

Fairness in International Trade, by Geoff Moore (ed.). London: Springer, 2010. Hardcover, xvi, 219 pp., £90. ISBN: 978-90-481-8839-0

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This is a collection of papers presented to the 2008 World Congress of the International Society for Business, Economics and Ethics (ISBEE), which took place in South Africa. The book falls into two parts, the first five papers considering some wider economic and ethical questions relevant to the African context and the second five, focussed on the issue expressed in the book's title and especially the World Trade Organisation (WTO), written as part of a co-ordinated global research project.

Part I begins with a summary of the keynote address by Paul Collier. He argues that, from a business perspective, the 'bottom billion' have little potential as either consumers or entrepreneurs: what they need is jobs and access to the markets of the top billion. Poverty needs to be addressed through production organised on a large scale. Microfinance and social entrepreneurship are very fine, but there needs to be strategic thinking for employment to reach the scale necessary to make a 'massive' difference. Beyond a concern for poverty, Collier writes of business and economics rather than ethics and refers to the EU ban on genetically modified organisms (GMOs) as a protectionist measure rather than a genuine ethical dilemma. In his desire for 'massive' interventions and impatience with the slow growth of local and social enterprise, is there a hint of imperialist nostalgia?

By contrast, George Enderle reflects on the nature of wealth and the purpose of enterprise, seeking to extend business ethics to the restoration of a normative economics. He asks questions rather than offering solutions, challenges the simplistic confusion of money with wealth, praises the creative role of (unalienated) labour and enterprise in human flourishing, and draws on the work of Amartya Sen in recognising the role of individual freedom in sustainable development. Nevertheless he does not bring his discussion down to the practical implications for taxation and legislation (including the reform of corporate ownership) that might give recognition to alternative concepts of wealth and change the incentives of business.

Symphorien Ntibagirirwa argues, against the conventional economic wisdom, that African cultural values should be harnessed as a positive force for development. He considers the link between ontology and values such as self-interest or solidarity and argues that the Bantu conception of the world favours the latter. He describes the socialism of African leaders such as Nyerere, Kaunda and Senghor as a question in search of an answer: which economic system is right for Africa? History suggests that both state socialism and the attempt to transplant western values to sub-Saharan Africa have failed. At the heart of the problem, I suggest, is the fragility of community empowerment in the face of the threats of competition and expropriation by the powerful from within or without. Can one, in the end, have strong, free communities without a lasting commitment to the value of solidarity, by independent, self-reliant individuals and by those with economic and political power, and how can this be achieved anywhere, but especially in Africa?

Munyaradzi Felix Murove illustrates this difficulty with a critique of the policy of Black Economic Empowerment, otherwise known as Indigenisation or Africanisation. He argues that a policy intended to wrest economic power from colonial masters in favour of the poor has succeeded only in creating a new indigenous class whose interests, lifestyles and aspirations mirror those of international capitalism, often

without its redeeming features. The policy rewards a small group of those with good political connections and an established track record without reaching the disadvantaged majority. In his view there is no evidence that this policy has, or will, lead to the domestication of western capitalism within Africa.

Christine Wanjiru Gichure presents an equally negative view of the effectiveness of ethical codes in restraining capitalism's exploitative tendencies, with particular reference to the cut flower industry in Kenya. She draws attention to the pollution and depletion of Lake Naivasha, alongside poor working conditions and the mere 5% of revenue retained within the country. She emphasises the emptiness of ethical codes without moral responsibility and their cynical use to protect the corporation's reputation rather than to serve the common good.

The first half of this book leads this reader to conclude that Collier may be right and that large-scale employment alone can address Africa's poverty and yet that there is no quick fix through foreign ownership and investment, which merely perpetuate the exploitative relations of 19th century imperialism under a different guise; Nyerere understood this, as Murove notes (p. 53). Imperialism had its defenders:

... it is virtually certain that conditions in Africa would still be roughly what they were a century ago, had it not been for the introduction of European administration, European instruction, and contact with the European economy. ... It has often been asserted that investment in Africa involved injustice to the Africans, since it was a device for draining the wealth of their continent into the pockets of investors in Europe. This is an elementary misconception. The mineral and other resources of Africa were useless to the native inhabitants until they were developed, and they could not be developed without transport, industry and skill. By making these things available the European investor, however self-interested he may have been, was serving Africa; and if his enterprise came to an end through bankruptcy, Africa gained nothing through his misfortune. (Murove quoting Hanna, p. 53)

With a different perspective on the same phenomenon, Murove quotes a colonial administrator:

What is the use of painting the truth? At the start colonization was not an act of civilization, nor was it a desire to civilize. It was an act of force motivated by interests. An episode in the vital competition which, from man to man, from group to group, has gone on for ever increasing; the people who set out to seize colonies in distant lands were thinking primarily of themselves, and were working for their own profits, and conquering for their own power. ... The origin of colonization is nothing else than enterprise of individual interests, a one-sided and egotistical imposition of the strong upon the weak. (Sarraut, via Nkrumah, p. 54)

For employment to benefit Africa, under likely future political conditions, it will have to be created by African entrepreneurs, preferably social but otherwise private, and this will take many decades as in Japan and India. Yet history tells us that powerful outsiders will not allow valuable resources to go unexploited until such time as politically weak indigenous people choose to develop them on their own terms and that the outsiders will usually find ready alliances with the African elites (or change them). Nor, alas, can we expect the institutions of global governance to offer much protection to the weak against the strong (and indeed that is the subject of Part II of the book). So Part I is not encouraging about the value of business ethics other than as a fig-leaf for corporate reputation.

Part II of the book contains five papers, offering perspectives from each continent on the theme 'Fairness in International Trade' (and Investment, although little is said about the latter). Broadly this theme is interpreted as an evaluation of WTO.

Piet Naudé traces the historical origins of Africa's current position, beginning with the slave trade and the colonial era through to the current post-colonial era, and linking this history to that of the international monetary system (Gold Standard, Bretton Woods, financial liberalisation). He places hope in the commitment of the WTO to offering special and differential treatment to African economies, while noting the *de facto* inability of Africa to participate in negotiations and the stalling of the Doha Round.

Elio Ferrato and Maria Cecilia Coutinho de Arruda offer from Latin America a less sanguine view of the WTO, organised around four criticisms made by the ethical philosopher Peter Singer: WTO gives priority to economics over environment, human and animal welfare; erodes national sovereignty; is undemocratic; and increases inequality (p. 119). They identify remarkable examples of protectionism such as the exclusive right of the EU to export second-hand tyres to Brazil, preventing imports from other Latin American countries (upheld by WTO); and the definition of a sardine by the EU as only the North Atlantic specimen (struck down by WTO). On balance, while retaining some faith in WTO and having some positive words for its approach to intellectual property, they see the Doha Round as moving backwards rather than forward.

Iwao Taka's contribution could almost have been issued by a Japanese government department. In his somewhat guarded view, Japanese policy towards Economic Partnership Agreements (EPAs) has been motivated by the view that the WTO has been ineffective and (in the eyes of NGOs and developing countries, please note) unfair in its outcomes, although he believes its dispute resolution mechanism is working. He notes allegations of EPAs being used to dump toxic waste but is silent on Japan's involvement in illegal logging. He makes a strong case for protection of rice production but is silent on non-tariff measures against manufactured imports. He lists Japan's aid commitment and various philanthropic initiatives of Japanese corporations but is silent about their employment and environmental practices overseas, for good or ill. There is no recognition that fairness might be an issue for the mainstream process of transnational production.

By contrast, Frederick Bird, Thomas Vance and Peter Woolstencroft offer a nuanced and critical assessment from a North American (albeit Canadian) perspective. They note specific examples where the WTO has tempered the asymmetry of power within the North American Free Trade Area (NAFTA). They then consider the various North American normative stances on fairness in international trade. These include traditional US protectionism; 'liberal fair play', meaning free trade or at least freely negotiated progress towards it; 'liberal dissent' à la Stiglitz, which recognises the tacit full employment assumption of free trade arguments, the reality of asymmetries in power, information and distributive outcomes, and makes the intellectual case for special and differential treatment for poorer countries; and the anti-globalisation (anti-capitalist) movement, which has found allies among traditional protectionists. The authors offer useful suggestions for progress: due recognition by WTO of diversity among states and of the fact that states create markets; the promotion of transparent and fair negotiation within WTO; an application of the principle of subsidiarity such

that local and national trade is supported and not undermined by the international; and action on transfer pricing and tax justice.

Moore assesses the fairness of the EU's implementation of EPAs. He explains the key difficulty that WTO rules allow non-reciprocal trade agreements (i.e. those favourable to the weaker country) only with LDCs or 'developing countries' as a whole but not with the mixture represented by the ex-colonial African, Caribbean and Pacific (ACP) states. Rather than offering a non-reciprocal agreement to the wider developing country group, the EU has chosen to negotiate reciprocal agreements with the existing regional blocs (e.g. ECOWAS, SADC) which require liberalisation of all trade, with drastic consequences (the domestic Jamaican dairy market and the Senegal tomato market are noted as particular examples). The fiscal dependence of LDCs on tariff revenue and the likelihood of trade diversion are further complications which contribute to an economic assessment that ACP countries are unlikely to benefit from EPAs. Furthermore the EU's negotiators have insisted on the narrow view that the WTO achieves its development goals through (trade) liberalisation; have sought to extend liberalisation in line with the Washington Consensus and beyond the requirements of the WTO to investment, competition, government procurement and services; and have allegedly withheld aid pending agreement. After a discussion of the philosophical basis of the notion of fairness, Moore tentatively concludes that the EU has not been fair in its negotiations, in terms both of procedure and of its lack of a teleological approach to distributive outcomes. In practical terms, this appears to mean that, in the choice between imposing inappropriate liberalisation on ACP countries or offering non-reciprocal agreements to non-ACP developing countries, both ideology and commercial interests favour the former. It is not difficult to see why EPAs are widely seen as oppressive, although if one accepts Taka's view of Japanese benevolence there may be differences in practice across states.

The impression I am left with by Part II, whether or not the writers intend this, is that WTO has the strengths and weaknesses of all the democratic multilateral institutions (here excluding the IMF and the World Bank), that they give some voice to the weaker states and pay lip-service to the ideals of global solidarity and justice but cannot make progress against the opposition of the strong. Furthermore, to the extent that WTO promotes a neo-liberal agenda of liberalisation (which its charter does not enjoin, see p.119) it is vulnerable to criticism that it is a creature of global capitalism. The response of the stronger countries to the deadlock in the Doha Round has been to seek to bypass WTO through bilateral EPAs, much as the US and NATO have bypassed the UN in security matters, or the US and China in relation to climate change. Ironically, the lack of progress in the Doha Round suggests that WTO is not a rubber-stamp for G8 policies, although it remains to be seen whether it will be able to initiate positive measures to promote sustainable development. As with the UN, the move to a multilateral rules-based system represented by WTO represents progress towards greater fairness in international trade than the 'might is right' principle of bilateral trade negotiations. Yet its coming of age depends on favourable changes in the balance of global economic power.

Overall, with one exception, the papers in this collection are well-written and those by Murove, Naudé, Bird et al. and Moore are particularly strong. Although the two Parts are quite different, Part II can be understood as exploring in depth the capacity of a democratic multilateral institution to harness global capitalism to serve the pressing needs of Africa identified in Part I – though with mixed results. One striking omission, which may confuse some potential readers, is that the book does not at all

consider (beyond passing references) the phenomenon of 'Fair Trade', i.e. between individual trading organisations rather than countries. Perhaps Fair Trade in that sense is considered by the business ethics community still too peripheral and the affairs of transnational corporations and nation states of greater moment. Yet Fair Trade provides an unparalleled laboratory in the interface between business, economics and ethics, addressing directly many of the concerns raised in this book.