

KEY DEBATES IN THE POLITICAL ECONOMY OF GLOBAL TRADE

<b>Position</b>	<b>Political Economy</b>	<b>Key Arguments</b>	<b>Position on International Free Trade</b>
Orthodox free trade	Neoclassical Neoliberal	<ul style="list-style-type: none"> <li>• Free trade is an international public good and in the “general interest” =&gt; mutual gains</li> <li>• Principle of comparative advantage for efficient economic activity</li> </ul>	<ul style="list-style-type: none"> <li>• GATT/WTO regime</li> <li>• Targeted “safety nets”</li> </ul>
Partially regulated free trade	Keynesian “Third Way”	<ul style="list-style-type: none"> <li>• Free trade is an international public good and in the “general interest” =&gt; mutual gains</li> <li>• But absence of controls over financial capital creates and extends shocks</li> <li>• Pushes for regulation on some sectors of trade (i.e. finance), but not necessarily directly by the state</li> </ul>	<ul style="list-style-type: none"> <li>• GATT/WTO regime</li> <li>• Active management by states of international settlement and exchange rates</li> </ul>
Managed free trade	Developmental state Japan MITI as best example	<ul style="list-style-type: none"> <li>• Cycles of free trade and protectionism</li> <li>• Free trade procedures frictions</li> <li>• Leading states should “permit” industrial “catch-up” and “infant industries”</li> <li>• Considered as a hybrid between free trade and protectionism</li> <li>• For protectionism, it takes its roots from “Old” Protectionism</li> <li>• State is a very active and influential actor in Managing Trade</li> </ul>	<ul style="list-style-type: none"> <li>• State-led industrial policies</li> <li>• Carefully managed trade liberalisation in internationally competitive industries</li> <li>• Regional trade blocs</li> </ul>
New protectionism	Keynesian Localism	<ul style="list-style-type: none"> <li>• Free trade concentrates power in transnational corporations and threatens welfare -&gt; “free market fascism”</li> <li>• Re-empowerment of government at local, national and regional levels</li> <li>• Creation of “re-localised” economies</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a General Agreement for Sustainable Trade</li> <li>• Controls on imports and exports, TNCs, keeping capital local, local competition, taxes on resources</li> </ul>
Radical anti-free trade	“Human”-centred development	<ul style="list-style-type: none"> <li>• Global free trade is disastrous for sustainable development and especially for the poor – it is a “creed” for profit maximisation</li> <li>• Free trade is bound up with structural adjustment programmes (SAPs)</li> <li>• Free trade imposes Northern rules on the South – though also at the expense of Northern workers</li> </ul>	<ul style="list-style-type: none"> <li>• Abolish GATT/WTO regime</li> <li>• Grassroots activism</li> <li>• Re-empowerment of governments against corporal rule</li> <li>• If you can’t fix it, nix it</li> </ul>

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