

## Trade Justice For What?

Some anti-capitalists held a protest called "**Wake Up to Trade Justice**".

Organisers want to see an end to trade rules which, they say, force farmers in developing countries to compete with cheaper international imports.

So the organisers of "Wake Up to Trade Justice" want people in poor countries to get less food for their money? Perhaps they haven't bothered to think through their position and realise its implications.

Virtually any choice taken by anyone will hurt some people and benefit others. It is impossible to add up, or even to know, what all these costs and benefits are. What we can do is favour institutions under which ideas can be tried out and mistakes corrected rather than entrenched. In this respect free trade clearly wins over "fair trade". Under free trade, people choose the product they think gives the best value. So people who don't produce good products that others value have to change their behaviour. Thus, free trade has a mechanism to eliminate bad products.

In this case, free trade will make African farmers who aren't very good at farming move into jobs they are better at, because the African people actually eating the food don't want what they are selling. Forcing them to buy it anyway is entrenching indefinitely the poverty of all concerned. That is not justice.

**Update:** Broken link now replaced by a different one. Thanks to a reader for pointing this out in a comment.

Fri, 05/13/2005 - 22:59 | [digg](#) | [del.icio.us](#) | [permalink](#)

## Subsidies?

You're sure this isn't in reference to first world farm subsidies that make it difficult for many third countries to develop a competitive agricultural economy?

(I tried clicking the link, but it appeared to be broken.)

by a reader on Sun, 05/15/2005 - 12:54 | [reply](#)

## Re: Subsidies?

Thanks for pointing out the broken link.

If it were a reference to the injustice and harm done by first world farm subsidies, we would indeed be endorsing their protest. Unfortunately it is not. In the words of the organisers (see the new link), "the aim is to challenge the free trade myth and put forward alternatives":

The myth, perpetuated by the rich and powerful states that free trade and privatisation is the only answer to global poverty. Governments and key decision-makers across the world have swallowed this myth. Poor countries everywhere are being forced to open their markets to foreign companies and cheap, often subsidised imports; to stop helping vulnerable producers and to privatise essential services. The results are devastating. The myth needs to be exploded once and for all.

by [Editor](#) on Sun, 05/15/2005 - 13:57 | [reply](#)

## Dynamic Institutions and Free Trade

"What we can do is favour institutions under which ideas can be tried out and mistakes corrected rather than entrenched."

Certainly this is correct. I point out this phrase because usually hidden from economic discussion is the essential fact that we live within political entities which define 'the marketplace' and markets through the lens of their familiar institutions. The very meanings of free trade are driven by our diverse institutional views, the ideas of corporation, the ideas of stock and markets, the ideas of banking and currency, the ideas of labor. All of these are institutionalized ideas, often embodied in names we recognize, Wall Street, WTO, World Bank, various Departments of Commerce and Bureaus of the Treasury. Other institutional ideas which function in various markets of the world are less well known but no less influential in promoting or diminishing the wellbeing and wealth of their citizens. Many of these institutions fall under the rubric of what these citizens also call free trade.

Most of us agree we should be attempting to live in a world ruled by reason. In order to do this well, we need to constantly examine our institutions and how they serve or do not serve us.

Free trade is not chaotic or whimsical freedom. For that matter, free trade is not unregulated trade.

Free trade in the highest sense is what we make it through the application of good ideas in an organized and reasoned way to serve the public good (Theory of Institution). Market mechanisms are recognized as well as how they may be institutionally encouraged in the public interest across the broad and changing marketplace(s) of the state(s), the nation(s) and the world.

Economic institutions, like all institutions reflecting the nobility of

human endeavor are not temples of blind worship, or at least should not be. They need to function primarily as places of intelligent discussion and application, constantly reasoned and changeable reflections of our best ideas with constant trial and refinement of these ideas in the world market(s). Without regular rebuilding to recognize the viability of human ideas and change, like all temples of the ancient gods, the Temple of Free Trade will soon fall into ruins.

"What we can do is favour institutions under which ideas can be tried out and mistakes corrected rather than entrenched." At our peril, do not forget this.

by a reader on Sun, 05/15/2005 - 14:30 | [reply](#)

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