

## **Do free markets create justice? A reply to Prime Minister Verhofstadt**

Dear Prime Minister,

I applaud your initiative to bring together the different parties in the globalisation debate and to discuss the pressing issue of how to enhance sustainable development. You are right that it is completely hypocritical of the EU-countries to protect their markets for agricultural products, which reduces export revenues for many developing countries and even destroys some local markets, and which is being paid by the European consumer in terms of higher taxes and higher consumer prices. You are brave to ask where the United States is in the whole discussion and action on development issues. I support your efforts to increase development aid, and especially your claim that the poor countries must get a bigger voice in the global political processes.

But I am also disappointed. Disappointed because after re-reading the replies to your first letter written in 2001, and the contributions to the 2001 International Conference on Globalisation, you should know by now that it is all but obvious that free trade is improving the well-being of poor people in the South.

Many of the critiques that have been raised against the current form of global capitalism *cannot* be solved by opening up more markets and more trade liberalisation. Your letter does not address many of the crucial issues that have been presented by the speakers on the first conference in 2001. How is free trade going to prevent another destruction of a people's livelihood, as happened to the Ogoni in Nigeria, when Shell put its profits before the local people? How is free trade going to contribute to the reversal of deforestation, to less air and water pollution, and to stop the decline in soil fertility? How is free trade going to contribute to more respect for human rights and genuine democracy? How is free trade going to make the IMF and the World Bank accountable? How is free trade going to curtail the enormous power of multinational corporations, whose interests are crushing those of poor people?

You wrongly seem to believe that the issues that have been raised by the anti-capitalist movement (often falsely referred to as anti-globalists) can be solved or incorporated in an almost exclusive economic and technocratic way. That is an illusion.

If your aim is not the advancement of the corporate agenda, but the improvement of the well-being of the poor people in the South, then I propose that instead of focussing on free trade, you start advocating the following proposals that have been voices in the movement, including by last year's speakers:

1. A moratorium on further trade liberalisation. A moratorium on new WTO-agreements (1) until the WTO has been reformed along the lines suggested by Yoke Ching Lee and Martin Khor, (2) until an international commission has been set up to investigate the impact of economic globalisation on human development as suggested by Noreena Herz, and (3) until basic social institutions are restored in developing countries. These basic institutions are a necessary condition for free trade to be beneficial to the people and not just the shareholders: schools, basic health care, the effective right to organise a labour union, a *genuine* free press which is not monopolised or manipulated by either politicians or companies, effective anti-discrimination laws, fair international patent laws, and so forth. Without these non-market institutions, free markets may increase GDP, but not human development.
2. A drastic reform of the WTO, IMF and World Bank to make it accountable to the people, and not to corporate interests.
3. Debt relief, conditional upon respecting human rights and implementing democracy. To avoid the charge of hypocrisy, western countries will have to apply the same standards of respect for human rights and democracy to themselves, which might be less evident than the establishment and mainstream media think.
4. An instant increase of our development aid to 0.7% of GDP.
5. An international agreement on tax heavens closures and effective clampdown of money-laundering and financial crime, as suggested by Susan George.
6. A universal code of conduct for multinational corporations, and the foundation of an effective international body to control and sanction violators.
7. A Tobin-like tax on speculative capital movements.
8. The opening up of the American and European markets, especially the agricultural and textile markets.
9. A stop to the criminalisation of the protestors of global capitalism. These protesters are a crucial party for a genuine open dialogue, but are currently all too often criminalized. An international enquiry into their prosecution in Italy in the last years, and up to today, would be a good start.

Please don't reply that many of these proposals are not feasible. It is a matter of political will, not natural laws that have to be respected. If we can join forces to fight terrorism, why can't we join forces to implement global fiscal justice? If Western countries can cooperate to seal off their borders so as to prevent the movement of labour and people, why can't they control capital movements and regulate the actions of multinational corporations?

Dear Prime Minister, you seem to underestimate the fact, as Naomi Klein analysed so rightly at last year's conference, that the debate is not about "trade or no trade", but about the ideological paradigm bundled along with that trade. People inside a paradigm often don't even realise that they are inside one, and are very badly situated to recognise its ideological content. They often mistake ideology for 'science', and select 'scientific' evidence based on how well it fits into their paradigm.

You seem to believe that we will be able to advance development in a technocratic way, reducing global inequalities to an economic problem. Well, this is an illusion of the neoliberal paradigm. Global inequalities are in the first place about power differences. About Shell being able to destroy the Ogoni people. About the USA being able to secure its access to cheap oil by implementing a 'regime change' in Iraq, under the hypocritical rhetoric of the war against terrorism. About multinationals violently repressing any attempt by its exploited factory workers to form a labour union. About the profits of multinational corporations flowing back to the shareholders in the North, instead of benefiting the poorest people in the South. About the EU accepting that the USA does not pay its duties to the UN, does not sign the Kyoto Protocol, does not respect international human rights laws. About American and some European governments no longer representing the interest of its citizens, but of the corporations that they own, or the corporations that give large donations to their parties.

The real burning issues, prime minister, are not about trade, but about justice. And so far, there is very little evidence that free trade and free markets can bring justice in such an unequal world as ours.

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