. In our sample, WTO membership is negatively correlated with economic growth at the 5% significance level among the developing island states, and positively correlated with growth at the 1% significance level among developed island states. In summary, these findings support DeJong and Ripoll's (2006) view that a policy that contributes to a desired effect in developed states may not support a similar outcome when implemented in developing states.

TABLE 5.5: **Economic Growth and Membership in WTO — Developed vs. Developing Island States**

	Developing Island States [a]	Developed Island States [b]
Growth GDP/capita (lag 1)	**0.0351*** (0.0112)**	**0.1569*** (0.0238)**
Growth of Imports/GDP (lag 1)	**-0.0267*** (0.0099)**	**-0.1267*** (0.0292)**
Growth of Exports/ GDP (lag 1)	-0.0112 (0.0084)	-0.00284 (00334)
WTO Membership	**-0.01771** (0.0088)**	**0.0176*** (0.005)**
Constant	0.0002 (0.0003)	**-0.0015*** (0.0003)**
SSR	6.3415	0.2711
Number of instruments	426	246

NOTES: *** and ** represent statistically significant relationships at the 1% and 5% levels, respectively. The dependent variable is growth of GDP/capita.

a The group of developing states includes Tonga, Fiji, Solomon, Papua New Guinea, and those members of PICTA that are also members of the WTO.

b The group of developed island states consists of Japan, Iceland, Ireland, Malta, Australia, New Zealand, and the United Kingdom.

Physical distances and other impediments to trade have been analysed extensively in the literature, with most studies confirming that physical distance is a significant determinant of trade flow. Not surprisingly, distance is often a significant determinant of RTAs (Sarker & Jayasinghe, 2007), where agreements are usually between countries within the same geographical area and which often share other characteristics, such as a common border, language, or colonial history. The theory underpinning this is the *gravity model*, which suggests that two trading partners in close geographical proximity

and of similar size (e.g., GDP/capita) will experience higher trade flows than trading partners of greater distances and size differentials (Anderson, 2011; Bergstrand, 1985; Pöyhönen, 1963; Tinbergen, 1962). Such results have also been confirmed in empirical studies (Vicard, 2011). We argue that PICTA consists of states of similar economic size and relative geographical proximity, which thereby offers the Pacific SIDS a significant benefit in trade and economic growth against membership in SPARTECA and/or the WTO. Members in the latter group tend to be at greater geographical distance and have greater variation in economic size. This outcome is not surprising; these trade patterns also exist among developed countries. The largest trading partners of the USA are its neighbours, Canada and Mexico, for example, and 60% of all EU trade in goods is among its own members (European Commission, 2021).

The findings presented here have important policy implications for SIDS and other developing nations. First, it suggests that regional trade agreements should be utilized as the primary trade liberalization strategy among SIDS, as opposed to broader and more general trade agreements such as membership in the WTO. Second, it emphasizes the benefits of prioritizing trade among partners with common economic characteristics and geographical proximity. In other words, our results favour regionalism over globalization as a trade liberalization strategy for SIDS. In addition, our results indicate more growth benefits for developing nations in 'south–south' relationships than in 'north–south' trade agreements, given that all PICTA members are SIDS whereas SPARTECA and WTO members are a mixture of developed and developing nations.

CONCLUSION

This research aimed to examine the differences between the impact of two trade liberalization strategies, globalization and regionalism, on SIDS economies. To this end, we narrowed our cases to a group of developing island states in the Pacific, with two regional trade agreements — SPARTECA and PICTA — representing a regionalism trade strategy, while membership in the WTO represents a globalization strategy.

In support of the statement under the category of regionalism, or "free" trade, PICTA was repeatedly found to have a statistically significant positive impact on the growth of GDP/capita and total trade. However, we could not establish a statistically significant relationship between PICTA and growth in exports. We contend that our evidence in this study supports the view that "free" trade (regionalism) fosters economic growth by promoting trade relationships between members of the agreements.

In contrary to the "freer" trade component of the statement given by Williamson (1998), we found that membership in the WTO failed to promote trade (and, in turn economic growth) among its SIDS membership in the Pacific. Repeatedly, we found statistically significant negative correlations between WTO membership and GDP/capita growth, total trade growth, and export growth.

Our findings are both consistent and inconsistent with the conventional wisdom that free or freer trade fosters economic growth. We found that "free" trade (i.e., RTAs) fosters economic growth, while "freer" trade (i.e., multinational trading partners) could negatively affect economic and trade growth. In closing, these results seem to support the statement by Pigka-Balanika (2013, p. 4) that "regions, so structurally different from the rest of the world" should not be compared, for such "global comparison[s] [are] particularly meaningless." Small Island Developing States are not mainland developed states, and policies constructed to benefit developed states should not be seen as applicable to developing island states without additional research.

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