



Global Ethics Corner: Trade Liberalization and the Financial Crisis

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What does the financial crisis imply? Should we liberalize trade on agriculture and services? Or should we protect domestic producers?

Economists look at statistics noting that countries liberalizing trade gain economically. Political scientists note that there are also domestic winners and losers who seek protection.

With protection the financial crisis deepens, since this raises prices and decreases demand. Without protection the vulnerable in society face more hardship.

Will 60 years of liberalization continue during the worst crisis since 1929? Think of a bicycle; if the bicycle of multilateral liberal trade doesn't move forward, it falls and protectionism blooms.

There may be a third option. Philip Cerny says the bicycle analogy is flawed. An alternative image is a series of ink spots; as absorbed, they expand and gradually merge.

These ink spots are local preferential trade agreements between two or more countries. These can be building blocks for global free and fair trade, attentive to social policy ensuring labor, environmental, or retraining standards.

What do you think about trade talks? Protect? Negotiate globally? Or start with local trade?

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