

## PERSPECTIVES ON INTERNATIONAL TRADE\*

International trade connects Americans to the global economy in new and powerful ways. Twenty-five years ago, trade was a minor factor in our lives and, for the most part, we could make our personal and national economic decisions independently from the rest of the world. Today, trade in manufactured products equals 40% of America's industrial production, and we are increasingly conscious of its many impacts on our day to day lives.<sup>1</sup> Some of the prominent perspectives in our national dialogue on trade include:

- Economists who believe that trade helps our economy grow and raises our national standard of living.
- Consumers who find an increasingly wide array of imported goods – often at lower prices than before – in our supermarkets, stores, and malls.
- Businesses that see trade as opening up new markets for American goods and services, increasing revenues, profits, and export-related jobs.
- Other businesses and workers that see trade competition as a threat to American jobs and livelihoods.

As followers of Jesus, we are concerned with trade's impact on the whole human family. While there is strong evidence that trade increases all societies' overall prosperity over time, we are keenly aware that the benefits are not necessarily evenly or fairly distributed. In the short term, some individuals and communities may not only fail to benefit, but may even be harmed. If even one of our brothers or sisters is left behind, we cannot be satisfied by assurances that many others have benefited, or that it will be better "in the long run."

We also know that, just as there are economic injustices here at home, there are even greater injustices within the global economic community. In this context, we reaffirm our conviction that "Jesus understands God to have a preferential option for the poor." We seek to understand the particular impact of trade on the local and global poor, and commit ourselves to focused thought, prayer, action and advocacy from that perspective.

### **POSITIVE IMPACTS**

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Trade can have positive effects on the poor. For example, it can:

- Increase poor developing country farmers' incomes, by allowing them to sell to rich country consumers who have more purchasing power than their local consumers.

In the 1990s, Central American coffee growers faced devastating price decreases. Edmundo Lopez, from the Madriz region of Nicaragua, and many other growers have recovered and prospered by meeting U.S. consumers' increasing demand for high quality, environmentally friendly, or "fair trade" coffee.<sup>2</sup>

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- Improve poor American consumers' standard of living, by lowering the prices of goods that take up the bulk of their family budgets.

In 2005, the removal of government restrictions on clothing imports is expected to result in dramatic decreases in U.S. clothing prices.<sup>3</sup> Since clothing accounts for a larger share of the total "consumption basket" of poor people than of the wealthy, poor American consumers will benefit disproportionately from these price reductions.<sup>4</sup>

- Provide jobs to developing countries' poor urban youth, by employing them in services jobs previously available only to citizens of the developed countries.

In India, over 90% of the labor force is employed in jobs that do not provide social security and other benefits.<sup>5</sup> U.S. and European companies' decisions to outsource computer programming, accounting, customer service and other services to Indian sub-contractors has contributed to the emergence of a growing middle class India.<sup>6</sup>

## **NEGATIVE IMPACTS**

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Trade can also have negative effects on the poor, particularly when combined with other policies that do not take into consideration the interests of the poor. For example:

- Poor developing country farmers may be denied a fair price for the fruits of their labor when trade is combined with the subsidies rich country governments provide to some special interests.

Oxfam estimates that, as a result of billions of dollars of U.S. taxpayers subsidies to corporate rice farms, American rice is being dumped in Haiti at prices that are far below the normal cost of production. In Haiti, lower rice prices are driving the families of 50,000 starving Haitian farmers into even deeper poverty.<sup>7</sup> The average Haitian's annual income is about 15% of the official U.S. poverty rate.<sup>8</sup>

- Trade can lead to layoffs of relatively unskilled American workers, when the firms they work for cannot compete with firms that employ even poorer workers overseas.

In January 2005, Rose Wilson of Graham, North Carolina was laid off from her job in a textiles factory. The firms that employed Rose and other poor American workers have been unable to compete with textiles producers from China and other developing countries, where wage levels are much lower than in America.<sup>9</sup>

- When developing countries are unable or unwilling to adopt and enforce good worker health and safety regulations, new jobs created by increased trade can expose workers to more dangerous working conditions.

A recent International Labor Organization study found that poor workers in Ecuador's cut flowers industries are being exposed to dangerous pesticides and other chemicals without appropriate worker safety training and oversight.<sup>10</sup> The study estimated that 40,000 Ecuadoran workers suffer from health problems that may be caused by these unsafe working conditions.

## TRADE CONNECTS PEOPLE AROUND THE GLOBE

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Each one of us is likely to participate in one or more trade transactions every day. Each such transaction is a “multi-way street” that connects us in complex ways both with our “near neighbors” in North America and with our “far neighbors” around the world. But we are often unaware of these connections.

- An accountant in Boston may not realize that, when she stops by Starbucks for an expensive cup of shade-grown coffee, she may be helping a Ugandan farm worker earn enough money to keep his children in school.
- A father in Raleigh may not be aware that, when he snaps up a cheap pair of imported jeans for his teenager at the mall, there may be a mother in the next town who cannot buy new clothes for her children because she just lost her job in a local jeans factory that could not compete with those cheaper imports.
- A Senator from Baton Rouge may not know that, when he votes to increase subsidies for corporate rice farms, the subsidized products will be sold at unfair prices in Haiti, leaving a Haitian farmer with no money to buy medicine for his sick children.
- A son in Portland may not realize that the flowers he buys for Mother’s Day were cut by a pregnant Ecuadorian farm worker who was poisoned by pesticides because her government lacked the resources to implement its own work safety regulations.

Because we often fail to anticipate or understand the complex ways in which our participation in trade affects the poor, we approach this issue with humility. We also confess that, even when we are aware of these complex relationships, we may be prone to respond more enthusiastically and energetically to the needs of our “local neighbors” than to the needs of our “remote neighbors” in the world’s poorest communities. We commit ourselves, therefore, to increasing our sensitivity to both the opportunities and the challenges that trade creates for the global poor, near and far, with the goal of making international trade a better instrument for God’s work on earth. We recognize that our responses must be based on careful study and reflection of these complex issues.

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## SCRIPTURAL BACKGROUND

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For behold, I create new heavens and a new earth; and the former things shall not be remembered or come to mind ... No more shall there be in it an infant that lives but a few days, or an old man who does not fill out his days ... They shall build houses and inhabit them; they shall plant vineyards and eat their fruit. They shall not build and another inhabit; they shall not plant and another eat ... They shall not labor in vain, or bear children for calamity; for they shall be the offspring of the blessed of the Lord, and their children with them. *Isaiah 65: 17-23*

Hear this, you that trample on the needy, and bring to ruin the poor of the land, saying, “When will the new moon be over so that we may sell grain; and the Sabbath, so that

we may offer wheat for sale? We will make the ephah small and the shekel great, and practice deceit with false balances, buying the poor for silver and the needy for a pair of sandals, and selling the sweepings of the wheat. The Lord has sworn by the pride of Jacob: Surely I will never forget any of their deeds...But let justice roll down like waters, and righteousness like an ever-flowing stream.

*Amos 8:4-7; 5:24*

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### QUESTIONS FOR REFLECTION

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1. How do our daily purchasing decisions affect the local and global poor, and what adjustments might we make to respond to Jesus' "preferential option for the poor?"
2. How do U.S. economic and trade policies affect the global poor? How should we react if trade policies designed to help American firms or the American poor may harm the poor in other countries?
3. How should we react when American workers' jobs are threatened by competition with firms and poor workers in developing countries? How do efforts to protect local workers affect the global poor? What options do we have to balance the needs of the local and global poor?
4. How should we respond if poor workers in developing countries do not have safe working conditions? If we were to refuse to trade with those countries, would working conditions be likely to improve? Do we have other options?
5. How can our political and social advocacy on trade issues help to improve the lives of the local and global poor? Can we commit ourselves to take action?

### ENDNOTES

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<sup>1</sup> Douglas A. Irwin, *Free Trade Under Fire*, Second Edition, Princeton University Press, 2005.

<sup>2</sup> "Farmers tell of Fair Trade benefits," *Boston Globe*, October 20, 2004.

<sup>3</sup> "Clothing prices to fall – eventually: Imports up, but it will take time for shoppers to see the results," [www.seattlepi.com](http://seattlepi.com), April 6, 2005 ([http://seattlepi.nwsource.com/business/218903\\_clothesprice06.html](http://seattlepi.nwsource.com/business/218903_clothesprice06.html))

<sup>4</sup> Edward Gresser, "Toughest on the Poor: Tariffs, Taxes and the Single Mom," Progressive Policy Institute, October 2002 ([http://www.ppionline.org/ppi\\_ci.cfm?knlgAreaID=108&subsecID=900010&contentID=250828](http://www.ppionline.org/ppi_ci.cfm?knlgAreaID=108&subsecID=900010&contentID=250828))

<sup>5</sup> [Indiaonestop.com](http://www.indiaonestop.com), <http://www.indiaonestop.com/unemployment.htm>

<sup>6</sup> Ronit Battacharyya, "Outsourcing our economy: Small American sacrifices yield big gains in the Third World," *Scattershot Magazine*, Vol. 2, No. 2, Winter 2004 (<http://www.scattershotmagazine.com/ss/?view=article&id=20>)

<sup>7</sup> "Oxfam hits out at US rice subsidies," *TimesOnline*, April 11, 2005 (<http://www.business.timesonline.co.uk/article/0,,16849-1563947,00.html>)

<sup>8</sup> *CIA Fact Book* online (<http://www.cia.gov/cia/publications/factbook/geos/ha.html>)

<sup>9</sup> "Textile job bleeding may get worse," *News-Record.com*, February 21, 2005, ([http://www.news-record.com/money/news/textiles\\_022105.htm](http://www.news-record.com/money/news/textiles_022105.htm))

<sup>10</sup> "Fairness in Flowers," International Labor Rights Fund ([http://www.laborrights.org/projects/lowers\\_index.htm](http://www.laborrights.org/projects/lowers_index.htm))