Internationl Trade Essay, Research Paper

International Trade

In today s world there are many issues in need of reformation, one of which is international trade, otherwise known as globalization. Although there are a great deal of rules, regulations, and policies imposed on international trade, the manner in which those rules have been enforced is a major controversy that seems to be escalating day by day.

At the center of the controversy is the World Trade Organization (WTO). The WTO was established in 1995 in order to transform the General Agreement on Tariffs and Trade (GATT) into an enforceable global commercial code. Critics of the WTO say that instead of being run democratically and in the interest of member countries, it has become the enforcer of corporate managed trade. A system whose ethics are not in favor of the public interest, instead the focus has shifted to large corporations and making money. Profit is the motivating factor behind decisions made by the WTO. By looking at international trade from the rational perspective, the WTO has not only failed to protect consumers, workers, and the environment, it has also acquired a number of opponents and protestors.

Recent issues concerning the WTO include President Clinton s signing of a bill, which grants permanent normal trade relations to China and virtually guarantees them membership into the WTO. Not concerned with China s communist regime that abuses its workers, supporters of the bill call it a major victory for U.S. companies like Microsoft Corp. and Boeing Co., which hoped the deal would result in billions of dollars in new sales in the Chinese marketplace (abcnews.go.com/wire/world/reuters). Once again they are demonstrating that the pursuit of wealth is it s number one goal and ignoring massive protests launched by American labor unions who argue that the pact could cost hundreds of thousands of American jobs due to an increase in Chinese imports and companies who may decide to relocate factories to China, where cheap labor can be utilized.

Another prominent issue concerning the WTO is organically produced foods, which have become a highly demanded product in the last few years. Countries take part in distributing and manufacturing foods because it has led to an increased amount of trade (increasing exports and minimizing imports). The parties that have benefited most from organically produced foods are farmers and agricultural businesses in other countries. But a negative impact would be increased competition among businesses. This represents a rational point of view. Competitors are only concerned with their own wealth and distinction. The company and its well-being is their self interest. Their primary goal is success. Businesses expect other businesses, along with the customers, to show obedience.

Companies, individuals and countries alike all view the perspective of the rational dimension. The economy as a whole is rational. Groups such as the World Trade Organization (WTO) are using their hierarchy of power to benefit themselves. The WTO has enforced it s own laws on the opening of trade barriers. They made the decision that it s legal to import bovine somatotropin meat (organically produced meat) from the USA. As stated by Tom Wheeler in The World is Not for Sale , a Panel of the WTO ultimately decides what s good for both the countries and the consumers of these produced foods. This provides no opportunity to consult or anyone s right to appeal. (www.altpr.org)

There is one farmer who disagreed with these actions. His name is Jose Bove. He is a farmer in France who led the revolt against McDonald s because they were serving organically produced meat. Bove represents the emotional dimension. He is concerned about the well-being of the consumers of their products, as well as the animals being injected. He also shows compassion towards nature. Bove states that the danger of these genetically altered materials will have long-term lasting effects on the environment.

As managers, we should distinguish the rational perspective from the emotional perspective and incorporate them both into a positive solution to the conflict. It is important for us to achieve a balance between the monetary and humanitarian interests in this issue. Because rational views heavily outweigh emotional views wherever the WTO is involved, incorporating some compassion and surrender is the only way we can correct this unbalanced system. In order to minimize our opportunity costs, we must shift a bit away from wealth and distinction and towards cooperation and happiness.

As managers we need to change the way the World Trade Organization deals with the many issues concerning trade such as the problems for the farmers, like Jose Bove and the foreign trade impact on the American workforce. We can do so by establishing, joining, and supporting groups such as the Global Trade Watch, which is working hard to correct the errors being made by the WTO and by the international trade industry in general. We must try to enforce different laws for importing bovine somatotropin meat and reexamine international trade policies as a whole.