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Deification of Market; Homogenization of Cultures: 'Free Trade' and Other Euphemisms for Global Capitalism

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Deification of Market; Homogenization of Cultures:
'Free Trade' and Other Euphemisms for Global Capitalism
By
Gwendolyn Yvonne Alexis, Ph.D., J.D.

Introduction

The 1999 Seattle meeting of the World Trade Organization (WTO) launched the vocalization of reservations long held by many that the globalization of markets and the (much more disdained) globalization of production was not such a great idea. Sure, prices were down on consumer goods – especially the non-necessities of life consumed in the world's wealthiest nations. However, jobs were being lost to overseas locations where sweatshop labor turned out sneakers, designer tee-shirts, I-phones, and dashboard cameras. Across the ocean in Europe, individual portion packets of catsup, screw-cap bottles of wine, and MTV were generating some of the harshest assessments of 'globalization'.¹ It was being described as the spread of the 'culturally impoverished' interests and values of the U.S. to the rest of the world.²

These multifarious attacks against globalization reached a fever pitch in December 1999 as the WTO member states convened in Seattle for another round of negotiations aimed at further reduction of trade barriers in furtherance of the WTO quest for worldwide free trade. As it turned out, actual delegates to the Seattle meeting were grossly outnumbered by more than 40,000 protesters (activists, NGOs, environmental groups, student groups, the American Teamsters and other organized labor groups) blocking off streets and engaging in disruptive and riotous activities. The protests were too much for the unprepared Seattle police to handle; and, eventually, the barrage of demonstrators precipitated an early adjournment of the meeting, without the WTO congregants making any substantive progress toward lessening barriers to

¹ In a widely used textbook in college-level courses in 'International Business,' the process of 'globalization' is described as a shift toward a more integrated and interdependent world economy and a trend away from distinct national markets. Charles W. Hill, *Global Business Today*, 8th ed. (New York: McGraw Hill, 2014), 6. (Hereafter, "*Global Business Today*".)

² Charles W. Hill, *Global Business Today*, 8th ed. (New York: McGraw Hill, 2014), 24. (Hereafter, "*Global Business Today*".)

free trade. Since the disruption of the 1999 WTO meeting -- which many consider to be the launching of the anti-globalism movement -- a steady drumbeat of open hostility towards globalization and global institutions (such as the WTO) has risen to a clamor for an 'end to the spread of global capitalism.' Indeed, the globalization of capitalist ideology is spearheading globalization, which lends support to the thesis of this essay. My central argument is that globalization is principally a market-based phenomenon with the principal actors being 'economic actors' focused on deriving financial gains. Therefore, the negative effects of globalization in the social, cultural, and political arenas are serendipitous rather than the result of intentional acts by the principal denizens of the global arena; namely, states and multinational corporations (MNCs). Indeed so single-minded is their pursuit of the economic advantages to be gained by operating internationally that they are willing to enter into extra-territorial liaisons despite the resultant diminishment to their autonomy and self-sufficiency.

My view of globalization as an amalgamation of economically-motivated transactions is shared by others. Noted Finnish author Veli Himanen has stated that, "the current globalisation cannot be separated from the tremendous increase in financial transactions -- a process called financialization."³ And, over 160 years ago Marx and Engel used the *Communist Manifesto* to lament the early stirrings of globalization, essentially describing it as a non-stoppable rejection of isolationism:

All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe.

³ "In fact, the current globalisation cannot be separated from the tremendous increase in financial transactions -- a process called financialization." Veli Himanen, *Missing a Decent Living for Everyone* (Saarbrücken, Germany: Lap Lambert Academic Publishing, 2014), 71.

... In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.

. . . The Communist Manifesto (1848)⁴

These 'Marxian insights' are useful in exploring globalization as a market-based concept that is best understood by drawing on the concepts and vernacular of the marketplace. I turn to that next.

The Market

A powerful force drives the world toward a converging commonalty, and that force is technology.... The result is a new commercial reality – the emergence of global markets for standardized consumer products on a previously unimagined scale of magnitude.

. . . Theodore Levitt, “The Globalization of Markets”⁵

The globalization of markets has been accompanied by the emergence of transcultural patterns in the consumption of brand-name goods and services. Indeed, noticeable commonalities among consumers worldwide in terms of their brand preferences has created great excitement in the business world. The MNC benefits from a convergence of national tastes in that it can sell a standardized product worldwide rather than having to customize its product to suit divergent tastes in every locale in which it operates. Of course, the transcultural appeal of certain goods and services offered by MNCs hailing from the wealthier nations of the world has provided ammunition for anti-globalists who include the destruction of

⁴ Karl Marx and Friedrich Engels, “Manifesto of the Communist Party,” in *The Marx-Engels Reader*, ed. Robert C. Tucker (New York: W.W. Norton & Company, Inc., 1972), 331-362; 338.

⁵ *Harvard Business Review*, May-June 1983, 92-102.

other cultures ('cultural imperialism') as one of the many sins of *global capitalism*. However, it is misguided to attribute the creation of a product or service that inspires brand loyalty to malevolent intent – i.e., cultural imperialism on the part of MNCs and their wealthy countries of origin. Indeed, the only conceivable offense is aggressive marketing by MNCs of often useless products. However, the ability to saturate the global marketplace with colorful advertisements and catchy slogans is made possible by technological advances in communication -- 'a ship that has already left the port' and not easily recalled by anti-globalism protests. There is no doubt that globalization has wrought havoc with traditional values and the status quo in many societies; however, this has happened in the societies of wealthy nations as well as in those of less developed nations (LDNs). Hence, to the extent that cultural homogenization is taking place in the global arena, it is most likely an unintended consequence of MNCs pursuing an economic goal of profit-maximization; and should not be attributed to cultural chauvinism on the part of MNCs.

United Nations Global Compact

The attention MNCs give to building brand equity -- by applying best practices in business -- is further evidence that MNCs are *economic* actors in the global marketplace. Maintaining good public relations, building and preserving consumer trust are critical to the long-term sustainability of MNCs as financially viable enterprises. The fact that over 12,000 MNCs from over 145 countries have voluntarily signed onto the United Nations (UN) Global Compact is proof of the widespread concern among firms operating in the global arena that they uphold the standards for acceptable corporate behavior that have been agreed upon by a consensus in the global community. Firms that sign onto the UN Global Compact must commit to making the ten principles of the Compact an integral part of their day-to-day operations.

Further, firms are required to issue an annual Communication on Progress (COP), which is a public report to its stakeholders detailing the progress made in implementing the ten

principles. Firms must post their COP on the UN Global Compact website and also share it with their own stakeholders. If a firm does not issue a COP in any given year, its status is changed to “non-communicating”. If a firm goes two consecutive years without issuing a COP, it is expelled.⁶ Hence, there can be detrimental consequences for an MNC that voluntarily signs onto the UN Global Compact but fails to file the annual COP reports. It is clear that MNCs sign onto the Global Compact because they feel it will give them a leg-up on building consumer trust and brand loyalty. So from a cost/benefits perspective, these MNCs feel that taking on the added obligation of making annual progress reports and maintaining transparency is a fair exchange for an enhanced public image as a transparent enterprise. Moreover, given that the public has grown to expect MNCs to sign onto the Global Compact, there is a strong likelihood that there would be a societal backlash against MNCs who have not committed to the Global Compact as untrustworthy, which would be bad for business. Table 1 below sets forth the 10 principles constituting the UN Global Compact.

⁶ In 2014, 657 firms were expelled for not filing a COF for two consecutive years. United Nations Global Compact. “News & Events.” Accessed January 19, 2015. <https://www.unglobalcompact.org/news/1621-01-14-2015>.

Table 1. UN Global Compact

| |
|--|
| Human Rights <u>Principle 1</u> : Businesses should support and respect the protection of internationally proclaimed human rights; and <u>Principle 2</u> : make sure that they are not complicit in human rights abuses. |
| Labour <u>Principle 3</u> : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <u>Principle 4</u> : the elimination of all forms of forced and compulsory labour; <u>Principle 5</u> : the effective abolition of child labour; and <u>Principle 6</u> : the elimination of discrimination in respect of employment and occupation. |
| Environment <u>Principle 7</u> : Businesses should support a precautionary approach to environmental challenges; <u>Principle 8</u> : undertake initiatives to promote greater environmental responsibility; and <u>Principle 9</u> : encourage the development and diffusion of environmentally friendly technologies. |
| Anti-Corruption <u>Principle 10</u> : Businesses should work against corruption in all its forms, including extortion and bribery. |

Clearly, an MNC that agrees to voluntarily subject its global operations to the scrutiny of a global institution (the UN) incurs some risks. Certainly not the least of which is the fact that the ten principles of the Global Compact force the MNC to consider stakeholders other than its shareholders /investors (for whom it must earn a return on investment). Not only are employees (labor) and the environment held out as stakeholders to whom the MNC is accountable, but the Compact's inclusion of principles dealing with human rights and anti-corruption makes the host community a stakeholder to which an MNC is held accountable for its

operations in the international arena. Yet, despite this enhanced accountability and need for transparency, over 12,000 MNCs have voluntarily opted to subject their activities in the international arena to the oversight of the United Nations. This is the type of instrumental reasoning engaged in by *economic* actors – the willingness to take risks in order to reap the financial rewards available in the global marketplace. There should be no doubt that the focus of these MNCs is on turning a profit and not on cultural hegemony.

In the next section I focus on still another global institution that serves as a gatekeeper in the global arena, the International Monetary Fund (IMF). Perhaps more than any other global institution, the IMF demonstrates the folly of relying on instrumental reasoning as justification for prioritizing economic objectives over and above all else.

The International Monetary Fund (IMF)

Jamaica and the IMF

Why did we think they should reduce trade barriers? The reason is that Jamaica is a very small country. It's not a country which could sort of thrive by producing only for itself. We believe very firmly that countries are going to grow better if they're integrated into the world economy and that means reducing tariffs. And, it needed to allow *its importers* [Freudian slip] – *its people* access to goods from the rest of the world rather than have them rely on this little -- (snicker) –little economy.

... Stanley Fischer, Deputy Director of the International Monetary Fund (IMF)⁷

The Freudian slip made by Fischer in admitting that the importers would be the main beneficiaries of Jamaica reducing its tariffs (and not the Jamaican people) brings to mind a line

⁷ Jamaica Kincaid. *Life and Debt*. Documentary Film. DVD. Directed by Stephanie Black. New Yorker Films, 2001.

from Stephen Marshall's book, *Wolves in Sheep's Clothing*.⁸ The line, "And yet they are willing to maintain the illusion that America is bringing an evolved, humane political and economic system without acknowledging it's a front for the free market engine that, once implemented, will ensure the short-term strengthening of their own economy." Indeed, the U.S. economy did benefit from Jamaica obediently removing its tariffs in compliance with the prerequisite for obtaining loans from the IMF. For this made Jamaica a vulnerable target as a dumping ground for dry milk powder surpluses from the U.S., where heavy subsidization of agricultural products serves as an incentive for dairy farmers to create surpluses on an annual basis.

As might be expected, Jamaica's dairy farmers could not compete pricewise with the subsidized dry milk powder being imported from the U.S. even though some on-site labor costs were incurred in Jamaica to reconstitute the milk powder into liquid form prior to distribution by retailers. Since labor is cheap in Jamaica, the reconstituted milk powder was still bargain-priced compared to fresh milk. Jamaica is one of the poorest countries in the world based on Gross Domestic Product (PPP) per capita.⁹ Consequently, Jamaican consumers are very price conscious and where a close substitute for fresh milk is available at a much lower price, tight family budgets dictate opting for the cheaper fresh milk substitute. The level of poverty in Jamaica precludes Jamaicans from exercising a consumer's right to choose. Hence, today only milk that has been reconstituted from dry milk powder is available to the inhabitants of Jamaica

As a result of the various rounds of trade negotiations among WTO member nations, barriers to trade have been substantially lowered. This has resulted in enhanced

⁸ Stephen Marshall, *Wolves in Sheep's Clothing: The New Liberal Menace in America* (New York: The Disinformation Company Ltd., 2007), 5.

⁹ Valentina Pasquali, "The Poorest Countries in the World." *Global Finance*. September 27, 2014. Accessed January 11, 2015. <https://www.gfmag.com/global-data/economic-data/the-poorest-countries-in-the-world>.

competition in the global marketplace which means lower prices for consumer products worldwide. Consequently, consumers in wealthier countries have more choices than they have ever had in terms of what products and/or services they select to purchase, rent, lease, or access on-line in a limitless virtual world of cyberspace. In contrast to the limited milk decision confronting the Jamaican consumer, a more affluent consumer could choose not to purchase dry milk powder based upon (a) its inconvenience, (b) its taste or smell, or (c) based upon the belief that its nutrient value is inferior to that of fresh milk. However, even if Jamaica's dairy industry had not been destroyed; when faced with two alternatives, the average Jamaican family would have to opt for buying the cheapest alternative available; namely, imported dry milk powder.

Civil Society and LDNs

In LDNs like Jamaica, civil society is weak and therefore organized boycotts of products are rare. So, there was little chance that Jamaicans – in a show of solidarity with the local dairy farmers and to evince national pride – would boycott the imported dry milk powder product. Indeed, national pride had ebbed in Jamaica. The fact that Jamaica could not sustain the small local farms and cottage industries that were an integral part of the country's cultural heritage was devastating – generations of Jamaicans had worked the land, and fed their families from the fruits of their labor. Such deeply ingrained traditions do not go quietly into the night. Consequently, the result was a loss of self-esteem among Jamaicans. They watched the crippling of their nation by the sword of global capitalism and with the nation's seeping autonomy, they experienced a loss of their own sense of self. Gone was the strong sense of national identity that existed in 1962 when jubilant Jamaicans celebrated independence from Great Britain and the end of over 300 years of dominance by that colonial power. From that high point, we come to the present which is symbolized by a televised news report included in

the *Life and Debt* documentary. In the newsreel, an irate factory worker proclaims, 'No government; we don't have no government. We don't have nobody to fight for us.'¹⁰

The news report dealt with disgruntled factory workers in the Kingston, Jamaica Free Zone – an area where many U.S. designer labels have their clothing assembled without 'officially' being in Jamaica and obligated to pay taxes to Jamaica. The report starts off in the television studio with the news anchor stating that the Jamaican Government has been accused of being a co-conspirator in the exploitation of Free Zone labor by foreign companies. The news anchor noted that workers often received their wages two to three weeks late (wages which were based on piecework rather than on a fixed salary). Of course, a critical aspect of the problem is that Jamaica, as is common in the Third World, lacks laws to protect workers -- such as laws ensuring fair labor practices, minimum wages, workplace safety, and mandatory overtime pay. Indeed even if such laws were in existence, it is unlikely that Jamaica could afford to put in place the necessary regulatory framework to enforce the laws.

Inhabitants of LDNs must swallow their pride and accept being banned from their own market -- unable to produce their own food even though, as one of the farmers in the documentary laments, Jamaica has the fertile soil and sunny climate that would enable them to grow their own food. In this vein, one of the most poignant scenes in the *Life and Debt* documentary is when the owner of a major well-established, family-owned Jamaican dairy opens the spout to let the fresh milk (fruits of the labor of those milking cows on his farm as well as those milking cows on smaller nearby farms) spill down to the earth and run down the same dirt path that in the next scene is being traversed by cows on their way to the slaughter house to be made into hamburger meat.

¹⁰ The particular factory owner that was the subject of the newsreel is Fineline Industries of West Virginia.

With a weak or non-existent civil society, the chance of an outraged electorate voting in a more forceful government is nil.¹¹ And, of course, there is even less chance of organized citizens' groups applying pressure on the extant weak government (a 'beggar nation' in the international arena) to get it to hire one of the many experts in the field of negotiating favorable loan terms for LDNs.¹² Such a strategy would have to be followed for assurance that consideration is given to the social, cultural and political consequences for nations that single-mindedly pursue their economic goals, turning a blind eye to all else. Alas, LDN's like Jamaica are ill equipped to resist the most devastating effects of globalization. The combination of a financially strapped government that must go 'hat-in-hand' to global institutions like the IMF along with a dysfunctional civil society has meant that the hegemonic activities of some of the key players in the global marketplace have gone largely unchecked – if not, unnoticed. It is non-governmental organizations (NGOs) that have become the voice of those who are victimized by globalization, but whose voices are silenced by the mean circumstances of their daily lives.

¹¹ Or, as was the case with Greek Prime Minister George Papandreou in 2011, getting the government to voluntarily step down. The situations are somewhat similar in that in Greece, the ire of the citizenry was raised over the Greek Government allowing their fate to be determined by a supranational body -- in that case, the European Union. Michael Ray, "George Papandreou," *Encyclopaedia Britannica*. Accessed 13 January 2015 at: < <http://www.britannica.com/EBchecked/topic/1343637/George-Papandreou>>.

¹² "Gwen, ... I have been working with some two dozen governments trying to help them to get better deals in negotiations with the WTO, EU, IMF, and other organizations and I have seen time and again that the representatives of these governments either did not ask for advice or did not take it. In many cases, they were actually very comfortable signing a deal that would be good for international 'investors' coming after the natural resources of the respective country, but really bad for their population and/or the environment. You may want to think about the real dichotomy, which is not between North and South. It is between rich and poor." Answer posted to author's question on *ResearchGate Blog* (Question: "Are 'Globalization' and 'Regionalization' principally market-based phenomena that fortuitously have unintended social and political consequences?"), January 18, 2015. Accessed 20 January 2015 at: <https://www.researchgate.net/post/Are_Globalization_and_Regionalization_principally_market-based_phenomena_that_fortuitously_have_unintended_social_and_political_consequences#view=54bc080dd4c1181c048b477d>

Many of the people and communities left behind by the development and globalization projects look to nongovernmental organizations (NGOs), rather than to states or international agencies, to represent them and to meet their needs. Indeed, we are currently in a phase of 'NGOization,' in that national governments and international institutions have lost much of their legitimacy, and NGOs take considerable initiative in guiding grassroots development activities.¹³

Wealthy Nation-States

In a special address delivered to the U.S. Congress on March 15, 1962, then President John F. Kennedy introduced the Consumer's Magna Carta, depicted in Table 2 below.¹⁴

¹³ Philip McMichael, *Development and Social Change*, (Thousand Oaks, CA: Pine Forge Press, 1996), 239.

¹⁴ John F. Kennedy: "Special Message to the Congress on Protecting the Consumer Interest." March 15, 1962. Online by Gerhard Peters and John T. Woolley, The American Presidency Project. <http://www.presidency.ucsb.edu/ws/?pid=9108>. Accessed 14 January 2015.

Table 2. Consumer's Magna Carta

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|-----------------------------|---|
| Right to Safety | To be protected against the marketing of good which are hazardous to health or life. |
| Right to be Informed | To be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts needed to make an informed choice. |
| Right to Choose | To be assured, wherever possible of access to a variety of products and services at competitive prices; and in those industries in which competition is not workable and Government regulation is substituted, an assurance of satisfactory quality and service at fair prices. |
| Right to be Heard | To be assured that consumer interests will receive full and sympathetic consideration in the formulation of Government policy, and fair and expeditious treatment in its administrative tribunals. |

Although aspirational in 1962 when created by President Kennedy, the Consumer's Magna Carta is today an accurate depiction of the situation in which consumers living in affluent societies find themselves. Globalization has greatly increased the 'variety of products and services' available at competitive prices, giving consumers the right to choose (as well as the right to become confused by the wide variety of choices). The right to be heard has been greatly facilitated by the internet; blogs such as [Killer Coke](#) and [VW Lemon.com](#) empower consumers to get their messages and gripes before millions in addition to getting the attention of the manufacturers of the products that are found to be unsatisfactory. Finally, all developed nations have laws in place to prevent fraudulent marketing of products ('right to be informed') and protecting the consumer from hazardous and unsafe products ('right to safety').

Ironically, it is because globalization and a digital age have made accessible to all (who possess the financial wherewithal) products and services from all over the world that wealthy nations have not escaped the cultural homogenization that is an organic result of *one* global marketplace. It is the “onrush of economic and ecological forces that demand integration and uniformity and that mesmerize the world with fast music, fast computers, and fast food – with MTV, Macintosh, and McDonald’s pressing nations into one commercially homogeneous global network: one McWorld tied together by technology, ecology, communications commerce.”¹⁵ So, here again, the facts do not support the claims of anti-globalists that it is ‘cultural imperialism’ that is driving the melding of cultures. Additionally, it is clear that nation-states -- wealthy and poor – are willingly linking their economic futures together by actively seeking membership in extra-territorial pacts that offer the promise of financial gain to participants in the global marketplace:

Some protesters might believe there is a growing international backlash against the WTO. But the countries queuing up to join the WTO, from the most populous (China) and the largest physically (Russia) to tiny Andorra, are proof that a significant part of the world believe that their economic future lies in the WTO system. And opinion polls suggest that the public in the US and elsewhere are in favour of freer trade even if they have reservations about some aspects. (Emphasis Added.)

... World Trade Organization (WTO) ¹⁶

¹⁵ Benjamin R. Barber, “Jihad vs. McWorld, *The Atlantic*, March 1, 1992. Accessed January 17, 2015. <http://www.theatlantic.com/magazine/archive/1992/03/jihad-vs-mcworld/303882/>.

¹⁶ World Trade Organization. “Top 10 Reasons to Oppose the World Trade Organization? **Criticism, yes ... misinformation, no!**” Accessed January 17, 2015. http://www.wto.org/english/thewto_e/minist_e/min99_e/english/misinf_e/10tide_e.htm.

As a major target of the globalization backlash, the WTO felt compelled to give the above response to the 'accusations', 'misinformation' and 'incorrect facts' about the WTO that were being posted in 1999 on the websites of various activist groups and NGOs to encourage protestors to join the demonstrations planned that year for the Seattle Conference. The WTO response is useful in that it points to deriving economic benefits as the primary reason that countries seek to join the WTO. This means that an insightful analysis of the actions and motives of those countries judged to be domineering forces in the global arena requires the use of 'instrumental reason' and not the emotion-laden name-calling and tagging that is the bailiwick of 'Pop Psychology'.¹⁷ Hence, catchall labels such as 'cultural imperialism,' 'cultural chauvinism,' and the like only serve to short-circuit meaningful exploration. Therefore, it is in a spirit of investigation that I now turn to a discussion of the WTO and Free Trade.

The World Trade Organization (WTO)

On January 1, 1995, the WTO succeeded the General Agreement on Tariffs and Trade, GATT, as a result of the successful Uruguay round of GATT negotiations that took place from 1986 – 1994. The WTO is a forum for governments to negotiate trade agreements and to settle any trade disputes arising from those agreements. It also has special provisions for LDNs to increase their trading opportunities and help them build their trade capacity. As of June 2014, the WTO membership consists of 160 member countries, over 3/4ths of which are LDNs.¹⁸ The

¹⁷ "There is a widespread unease that instrumental reason not only has enlarged its scope but also threatens to take over our lives. The fear is that things that ought to be determined by other criteria will be decided in terms of efficiency or 'cost-benefit' analysis, that the independent ends that ought to be guiding our lives will be eclipsed by the demand to maximize output." Charles Taylor, *The Malaise of Modernity*, (Canada: House of Anansi Press, 1991), 4-5.

¹⁸ World Trade Organization. "About the WTO." Accessed January 17, 2005. http://www.wto.org/english/thewto_e/thewto_e.htm. The WTO also has an 'observer status,' which is held by 23 *governments* and the Holy See (Vatican). Observer governments are required to apply for membership status within 5 years of becoming observers.

WTO acts by consensus, not by voting. Voting is only utilized when consensus is not possible; and then, it is 'one country, one vote' with a majority of the votes cast necessary to win.

Free Trade

'Free Trade' is an absence of restrictions on the free flow of goods and/or services from one country to another. It is an 'ideal type' that can never be realized in the real world because of emotional barriers such as nationalism and patriotism and also because of the actual threats to national security posed by allowing foreign-owned companies to provide goods or services in sensitive industries such as border patrol.¹⁹ Therefore, the commitments countries make to uphold treaties lessening trade barriers are always subject to an implied proviso that agreements which imperil a nation's security interests will not be upheld. Another factor that makes commitments conditional is the possibility of a change in the political winds of a country. In stable democracies, the decision of the sitting administration to prioritize economic growth by entering into foreign markets is subject to voter veto. Hence, if the political mood of the country becomes more isolationist, voters may not agree with the administration's decision to become entangled with foreign economies. And, in democratic societies when voters don't agree, they promptly express their displeasure at the polls.

As an example of such a display of voter push-back, the reason that the U.S. has not been receptive to opening up the North American Free Trade Agreement (NAFTA) to other countries in the region (beyond Canada and Mexico) is due to the strong opposition of U.S. voters to NAFTA with just the existing three members.²⁰ It is interesting to compare the

¹⁹ 'See, David E. Sanger, "Under Pressure, Dubai Company Drops Port Deal," *The New York Times*, March 10, 2006. Accessed January 17, 2015.
http://www.nytimes.com/2006/03/10/politics/10ports.html?pagewanted=print&_r=0.

²⁰ During the 2008 Presidential campaign, both Democratic candidates (Obama and Clinton) came out strongly for a tougher stance towards Mexico – one that would condition continuation of the trade agreement benefits on Mexico enacting tougher environmental laws and implementing fair labor standards. Moreover, getting NAFTA approved by U.S. and Canadian voters has been described as "a bruising experience" which neither government wants to repeat soon. *Global Business Today*, p. 268.

availability of alternatives in developed nations with the lack of options in Jamaica. Although Jamaica would like to have withdrawn from the global arena, the choice was not available. Opening up her market to importers was a *fait accompli* even though the weakness of the Jamaican economy made it clear that it would not be competing on a level playing field with foreign imports into its economy. Alas, Jamaica was unable to resist having the global marketplace foisted upon it by the IMF.

Clearly, there is a marked difference in how the 'Free Trade' mantra is operationalized for wealthy members of the WTO and their poorer counterparts. There are laws in the U.S. to guard against American firms falling victim to the kind of unfair competition that the U.S. inflicted upon the Jamaican dairy industry. Antidumping laws in place in the U.S. can result in substantial fines (dubbed, "countervailing duties") being imposed on foreign firms that dump their products on the U.S. market. In international trade, 'dumping' is loosely defined as selling goods in a foreign market at less than a 'fair' price. The price can be unfair because (1) the sales price is less than what the product is sold for in its domestic market; (2) the sales price is less than the cost the firm incurs to make the product; or (3) a situation exists where a product is heavily subsidized in the home market, which provides an incentive for firms to overproduce the product in anticipation of dumping the surplus abroad – the situation with the American dry milk powder sold in Jamaica. Generally, once the foreign firm has driven all of the local firms out of business by undercutting their prices, it will raise its prices in order to reap a suitable (or excessive) profit.

Two U.S. federal agencies are on the ready to receive complaints from U.S. firms that believe a foreign firm is dumping products in the U.S.; to-wit, the Department of Commerce and the International Trade Commission (ITC). In 2004, U.S. Magnesium filed a petition with

the ITC accusing firms in China and Russia of dumping magnesium on the U.S. market.²¹ After a year-long investigation, in March 2005, the ITC imposed duties ranging from 50% to 140% on magnesium imported from China and duties ranging from 19% to 22% on magnesium imported from Russia. Initially the duties were to stay in place for a full five-year period. However, the ITC subsequently revoked the order against Russia, leaving the duties in place only for China for the full period.²²

Antidumping laws are not the only protectionist policies and institutionalized practices separating wealthy WTO member states from poor WTO member states. Moreover, the light-heartedness with which nations commit to uphold the principles of free trade is demonstrated by the fact that the agricultural industry is wrought with protectionist policies that wealthy nations have put in place to protect their agricultural industries. Table 3 below sets forth the range of tariffs and subsidies of selected wealthy nations.

Table 3. Tariffs and Subsidies in Wealthy Nations

| Protectionism In Country | Non-Agricultural Products (Average Tariff Rates) | Agricultural Products (Average Tariff Rates) | Percentage of Agricultural Production Costs Attributable to Government Subsidies |
|---|---|---|---|
| Canada | 4.2% | 21.2% | 17% |
| European Union | 3.8% | 15.9% | 35% |
| Japan | 3.9% | 18.6% | 59% |
| U.S. | 4.4% | 10.3% | 21% |

²¹ International Trade Commission, "Magnesium from China and Russia," Investigations Nos. 731-TA-1071-1072 (Preliminary), Publication 3685 (April 2004), accessed 11 January 2015 at: <
http://www.usitc.gov/publications/701_731/pub3685a.pdf>.

²² Charles W. L. Hill, "Management Focus: U.S. Magnesium Seeks Protection," *Global Business Today*, 8th ed. (New York: McGraw Hill, 2014), 196.

Conclusion

Over 160 years ago, *The Communist Manifesto* deftly described the rending of the social fabric wrought by the forces of global capitalism. Hence, even before it was given the pejorative label of 'globalization' and defensively promoted under the banner of *free trade*, international commerce had catapulted to the top of the national agenda of all countries able to partake of the lucre of yet-untapped markets. In the haste to enter into lucrative extra-territorial liaisons, previous arguments in favor of isolationism, such as 'self-sufficiency' and 'sovereign autonomy,' lost currency, becoming relics of a bygone era. Yet, in light of the rapid global spread of the 2008 U.S. financial crisis, most acknowledge that the "universal inter-dependence of nations" bemoaned in the *Communist Manifesto* is a stark reality of our time.

I have argued that states and MNCs enter into extraterritorial pacts with global institutions like the WTO, UN, and IMF to derive economic benefit from international trade. Given that both entities are drawn to international trade by the quest for financial gain, there is no justification for attributing to either corporations or their countries of national origin malevolent intent such as colonization of the world under the banner of a particular culture. Economic actors direct their deliberate and intentional activities towards achieving economic goals; and this is done to such an extent that they are often willing to overlook the drawbacks of their single-minded pursuit. Drawbacks such as loss of self-sufficiency and national sovereignty, as well as becoming linked economically with their counterparts in the global arena are downplayed. Finally, I have shown that MNCs - as the consummate 'economic actors' - focus

their activities in the global marketplace not on destroying a nation's culture, but on acquiring its business, on making its inhabitants loyal consumers of its product.
