

Global free trade: threat to business?

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By successfully promoting a process that pulls down the walls between nations and prioritises the trade agenda over all others, business and the WTO has ironically made business more vulnerable.

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Billionaire industrialist, the late Sir James Goldsmith once suggested that winning at global free-trade would be like winning a poker game on the *Titanic*. The anti-globalisation voice has spread to the streets in recent times, and while we mightn't like some of the tactics of the campaigners, business cannot afford to ignore the principles they're defending, which ultimately are in the longterm interests of business itself.

'Globalisation' is shorthand for a seismic restructuring of our planet's economic and political system - a gradual morphing of nations into a seamless, one-world free-trade zone, with a single purpose: to maximise economic growth by eliminating all barriers to international trade.

When the 'global' idea was born in war-weary 1944, the vision of "*a world united in peace through prosperity*" no doubt sounded like a worthy ambition. But fifty-seven years on, the circumstances are profoundly different, largely due to the globalisation project itself. Now, with the singular goal of making money in a cut throat global market, all other interests must inevitably serve that end and business finds

itself devoid of any underpinning ethical compass.

As business roams the globe turning life into cash, the entire natural and human world has become fair game, and the consequences have been swift and devastating. Every part of our life-support system - air, water and land - is collapsing under a business model based on the illusion that infinite growth in a finite world is even remotely possible. The social consequences have been just as ruinous.

The unravelling is now happening so fast and in so many divergent but connected ways that few of us can really grasp what's going on. What is abundantly clear, is that the drivers of this global economic project - the goals and values of business - have placed us all on an environmental and social knife-edge.

Persuading business people of the benefits of globalisation is a shoe-in: freedom to move capital and production wherever it's most profitable, accommodated by a parallel process driven by GATT, and more recently the WTO, of abolishing labour, tax and environmental laws hard-won by citizens but now deemed inconvenient for business. But can business be persuaded that the globalisation model threatens business itself?

In successfully pushing trade as the primary agenda, organisations like the WTO have transformed forever the relationship between business, citizen and state. When it comes to government policy, business requirements supersede the needs of citizens, and business lobbies hard to make sure it stays that way.

The irony is that the system the corporate world has been promoting - the expansion and lengthening of its supply chain in a web of interactivity that spans the globe - is the very dynamic that now makes business so vulnerable. By tearing down the walls of business to facilitate global trade, it has exposed itself to the legitimate scrutiny of employees, communities, and NGOs.

And there's much to question. The aggregate evidence of fifty years of phasing-in globalisation prompts the most obvious question of all: who is globalisation for? Can we stand over the claim that economic growth is the answer to poverty when in the period since 1950, world trade grew 12 times and economic growth increased fivefold, while the parallel escalation in poverty, unemployment, social disintegration and environmental destruction is unprecedented in the history of mankind?

If prosperity for all is the goal, then why are the combined incomes of the top 20% of humanity nearly 60 times larger than those of the bottom 20% - a gap which has not declined but doubled since 1950? If the 'free-trade' model works, can we explain why the United States, which in the past fifty years experienced the greatest economic growth known in history, also has the biggest poverty problem in the developed world? Or defend a global balance sheet showing the combined personal wealth of the world's 225 richest people equal to the annual income of almost half of humanity?

The only winners in the globalisation game are transnational corporations and those of us who already have more than we need, and the acceleration in popular outrage at a business model that is so inequitable and devastating is

inevitable. In a world reeling from the social and environmental consequences of the globalisation project, arguing that a company's responsibility is only to its shareholders is irresponsible.

If the rules of the game now mean that business-friendly WTO 'laws' - which are outside popular democratic control - can now override national laws, then business must accept the quid pro quo and face up to civil society on issues which it has heretofore declared outside its remit. Because the truth of our current reality won't go away: business is a wholly owned subsidiary of society, which in turn is a wholly owned subsidiary of the environment, and bankruptcy proceedings are already in motion.

Those on the bridge - business leaders, fund managers and all who engage in the business of business - would do well to heed the alarm bells. Seattle, Prague, Gothenberg and Genoa may be just the tip of the iceberg. ||| dya

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