

A degrowth perspective on international trade

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Research
&Degrowth



Why consider degrowth in trade?
Classical economics on trade
Environmental economics on trade

Classical economics on trade

“if based on comparative advantage, trade always **promotes economic growth** and welfare improvement in the exporter as well as the importer country”

“The strong improvements in the economic development that China & East Asian nations are partly due to well regulated trade, continuing diversification and up-grading of exports from basic commodities towards products with high value added.”

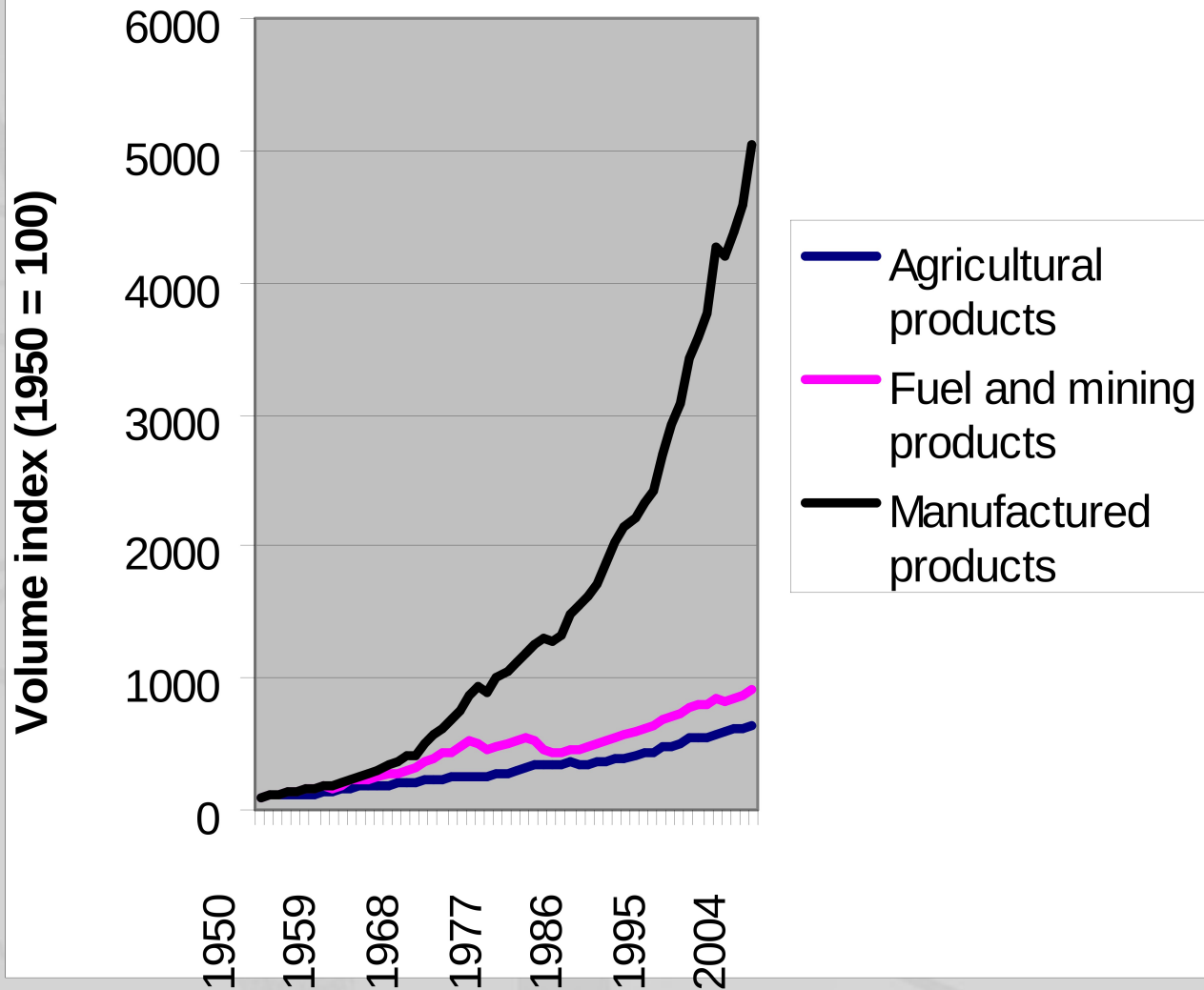
In reality

Poor countries tend to have the 'dirty' and material intensive production, & richer countries specialize in clean and material extensive production (*Stern et al., 1994; Suri and Chapman, 1998*).

At the global level there is a clear flow of primary commodities from poor to rich countries (*R. Muradian, J. Martinez-Alier : Ecological Economics 36 (2001) 281-297*):

Developing countries net exporters of primary products, while the North – net importers
(*unprocessed raw materials - >75% of the 48 poorest countries' exports in 1995 (OECD, 1997)*)

World merchandise exports



The other reality

There is a transfer of wealth from poor to rich countries, and of environmental costs from the North to the South (*Martinez-Alier and O'Connor, 1996; Hornborg, 1998*)

There has been worsening of the terms of trade for exporting countries specialized in non-renewable resources (the South)

-> The countries specialized in polluting products, whose prices tend to fall down over time,

“Stuck to the bottom effect”

Environmental economics: green growth through trade

Trade could contribute to global environmental sustainability, if:

- resources are extracted where environmental impacts are smallest and then traded;
- proper indicators and environmental certificates are in place.

A negative environmental trade balance (imports > exports) is fine as long as:

- goods are produced at lowest environmental cost;
- the environmental comparative advantage could determine trade;

YET....

- Too narrow understanding of environmental sustainability (often local production is most environmentally and socially caring)
- No consideration of social and political aspects of production (and the importance of diversification)

A degrowth vision of international trade?

Given degrowth is a call to disentangle ourselves from a specific types of ideas, or mental constructs based in material consumption, born in the North, which “colonize” and uniform global imaginaries....

A degrowth vision of international trade?

Given that degrowth challenges the idea of:

...profit/utility maximization or the accumulation of wealth as the primary drive of behavior;

....standardization of high-consumption lifestyles;

...dependence on market transactions and commodification of human relations;

and implies:

... & giving less room to economic/ market transaction, and

more to society and community;

... & reducing the capacity to produce and consume while

ensuring the ecological sustainability, well-being, capability

and social justice;

A degrowth vision of international trade?

Then.....

1. The pursuit of more (free) trade (even of environmentally friendly products): part and parcel of growth-driven politics (trade to grow to trade to grow)
2. Has the intensification of trade between EU & US, for example, lead to improvements in the social-environmental conditions, inequality, well-being? International trade for its own sake is like growth for growth's sake.

A degrowth vision of international trade?

Decoupling (volumes of goods traded) from environmental degradation remains a myth (Dittrich, Giljum et al. 2012).

International trade is one of the most efficient “colonizers” of imaginary. A tool to promote and maintain given (uniform) lifestyle worldwide.



**What degrowth proposals regarding
trade?**

Not only fair trade

The trade which we call fair at present is actually “less unfair trade” (*still there are salary and social security differences*)

Environmental costs not taken into account (transport), and probably cannot.

Fair trade used as a justification of the present system: it neither challenges:

- the decision WHERE, nor WHAT goods are produced,
- nor the real vs artificially created needs that these serve (*do we need to produce and import straw hats from Patagonia if these can be produced locally?*)

Not only regional trade

Regionalization of trade is crucial but might not lead to degrowth per se ->

Would we move towards more conviviality, simplicity, frugality and environmental care if we are trading only locally produced cars, arms, washing machines?

Could there be a rebound effect with regional trade (consume more because something is regional)?



**A REDUCTION OF THE OVERALL
VOLUME AND TYPE OF GOODS
TRADED IS NEEDED**



What about the Global South if volume of international trade decreases?

One of the primary drivers of international trade is debt repayment, thus mass cancellation of odious, illegitimate and unpayable debts, incurred to International Financial Institutions and Northern donors.

Change the nature of trade, and internalize the environmental costs: RE-COGNIZE and RE-PAY the ecological debt incurred by the North to the South

What compensations for the Global South if volume of international trade decreases?

- leaving resources underground (Yatsuni ITT proposal)
- transfers which strengthen social security rather than ending in the hands of a few local elites (as it happens with development aid at present)
- transfers which create public commons: esp. giving back the commons we have stolen (return the land which has been grabbed, de-privatize water)
- abandon patents (pharmaceuticals)

Trade degrowth - how?

Certainly not as a goal in itself or as an isolated act, but as a combination of the following measures, for example:

- **Reduction** of distances between producers and consumers and related **(trade/transport) infrastructure**;
- Rethinking of the types of trade: promotion of small scale, self-managed not-for-profit companies;
- Reducing of the role of markets: defence and expansion of local commons and establishment of new jurisdictions for global commons; Increasing the exchanges in the reciprocity and community domains

Trade degrowth - who?

- By both bottom up and top down action
- Though both opposition and alternatives building
- By researchers, activists and practitioners



**11 October 2014:
A day of action
against TTIP, CETA and
corporate free trade
agenda -
decentralised and
multi sectoral actions**



In sum

Reducing volumes of international goods traded is a key degrowth proposal.

Yet, it should and can only go along with a:

- Redistribution of wealth between North and South, East and West;
- Leaving non-renewable resources underground;
- Movement towards localized economies; reduction of distances between consumers and producers; local currencies;
- Challenge of artificially created needs (ban on ads);
- Increased sharing of work
- **Free movement of people** (no borders)