

Launching the Trade Liberation Movement

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From Hong Kong to Davos to the President's State-of-the-Union affirmation that "One out of five factory jobs in America is related to global trade", we're constantly reminded how important free trade is – and how little the institutions designed to foster it are able to achieve. But even though World Trade Organization negotiations are stalled, we have a splendid opportunity to transcend the status quo on free trade.

The WTO is in no enviable position: damned by free-marketeers for timidity in working towards free trade, trashed for uprooting traditions and destabilizing domestic markets in both developed and developing nations. Its members are hardly better. Even the strongest advocates for free trade have their protectionist Achilles' heels (cotton and sugar for the US; the Common Agricultural Policy for the EU). WTO members who complain most vigorously about those trade barriers don't actually uphold free trade themselves, but hide behind that phrase when demanding concessions from one another. Much of Africa and Latin America, for example, insist on the discredited theory that free-market economics is a 'zero-sum' game.

Hypocrisy in trade is nothing new, but when the WTO threatens to become the lowest-common-denominator of economic openness, other avenues must be explored. Indeed WTO politics makes trade deals increasingly costly: NGOs use it as an instrument of global regulation, and disputes over intellectual property and 'cash aid' demands from developing nations all raise the price of free trade agreements. Outside the halls of trade negotiations a veritable bazaar of NGO's doling out costly 'free' protectionist advice to developing nations sets up shop.

Fortunately the WTO is not the only game in town, though good alternatives are few. Gerald O'Driscoll of the Cato Institute and Julian Morris of the International Policy Network suggest new voluntary coalitions to benchmark superior practices in free trade and lead market-opening negotiations. Both recommend a de facto reinvention of the WTO, reasserting its first principles of open markets. They call this 'unilateralism' in ending trade barriers, but use newly-organized negotiating structures to advance free trade. That may beat the status quo but it is not unilateral free trade. Further, it is difficult to imagine it would not lead back to the same situation the WTO is in.

Genuine unilateralism in free trade is not an easy path either, but at least exposes the hypocrisy of nations that choose protectionism. Some of the loudest complaints against EU intransigence on farm subsidies come from nations aggressively resistant to free trade themselves. As Cato's Marian Tupy documents, sub-Saharan Africa is highly protectionist and it is "hypocritical for African leaders to call for greater access to global markets while rejecting trade openness at home." Rather than complain to the developed nations, African nations could profit by dropping trade barriers they impose on one another.

Instead they use the free trade mantra to wrest concessions from the West but avoid the 'evils' of competition at home while impoverishing their own people. As Tupy, O'Driscoll, and Morris all recognize, unilateral trade-opening has worked for the economies of Australia and New Zealand in the Asia-Pacific region and Chile in Latin America. Tragically the mis-governance of so much of Africa makes a region most in need of unilateralism least likely to adopt it.

Protectionism appeals to most domestic audiences, making the ideal of unilateral free trade seem optimistic if not utopian. One hope is that mass electronic communications and virtual commerce can empower the workers, farmers, and entrepreneurs of Africa, poor but savvy, to bring this message home to their governments. It is their profits, incomes, and standard of living that are wrecked by protectionist intransigence. Whatever norms the international community sets (WTO or no WTO), self-interest – not bargained-for-exchange – is the key to opening markets worldwide. Further, those norms will themselves respond to unilateral trade-opening as the bar of economic freedom is raised ever higher.

In short, unilateral self-help by nations seeking the economic gains of free trade and open markets can make the world wealthier, and may even save the WTO from its own worst tendencies. That should be enough: but a recent study presented by Robert Klemmensen of the University of South Denmark suggests openness to trade is also closely associated with national resistance to being either a breeding-ground for, or victim of, terrorism. That should not surprise, as freedom always has reinforcing virtues for the body politic. Let us introduce "Free Trade", bringer of economic opportunity and weapon of choice against terrorism. Could anything be more important than liberating this freedom-enhancing force from global bureaucratic inertia?

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