Debate between proponents of Fair Trade and Free Trade

Contents:

Claes, K. & Emerson, M. (2003, September 25). "Fair Trade comes to campus." In "Editorials," *University News (Saint Louis University),* A8.

At last night's Student Government meeting, senators passed a bill representing a solid adherence to principles of social justice and a strong commitment to the mission statement of Saint Louis University.

The bill ensures that only Fair Trade coffee will be served at the soon-to-be DeMattias Hall coffee house. Many students are probably unfamiliar with Fair Trade coffee, but it has become popular on many campuses and independently-owned coffee houses.

The term "Fair Trade" refers to the system that ensures that coffee farmers around the globe receive a fair wage. Under this system, farmers can reduce costs by forming a direct connection between themselves and the consumers. Middlemen and other potential exploiters are eliminated from the process.

Fair Trade coffee increases farmers' salaries and provides them at least a small chance to compete with the large-scale coffee growers. In addition, Fair Trade ensures that the farmers are organized in democratically-run cooperatives, where farmers share revenue equally.

Fair Trade is an excellent response to the crisis of the independent coffee farmers, and it also allows others, especially students, to put into practice the principles of social justice that are so often discussed.

Bringing Fair Trade to SLU is a small step toward leveling the unsteadying effects of big business. It should encourage students and faculty to think about other ways in which the University can make lessen the exploitation of the underprivileged.

At a Jesuit university, students and administrators cannot ignore the labor conditions that provide the merchandise that our campus advertises. Nor should athletic directors or coaches fail to notice the oppression they may indirectly encourage when they sign shoe contracts with possible abusers of third-world laborers.

SLU may not be providing such encouragement at the moment, but that doesn't mean it won't happen in the future.

The obstacles to achieving social justice are many and daunting, but sometimes the opportunity arises to make progress. Bringing Fair Trade to SLU is one such opportunity, and students should be thankful the University has seized it.

Lamberg, A. (2003, October 2). "Kucinich is the right man." In "Letters," *University News (Saint Louis University),* A8.

Kucinich is the right man

To the Editor:

In response to the Sept. 25th article "SGA demands fair coffee" and the editorial "Fair Trade comes to campus," I'm pleased to see my fellow students at Saint Louis University advocate fair trade practices.

I hope more students realize why we need that, as opposed to the "free trade" exemplified by NAFTA and WTO practices, which drive down wages, human rights and environmental standards--it's the "race to the bottom," as Ohio Congressman Dennis Kucinich has stated in the recent debates with his fellow Democratic presidential candidates.

I agree with the editorial that "obstacles to achieving social justice are many and daunting."

However, an opportunity has arisen: Kucinich's first action as president will be to withdraw from NAFTA and promote bi-lateral fair trade. Of all 10 of the candidates, Kucinich is the one who is more consistent with Jesuit ideals.

Alan Lamberg
Graduate Student
Department of Public Policy

Middleton, B. (2003, October 9). "Free Trade: the better way to help the third world." In "Commentary," *University News (Saint Louis University),* A9.

Free Trade: the better way to help the third world

By Brandon Middleton
Guest Commentator
October 09, 2003

The Student Government Association's recent resolution to promote Fair Trade coffee is a welcome sign that Saint Louis University is in step with Jesuit ideals and that it will continue to promote human rights. However, Alan Lamberg's letter to the editor (Oct. 2, "Kucinich is the right man"), is mistaken in alluding that protectionist trade policies are better than multilateral initiatives such as the World Trade Organization.

From a philosophical standpoint, free trade is the ideal trade policy. Just as one should be able to travel the globe as he or she can afford and please, so too should one be able to enjoy the goods and services of another country without any distorting costs.

If I prefer Japanese automobiles to their American counterparts, there is no reason for me to have to purchase a Japanese car for anything beyond the associated production and transportation costs.

Other reasons for the pursuit of free trade include lower corruption, as free trade decreases the need for government involvement and thus lowers the chance for shady transactions; and two, greater productive efficiency due to increased competition and incentive to get the most return from a firm's capital and labor.

In countries without a sophisticated legal environment, the latter can also serve as an antitrust policy. The increase in competition will decrease a firm's monopoly power, benefiting consumers at home and throughout the world.

Unfortunately, arguments for free trade are unlikely to overcome the common but irrational view that free trade hurts third-world countries. This is where a discussion of market size and relevant facts comes into play.

As global trade becomes more liberalized, consumers throughout the world will have access to a bigger marketplace; hence, they will have more choices for the goods and services they want.

Firms will also take advantage of increased market size by lowering their average total cost of production. This, in turn, lowers prices, and consumers are again better off.

Citizens of impoverished countries not only gain in this fashion from an increase in market size, but also through increased investment returns.

Poorer countries will be able develop more quickly through better equipment, increased research and development and, most importantly, spillover effects in education and technology.

A classic example of the benefits of free trade is the case of Indonesia, as noted by renowned Princeton economist Paul Krugman.

Prior to significant liberalization efforts in the country during the 1970s, per capita intake of food for Indonesia was a paltry 2,100 calories; more than half of Indonesian children were malnourished. By the late 1990s, increased trade had been a major factor in bettering these issues: per capita intake had risen to close to 3,000 calories. Although still lamentable, only one-third of Indonesian children suffered from malnutrition.

To those who suggest that globalization has made the people and workers of third world countries worse off, perhaps Krugman contradicts this belief best.

As he noted in the Nov. 24, 1999 issue of Slate: "To claim that [workers] have been impoverished by globalization, you have to carefully ignore comparisons across time and space--namely, you have to forget that those workers were even poorer before the new exporting jobs became available and ignore the fact that those who do not have access to the global market are far worse off than those who do"

In short, campus organizations which claim that free trade hinders developing countries and impoverishes their people are wrong. Free trade is far from "a race to the bottom"; it is a policy that is consistent with the values of economic freedom and yields significant opportunities throughout the world.

Brandon Middleton is a senior studying economics.

Lamberg, A., & Mamoun, B. (2003, October 30). "Free trade revisted." In "Letters," *University News (Saint Louis University),* A8.

To the Editor:

Regarding Mr. Middleton's Oct. 16 commentary, the real issue behind the fair versus free trade argument is not which one is philosophically better. There is no denying that trade could lead to market efficiency and could be a vehicle for economic and social development (under very strict economic assumptions).

However, free trade practices can be extremely coercive in the absence of strong, democratic and transparent domestic and international governing systems to keep transnational corporations' practices in check and to tackle growing income inequalities, devastating environmental damages and an increasingly concentrated market.

Indonesia is only a convenient example. In the 1990s, an authoritarian regime gambled its markets to foreign investors who were not regulated against speculative, short-term payoffs.

Let us not forget that in the later 1990s, the financial crisis in East Asian markets precipitated a collapse in the Indonesian economy. Indonesia, like many so-called emerging economies, is another case of a market collapsing in the absence of a responsible, democratic government, which needs to be capable of regulating against unfair and "shady" corporate practices.

Even in the industrialized nations, where there are strong institutions, a gap persists between social classes, and ecosystems take a back seat to business special interests.

Corporations have been able to influence policymaking to find end-runs around checks and balances.

Alan Lamberg and Ben Mamoun
Graduate Students
Department of Public Policy Studies