

The myth of localism

It is unrealistic and misguided to believe that poor countries should be totally self-reliant. Second part of a series

Outside the world trade talks beginning in Cancun, Mexico tomorrow, two battles will be fought. The first will be the battle between the campaigners demanding fair trade and the rich-nation delegates demanding unfair trade. The second will be the dispute now brewing within the ranks of those who claim to be helping the poor.

The problem all those who want a fairer deal face is that there has seldom, if ever, been a trade treaty struck between rich and poor which does not amount to legalised theft. The draft agreement the members of the World Trade Organisation will discuss this week is no exception. While it permits the rich nations to continue protecting their markets, it seeks to force the poor nations to open their economies to several novel forms of institutional piracy.

Yet the poorer countries desperately want an effective trade treaty. Their negotiators know that the rich world is trying to rob them, and they are loath to approve an agreement which allows its corporations to run off with everything but their kidneys (that comes later). But they are also aware that both the US and the EU appear to be doing all they can to force them to walk out. As any trade unionist knows, when the poor cannot bargain collectively, the rich can impose whatever rules they please.

The response of some of those in the rich world who are disgusted with their governments' proposals is to suggest that poor nations should withdraw from most kinds of international trade. But this introduces another problem. The poor countries need money and, in particular, hard money. They have few means of obtaining it.

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Piracy worked well for the nations that are rich today, but the poor are in no position to reciprocate. Aid locks its recipients into patronage and dependency. The only remaining option appears to be trade. The 3 million people from the poorer nations who have so far signed Oxfam's petition are calling not to "make trade go away", but to "make trade fair". And this is where they part company from some of those who claim to support them.

Few people in the rich world now admit that they wish drastically to reduce the value of exports from the poor nations, but several prominent campaigners are promoting policies which lead to this outcome. When, in June, I suggested that "localisation" (the proposal that everything which can be produced locally should be produced locally) would damage the interests of poorer nations, Dr Spencer Fitz-Gibbon, the press officer of the Green party, sent me a furious letter of complaint. Localisation, he insisted, would help the poor by permitting them to be self-reliant and by reducing trade's contribution to climate change. "We are advocating a world of relatively balanced, relatively self-reliant economies. That ultimately means the poorer country manufacturing its own frying pans and computers and pencils." It sounds sensible and obvious, until you take a moment to examine the implications.

If every country is to manufacture its own frying pans and computers and pencils, then every country would require bauxite, iron ore, copper, silicon, feedstock, graphite, softwood and all the other raw materials required for their manufacture. If the country does not possess them, it must import them. Because raw materials are heavier, importing raw materials rather than finished products means that more fossil fuel must be used in transport. "Self-reliance" of this kind thus increases, rather than reduces, trade's contribution to climate change.

Just as dangerously, while self-reliance may be feasible for the richer nations, most of the poorer countries simply do not possess a domestic market of sufficient size to make the manufacturing of complex products worthwhile. Suggest to an Ethiopian economist that her nation should have a computing industry of its own, serving only its own market, and she would laugh in your face. Because the market is small, each computer would cost many times as much as those produced in the rich world. Their comparative purchasing power would then become even weaker, and the technology they wanted would fall still further out of reach. If Ethiopian businesses, hospitals and universities were to be viable, they would have to import their computers from abroad, as they do today.

For this they would require foreign exchange. But, under the Green party's system, they would find it even harder to obtain than they do at present, for the rich world will also have been striving for (and will be far likelier to obtain) self-reliance in

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manufacturing. The blindingly obvious result is that the only products the poor countries can then sell to the rich ones are raw materials.

Global justice surely requires that the people of the rich world, whatever their governments might want, campaign to help the poor nations reclaim as much of our ill-gotten wealth as possible. Just policies have been proposed by groups such as Oxfam, Christian Aid and the World Development Movement, which call, for example, for the democratisation of the World Trade Organisation; an agreement which permits the poorest countries to defend their infant export industries from direct competition; and binding international rules to force all corporations to trade fairly. Most of the localists, who appear determined to have their cake and eat it, also claim to support these positions. They have yet to address or even to acknowledge the glaring contradictions in which they have become entangled.

To these just measures we can add another, recently developed by the man who designed the “contraction and convergence” plan for tackling climate change, Aubrey Meyer. Contraction and convergence, which the African governments have now adopted as their official position on climate change, first establishes how much carbon dioxide humans can produce each year without cooking the planet. It then divides that sum between all the people of the world, and allocates to each nation, on the basis of its population, a quota for gas production. It proposes a steady contraction of the total production of climate-changing gases and a convergence, to equality, of national production per head of population. To produce more than its share a nation must first buy unused quota from another one.

Meyer points out that by accelerating convergence we would grant the poor world a massive trade advantage. Those nations using the least fossil fuel would possess a near-monopoly over the trade in emissions. This would help redress the economic balance between rich and poor and compensate the poor for the damage inflicted by the rich nations’ pollution.

We have the opportunity to fight for something unprecedented: a trade treaty stacked against the rich. But if we are serious about campaigning for fair rules, we must also cease campaigning for unfair ones. The localists must confront their contradictions and decide whose side they are on. #

This is the second of George Monbiot’s three-part series on trade.