
CHAPTER I

INTRODUCTION: TRADE, MYTH AND OBSESSION

The driving idea behind globalization is free-market capitalism – the more you let market forces rule and the more you open your economy to free trade and competition, the more efficient and flourishing your economy will be. Globalization [is spreading] to virtually every country in the world ... has its own set of economic rules [requiring] opening, deregulating and privatizing ... and its own dominant culture, which [is] homogenizing [and spreading] Americanization – from Big Macs to iMacs to Mickey Mouse – on a global scale.

Thomas Friedman (1999: 8)

For me free trade is not a policy, free trade is just economic theory.

François Loos, French trade minister,
during trade negotiations with Australia
(*The Age*, 20 March 2003)

Today the world is in the grip of a doctrine which preaches 'Free Market' solutions to all problems and which is espoused by an 'elite consensus' among world bodies, most governments, 'oppositions', business, and mainstream media, as well as by some economists, but by few others. Actually, sceptics abound but they are not in power, and, once in power, miraculously adopt orthodoxy, with the notable exception of French trade ministers (quoted above). This doctrine has various names but I call it Free Market Economic Rationalism, or variants thereof, and I designate its practitioners Free Marketeers, though in Australia they are some-

times called Eco Rats! Free Marketeers advocate free trade for international commerce, globalisation for most economic transactions (in goods, services, capital, labour, law, accounting, regulation or the like) and free markets for almost everything, domestically and globally. A new world order centred on the World Trade Organisation (WTO) is being constructed on the basis of this doctrine and its assumptions, an endeavour which I call the Global Free Trade Project, and I claim it is based more on myth than reality.

I employ the metaphor of 'mythology' because in the two centuries since Adam Smith the Free Trade debate has thrown up many legends which are part truth, part shibboleth. One of the great myths of the age is that free trade and related forms of globalisation can generate a new era of prosperity, a view widely espoused by non-economist businessmen, bureaucrats, politicians, journalists and other public commentators. For instance Australia-based US commentator Bruce Wolpe (*The Age*, 23 April 2003), who opposed the war in Iraq, has said that the tragedy of the War on Terror and the Iraq War is that they have damaged 'the secret of the prosperity of the 1990s – free trade'. The WTO makes similar claims for Free Trade. But this statement contains three misconceptions: the 1990s did not see a major economic recovery, only minor trade liberalisation was achieved, and even mainstream economists doubt that this contributed much to the world economy. Indeed, economists have always been more circumspect in their claims for Free Trade than the more euphoric globalists, of whom US journalist Thomas Friedman (quoted above) is an extreme example. The core argument of this book is that Free Trade and related globalisation cannot bring as many benefits as claimed, and that any 'gains from trade' are contingent rather than certain. I agree with the French trade minister (quoted above) that the purported virtues of free trade are more theory than reality, and even the theory has some fundamental flaws. In fact, Free Trade is as much an ideology or a 'world-view' as a policy or a theory.

Trade: The Making of an Obsession

In earlier English the word *trade* meant a *path* or *beaten track*, implying a routine social function, ancient trading being mainly for basics and 'embedded' in other social institutions. Some historians see trade as static and state-controlled over long periods, others seeing dynamism and embryonic entrepreneurship. Either way, many see trading as socially and culturally disruptive, thus eliciting a universal desire for 'protection' in the literal, cushioning sense. Thus, trade is a natural, ancient activity, but so is Protection, as is the widespread pre-industrial desire to embed trading in more fundamental institutions, rendering it very much subservient to society and culture (Polanyi, 1957; Clark, 1974; see also Chapter 4).

In time trading became more adventurous, luxurious and disembedded, the early trade theorists called 'Mercantilists' proclaiming it essential to development, and Adam Smith declaring it needed to be free, or unencumbered by state imposts, for maximum benefits, although he did not want trading to disrupt society and did not think capital should move across borders. By the late nineteenth century brave new trading ventures were thought essential for industrial revolution, and liberalisation became fashionable until it was realised, as economic historian Paul Bairoch (1972) later discovered, that protection was better for growth in many countries. But the myth that free trade is best for growth thrives and is the key to present-day trade obsessions.

The post-war GATT-centred trading order was based on both this myth and the 'legend of the thirties', as I call it, that inter-war protectionism nearly ruined the world. In Chapter 4 I question these and other myths. Unexpected success at the famed Uruguay Round of GATT (1986-93) entrenched these myths, created a system of permanent trade negotiations, generated images of 'trade determinism', as I call the belief that trade causes growth or other 'good' things, and gave rise to 'globo-euphoria', which attributes all good things to free trade and globalisation. In

a clear statement of 'trade determinism', former WTO director general, Renato Ruggiero (in Aga Khan, 1998: 22) has stated that 'Trade liberalisation is not just a recipe for growth, but also for security and peace, as history has shown us.' The WTO has credited recent economic improvements in poor countries to their greater integration into its global order, debiting the 'ugly alternatives' of poverty and conflict to lack of such integration (quoted p. 188, below). Free Trade economists often describe the goal of globalisation as 'deep integration', or the convergence of nations' fundamental economic structures and policy systems, extending 'far beyond trade or strictly economic criteria' (Ruggiero in Aga Khan, 1998: 234).

Trade obsession reached an apogee at the 2002 Johannesburg Summit on Sustainable Development, when Australia and other trade-obsessed Western countries moved to include in key environmental and justice resolutions the clause: 'while ensuring WTO consistency', implying that we can only save the planet if the WTO approves! This clause was dropped when howled down by dissident Third World countries (TWN, September 2002, 145-6), but a strong trade determinist obsession still grips world leaders.

In-Your-Face Globalisation

Trade obsession is paralleled by an equal obsession with wider globalisation, variously defined as closer contact between societies, compression of space/time, dissolution of boundaries or integration of markets, the last of these being a definition often used by economists, who did not invent the term and are not always comfortable with it. I define globalisation as displacement of local and national factors in people's lives by transnational ones, and I describe 'cooperative internationalism', my preferred form of supranationalism, as arms' length, mutually beneficial interchange between sovereign societies.

The more iconoclastic globalists variously depict globalisation as the end of geography and the demolition of nations (Wriston);

as a borderless world and an invisible cyberspace country called 'Cyberia' (Ohmae); or as an 'electronic herd' trampling through nations at will, a 'golden straitjacket' of strict but supposedly beneficial Free Market policies and a 'brutal in-your-face, Schumpeterian capitalism' which leaves laggards as 'roadkill on the global investment highway' (Friedman, 1999: 214, 333 and *passim*). Curiously, these boffins think such prognostications are *recommendations* for globalisation and wonder why there are anti-globalisation movements!

Not all mainstream writers are so globo-euphorist, however. Economists such as Bhagwati (1998) and Krugman stoutly defend free trade but query the benefits of free investment, speculative capital and extreme economic deregulation. A former top OECD official, Louis Emmerij (2000), has criticised globalisation as private-sector driven, benefiting mainly private firms and creating many new social or equity problems. And, of course, there is an array of sub- and non-mainstream critiques of globalisation, some of them conspiratorial or ill informed, but many producing well-documented critiques, which will be touched on throughout the book.

Globalism: Three Myths

The Global Free Trade Project and the general globalisation push are posited on three assumptions which I consider inaccurate, even mythological: (1) that globalisation is now well advanced; (2) that it is inevitable or unstoppable; and (3) that it is overwhelmingly good for virtually everyone.

The first myth is widely criticised on grounds such as that global integration and centralisation of power were greater in the late nineteenth century (Streeten, 1998: 14ff); that TNCs are still largely home-based; that world prices, profits and interest rates are not sufficiently uniform to indicate advanced market integration (Pryor, 2000) and that regionalism is much stronger than globalism (Rugman, 2000). I partly agree, and cite evidence that

trade and FDI are less in relation to the real economy than is usually thought (Chapter 4). The idea of global takeover by Coca-Cola, McDonald's and Americanisation should not be ignored (see Chapter 5, esp. Box 5.1), even the World Bank (2002: 156) conceding this to be a concern, but it can be exaggerated. I have travelled in parts of India where little seems to have changed since the Raj, even in the cities, icons of the West and 'Cyberia' being present but largely lost in the vast squalor of Indian semi-modernity.

The second myth, that of inevitable globalism, is greatly overdrawn because, whilst there are globalising forces like improved transport and communications, the prime integrating process appears to be discretionary deregulation by governments, which today are committing what I call 'sovereignty suicide'. Even Free Traders such as Bhagwati (1998: 360) or Krugman (1995: 328) and some populist globalists like Legrain (2002) concede the voluntary nature of deregulatory globalism, as do some more radical economists (e.g. Kitson and Michie, 2000: 13ff), while the WTO regularly warns of deregulatory backsliding and uses 'lock-in' devices to prevent this (Chapter 8), clearly implying that globalisation is not preordained or assured.

The third myth, that free trade and globalisation are beneficial for virtually all people in all countries at all times, is based on oversimplified research methods and questionable results, a former OECD official Emmerij (2000) hinting that the World Bank is over-optimistic to an extent which borders on dishonesty in its globo-euphorist claims (e.g. in 2002). Globalism is complex, with crosscutting impacts. There can be beneficial mechanisms, such as what I call 'referential effects' ('modelling' of good laws from other countries) and 'regulatory effects' (international pressure for improved standards – see Held, 1999; Braithwaite and Drahos, 2000) alongside mixed or adverse impacts ranging from 'integrative effects' (homogenisation of legal or administrative practices) and 'displacement effects' (destruction of one culture by another) to 'disruption effects' (social or other dislocation). Such costs of

globalism are inadequately considered by globo-euphorists, although the World Bank (2002: 128–30) now obliquely acknowledges them; some of these will be touched on throughout this book.

In particular, I argue that the worst impacts are from the latter two effects – displacement and disruption. The much quoted British globo-euphorist, Philippe Legrain (2002), who claims to have discovered the ‘truth’ about globalisation, glibly decrees that it brings overwhelmingly beneficial cultural change and that ‘most people in the Third World quite like our Western “trash”’ (2002: 31ff). But it is nonsense to claim to know what several billion people want or how they are affected by major changes. My reading, from travel and some work with NGO grassroots projects in India (Dunkley, 1993), is that people’s views are mixed, with some burgeoning consumerism but with many people resistant to undue Westernisation. Most want modest improvements in areas such as income, health and education, but many also wish to preserve their own traditions, adapted where necessary. One Middle Eastern economist and advocate of greater self-reliance, Yusif A. Sayigh (1991: 206), suggests that external economic, technological, consumption, educational and cultural dependence in the Arab World is a major factor in the rise of Islamic fundamentalism.

As the well-known development economist Paul Streeten has assessed it, globalisation is good for the richer countries, asset-holders, the educated, risk-takers, profits, large firms, the private sector in general, men, purveyors of global culture and so forth, but adversely effects, for instance, poorer countries, workers, the unskilled, the public sector, small firms, women, children and local communities or cultures (Streeten, 2001). Where benefits such as increased growth or reduced poverty *do* appear to be associated with freer trade or globalisation, often the real causes of these are factors such as domestically generated development, macroeconomic stabilisation or recent improvements in social stability. Increased trade or globalisation is often an effect rather

than a cause of these factors (see Chapter 6). In any case, economic growth appears to provide its greatest benefits at low income levels, beyond which these benefits may level off and the costs may rise (see Chapter 5).

There are many facets of globalisation, but this book focuses primarily on the role of trade, debates about Free Trade and the crucial links between trade, technology and development.

Free Trade: Five Myths

Free trade is usually defined as the absence of government restrictions upon the cross-border flows of goods or services, with minor regulation allowed, although as a result of the growing trade obsession discussed above, an increasing number of policies are now being deemed trade-restrictive and slated for liberalisation or abolition (see Box 1.1 and Chapter 8).

Some mild global critics, such as trade unions and certain NGOs (e.g. Oxfam, 2002), argue that free trade is all right so long as the benefits are distributed equitably or provided exchange is 'fair' (non-exploitative – see Chapter 8). Others say free trade is good, but more so in theory than practice, or that it could be good but does not exist in reality because countries 'cheat' too much (by using a variety of hidden protection devices). I disagree with such views, arguing instead that the Free Trade doctrine is fundamentally flawed, and that Protectionism is often justified, both in theory and in practice.

I argue that, related to the three myths of globalisation, there are five myths of Free Trade: (1) trading is anciently integral to human nature; (2) free trade, free markets and private initiative are best for most exchange; (3) 'comparative advantage' is the best basis for all exchange of goods and services; (4) trading and free trade have, on balance, overwhelmingly net positive benefits for all concerned; (5) the amount of trading has gradually increased over time, indicating inevitable globalism. Myths by their nature

Box 1.1 What is free trade?

Free trade is the absence of artificial barriers to the free flow of goods and services between countries. There are five types of barrier to trade in goods and services:

1. Natural barriers: transport and communications costs, physical distance, geographical impediments (mountainous terrain, etc.).
2. Cultural barriers: language, traditions, negative attitudes to trading or foreign contacts and divergent commercial practices.
3. Market barriers: imperfect competition, market-sharing tactics, monopolistic or oligopolistic strategic trading (Chapter 3), and TNC profit maximising devices such as transfer pricing or differential 'pricing to market' (considerably differing prices in different countries – see Pryor, 2000: 201).
4. Policy barriers: tariffs (customs duties); quotas or import licensing; subsidies to local production; import bans; export promotion schemes; and a wide range of 'non-tariff' barriers such as administrative technicalities and 'voluntary export restraints'. Free Traders even tend to argue that tax, quarantine, environmental or other such policies which discriminate against imports, even if inadvertently, are trade barriers.
5. Service regulations: trade in services is said to be constrained by national regulations such as bans or limits on entry of foreign providers (banks, insurance companies etc), restrictions on the operations of foreign providers or limits on the movement of foreign service personnel.

Protection is the deliberate use of policy barriers or regulations to assist local industries or to promote exports.

Free Traders claim that protection, by increasing inefficiency and inflating import prices, raises costs for local firms. Protectionists reply that such costs can be outweighed by its social benefits.

Free Traders want as many of these barriers removed as possible, by elimination of protection, deregulation, global regulatory harmonisation and even reduction of cultural barriers through pro-global attitudes. The aim of this is to create a 'level playing field' – equal access for all companies to the markets of all countries.

contain grains of truth and I do not completely reject these five assertions – trade *is* ancient and *has* risen over time, for instance – but I argue throughout the book, especially in Chapter 4, that they are generally overstated, partly misconceived, often oversimplified and not always consistent with the evidence.

In particular, much mythology derives from Adam Smith's surmise that trade and economic improvement in general are natural human instincts (quoted p. 63, below), others inferring that free trade and general development are therefore 'just human nature'. I will call this the 'Smithian Propensity', of which there are several versions, and suggest that it *is* natural but partly counterbalanced by an equally natural 'Gandhian Propensity' to seek preservation of worthwhile traditions, social institutions and natural environments (see Chapter 4).

Overall, I base my case against Free Trade doctrine on four general grounds: (1) that it is over-simplified, based unduly on questionable myths and assumptions; (2) that it is excessively narrow, omitting a range of non-economic considerations; (3) that it presents only a means, failing to adequately consider ends or goals; (4) that it entails changes which, along with many technological and developmental pressures, are undemocratic or non-consensual. Trade textbooks and monographs today look sophisticated, often brandishing a bevy of statistics, diagrams and 'econometrics' (mathematical applications to economics), but on closer inspection they are often based on remarkably narrow, simplistic assumptions.

The famed US economist Milton Friedman once decreed that it does not matter if assumptions are unrealistic so long as theories are adequately tested. But the problem lies in defining 'realism' and 'adequacy', for assumptions can shape results and certainly the inclusion of non-economic criteria can completely change the way trade policies are assessed. I provide examples of such problems throughout the book, concluding that a broader view than most economists take brings Free Trade and globalisation much more into question.

Free Marketeers argue that free trade is the 'optimum' trading policy compared with protection because, in theory, it supposedly leaves everyone better off (economically) without making anyone worse off, and, in practice, because it allegedly produces higher income and faster economic growth than protection. The Free Trader's unwritten rule is that the relative virtue of the two policies, free trade or protection, depends upon which can produce the higher income, and they claim free trade almost always does. Some critics accept this rule and counterclaim that protection can often produce higher income, especially where free trade 'locks' countries onto lower rungs of the development ladder (see Chapter 5 below), and many question the underlying concept of comparative advantage. By contrast, I argue that a wider range of criteria than just income or growth should be used, and that the doctrine of 'gains from trade' is more problematic than that of 'comparative advantage' (see Chapter 2). With wider criteria than just economic ones, the case for free trade is greatly weakened.

Challenging TINA – There are Alternatives!

Those who claim that there is no alternative (TINA) to free market economics, free trade and globalisation lack both imagination and knowledge, for alternative perspectives and proposals abound, particularly among sub- and non-mainstream writers or activists, but even to some extent within the mainstream.

There are many alternative schools of thought in economics alone, but for convenience I identify four groups of approaches regarding three sets of issues covered in this book: attitudes to the key themes of trade, development and technology; attitudes to both methods and goals in policymaking; and attitudes to a wider range of criteria, including political, social, cultural, ethical, ecological and spiritual (broadly defined) considerations. The titles of the groupings are mine, the boundaries are not rigid and the cameo theorists mentioned typify rather than exclusively exemplify the approaches.

1. *Free Market Economic Rationalist (Smith/Ricardo) approach*

Smith (1776), Ricardo (1817), Mill (1848) and other 'Classical' economists pioneered the claim that free markets and free trade are beneficial, but were not dogmatic about it; 'Neo-classical' economists from the mid-nineteenth century until today greatly rigidifying the doctrine. Neo-classical theorists tend to depict people as rational, individualistic, utility-maximising consumers whose goals are materialist, whose values are largely utilitarian and who make economic decisions in isolation from wider aspects of life. Such theorists thence see the overall economy as a mere aggregation of such individuals, who are deemed 'representative' agents (see Keen, 2001). Most economists do not see people this way in real life, but accept the depiction for simplicity or even modelling convenience. Where variations are allowed, alternative results often follow, cases of which will be noted in later chapters. Most Free Market international economists focus very narrowly on trade, assume materialistic goals and neglect non-economic issues, the almost exclusive target of mainstream trade theory being maximisation of GDP and growth thereof.

Perhaps the greatest difference between Neo-classical economists or other Free Marketeers and the following three groupings is that the former believe in largely automatic self-balancing market equilibrium, with the equilibria usually 'working out for the best' via Adam Smith's 'invisible hand', routinely clearing markets, producing what people really want, ensuring full employment and balancing trade. Most other economists see equilibria as less assuredly benign, or even question the equilibrium concept itself, instead seeing a need for government and community intervention in economic processes, including trade or other international ones. Free Marketeers see the economy as a yacht adjusting itself to market breezes, while Keynesians or other 'heretics' see it as a motor boat powered by investment and requiring firm controls. This philosophical difference is a crucial distinguishing factor between Free Traders and Protectionists, who essentially reflect differing world-views.

2. *Market Interventionist (Keynes/Kaldor) Approach*

Those influenced by the great British economist J.M. Keynes see demand leading the economy, acknowledge far more 'market failures' than Free Marketeers do and advocate much more policy intervention, especially for macroeconomic purposes, but also for Managed Trade (Chapter 8). Keynes himself sympathised with free trade policies, though he believed that trade intervention could promote employment; he accepted some permanent protection for a balance between various industries, including for the support of traditional agriculture, and thought high levels of self-reliance quite feasible (Dunkley, 1995, 2000b: *passim*; Chapter 7).

Keynes's Hungarian-British colleague, Nicholas Kaldor (1978; 1989), placed more emphasis on microeconomic issues, investment processes, economies of scale and the multiplier benefits of manufacturing, firmly opposing free trade. Kaldor pioneered many of the current critiques of Neo-classical economics which centre on recognition of imperfect competition (monopoly and oligopoly), 'increasing returns' or 'economies of scale' (rather than the orthodox 'law of diminishing returns'), 'learning effects' (efficiency improvements due to learning processes amongst workers and managers over time) and market mechanisms alternative to the 'equilibrium' concept, particularly the notion of 'cumulative causation' (see Chapter 3).

US Kaldorians like Lester Thurow (1992) and Laura D'Andrea Tyson go even further, urging industry policy-type protection to promote competitive high-tech industries. Most Keynesians share the same pro-growth, pro-technology goals as Economic Rationalists, placing minimal emphasis on values or socio-cultural factors, although they are usually concerned about equity issues, while Keynes himself (1930) forecast a post-avarice return to religion and tradition.

3. *Human Development (Marx/Sen) Approach*

A more diverse grouping than the previous two, Human Development theorists more fundamentally question Free Market theory,

capitalist economies and orthodox development processes, stressing social or welfare goals and 'human capacity development', a concept made famous by Indian-British economist/philosopher, Amartya Sen (1983; 2001), but which he derived extensively from Marx (see Cowen and Shenton, 1996: 449 and *passim*). Marxists are usually considered, not necessarily accurately, to be materialists with little interest in cultural or spiritual traditions and bent on radical social change, although they do seek a more creative, equitable, cooperative utopia in the long term. Marx himself advocated free trade to hasten social development and revolution (see Chapter 3), but 'dependency' Marxists (e.g. Amin, 1990) are famous for advocating self-reliance as a development tool to overcome 'imperialist' blockages.

By contrast, Sen, a fairly mainstream Nobel laureate, accepts general market principles, current forms of globalisation, reasonably free trade and longer-term growth-oriented goals. His most radical contributions are, first, his 'capacity expansion' concept, which implies the provision of collective benefits such as infrastructure, health, education, literacy, training, female employment or general social development, and, second, his notion of 'entitlement' which suggests that people's sustenance stems from collective security as well as from market-derived income. Indeed, Sen argues that free markets often exacerbate famines, that public redistribution has been integral to social justice since ancient times, a view popularised earlier by Polanyi (1977; 1957), and that democracy, as in India, is far more effective for this than Chinese-style dictatorial governance (Drèze and Sen, 1989; 1995). This 'human' view of development policy has been highly influential in international bodies, especially the UN, and tends to be more interventionist than the milder Keynesian approach. Although the trade views of this grouping are mixed, many advocate intervention for Managed and Fair Trade purposes (see Chapter 8).

4. *Community-Sovereignty (Gandhi/Schumacher) Approach*

More diverse and non-mainstream than the previous three, this grouping seeks both alternative economic methods or policies, and alternative goals such as social equity, ecological sustainability, maintenance or restoration of communities and cultures, protection of national sovereignty (along with greater international co-operation), less materialistic values and, for some, a more holistic, spiritual framework for living. Virtually everyone in this grouping opposes Free Trade and integrative globalisation, mostly advocating intervention for what I call Fair and Self-Reliant Trade reasons (see Chapter 8). Community-Sovereignty theorists and activists draw on many sources, but for many a profound underlying inspiration has been the great Indian independence leader Mahatma Gandhi, who has variously influenced peace movements, 'deep' ecologists, non-violent action groups, alternative economic doctrines, self-reliance theories and alternative technology groups, much of this through the German-born British heterodox economist E.F. Schumacher (Schumacher, 1973; King, 1988: ch. 10).¹

Gandhi's ideas are wholly steeped in a spiritual view of life and the world, with individuals ideally seeking self-realisation through a search for spiritual truth. This leads to traditional Hindu precepts such as peace, love, right action, and *Ahimsa* (Non-violence), applied to all walks of life, and thence entails political actions such as *Satyagraha* (non-violent rectification of wrongs), *Sarvodaya* (respect and justice for all) and *Swadeshi* (sovereignty and self-reliance for communities and nations).

Gandhi opposed rampant economic growth as morally corrupting, free trade as socially destructive and copying of the West as degrading. He variously advocated self-reliant villages (1962), national self-reliance (quoted p. xi, above), priority for locals over more distant peoples, simple technologies and lifestyles, self-restraint in consumption, or what the Indian guru Satya Sai Baba has called 'a ceiling on desires', and 'adaptive traditionalism' or the preservation of traditions shorn of those which are destructive.

Such ideas are potentially revolutionary alternatives to globalising materialism (see Chapter 5).

Schumacher (1973) was heavily influenced by Gandhi, although he called his political economy framework 'Buddhist economics', Buddhism having long anticipated some of these ideas. He placed particular emphasis on the Buddhist precept of 'right livelihood', implying that in all things, including work and consumption, individuals should do what is morally right and environmentally requisite. Schumacher is best known for his beliefs that economic policies should be set in ethical, ecological, people-centred and spiritual frameworks, that development goals should entail small-scale, decentralised communities and that technologies should be 'intermediate' (see Chapter 5) or 'appropriate' to human scale, to community needs, to local and national sovereignty and to environmental maintenance. On this basis he founded the remarkable London-based Intermediate Technology Group, which now promotes this sort of technology and development worldwide. Schumacher (1973: 56–7) opposed free trade and globalisation on the grounds that unnecessary mobility created structural vulnerability, community decay and general 'footlooseness'. Both he and Gandhi clearly saw links between trade, technology, development and wider social issues.

Of these four groupings I identify most closely with the fourth, but I draw on the others where appropriate, including some near-Interventionist Free Traders like Krugman and Rodrik, whose informative work reveals many cracks in Free Trade doctrine, even though they do not embrace extensive Protectionism.

Different Goals for Different Trade and Development

In sum, this book is a general, critical survey of the Free Trade question, covering both theory and practice, in which I conclude that the proclaimed benefits of free trade and globalisation are contingent and part mythical rather than automatically assured, and that there are credible alternatives. I do not tackle all issues

equally: the labour and environmental issues, for instance, already have plenty of coverage, although I do touch on them and have examined these two topics in separate papers (Dunkley, 1996 and 1999).

In Chapter 2 I critically analyse orthodox Free Trade theory, and I outline alternative 'heretical' perspectives in Chapter 3. In Chapter 4 I recount some historical and statistical evidence against Free Trade mythologies, while in Chapter 5 I list equity, environmental, cultural and other grounds for an alternative approach to development and trade. The next two chapters provide unusual case studies, one criticising the famed World Bank/WTO case for free-market, 'export-oriented' development; the other arguing for the feasibility of what I call Self-Reliant Trade. In Chapter 8 I critically examine the WTO's new world trading order, alternative forms of trade, Managed, Fair and Self-Reliant, suggesting some new architecture for a fairer, more cooperative world.

Overall, I argue against Free Trade on the grounds that its benefits are overrated and its costs underestimated, its main effects being undemocratic, 'non-consensual' social change. More than Free Traders seem to realise, the virtue of their doctrine depends on the goals sought. If we want an entrepreneurial, business-led, high-tech, free-flowing globally engaged Cyberia, then we probably need techno-globalism, although theorists like Thurow (1992) say that completely free trade is not the way to do even this. If, however, our goals are for a more just, equitable, ecological, holistic society, then full-blast Free Trade or techno-globalisation are not required, and there is a case for allowing nations to find their own more self-reliant trading and development models. Throughout the book I suggest some alternative goals which could be sought, particularly three which I describe as social justice, environmental sustainability and cultural integrity.

Note

1. On Gandhian ideas and influences, see Weber, 1999; Murphy, 1990.