

Press Release

For immediate release

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South African Institute of Race Relations

The power of ideas

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Free trade: A blessing reviled

It would be "disastrous" if President Donald Trump were to reverse the process of trade liberalisation that has been the single greatest global economic success story of the post-war era, says the Institute of Race Relations (IRR). In a paper released in Johannesburg today, the IRR said that trade liberalisation had helped to lift hundreds of millions of people out of poverty. "To finally conquer poverty across the globe," further trade liberalisation was an absolutely essential condition.

Mr Trump's hostility to free trade is by no means the only threat, the IRR said. Pressures in both the US and other countries for protection against cheaper imports had been growing for several years, before Mr Trump became a presidential candidate. One such pressure was the "fair trade" movement, which was just another form of protectionism. According to the author of the IRR paper, John Kane-Berman, Mr Trump had now "cleverly" embraced this term by saying that he wants the North American Free Trade Agreement to become the North American Free and Fair Trade Agreement. "This is an attempt to put himself on the side of the angels."

Kane-Berman said that the imposition of "fair trade" and other social and labour requirements on the exports of poor countries was both selfish and deeply misguided. "It deprives those countries of using the comparative advantage of abundant unskilled cheap labour to pull themselves by the bootstraps out of poverty. China successfully used this comparative advantage, with the result that it has made astonishing inroads into poverty as employment and wages have risen. India, Vietnam, and other countries in the region are next in line. They will eventually also see labour costs rise, losing their comparative advantage of cheap labour.

"Africa should now start positioning itself to take over as the next workshop of the world. This means not only dismantling its own internal trade barriers, but also fixing all its other problems in the fields of productivity, education, governance, and elsewhere."

For further details, see [FREE TRADE: A BLESSING REVILED](#) published today in *@Liberty*, the IRR's policy bulletin.

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