

Fair trade vs. free trade

[Economics](#), [Trade](#)



Introduction – This section introduces the importance of trade and its relationship with humanity. It then defines the two types of trade. It sets the thesis of the research paper. Body – This section goes into depth on the issue of free and fair trade. It discusses the benefits and shortcomings in each sector. It discusses fair and free trade in two cases illustrating the views of proponents and opponents.

Conclusion – compares and contrasts the difference of argument of each type of trade and brings in the standing point of each trade. Further, it illustrates the core points that the specific trade relies on. Fair Trade vs. Free Trade In most scenarios, trade - exchange of goods and ideas is a practice that is at the center of humanity and civilization. Therefore, trade is a unifier all over the Earth and is an equalizer across the nations. The idea of trade has been there since time memorial or dawn of humankind.

Trade has been used as a premise of breaking down cultural boundaries, conflict resolution and contributes in bringing people together in improving their living standards. In this situation, there are mostly two types of trade - Fair Trade and Free Trade. The aim of this paper is to compare and contrast Fair Trade with Free Trade in terms on the way that it contributes to the development of the concerned economies (Opal 34). Therefore, free trade is a trade in which nations exchange goods and information that is controlled by few-to-no barriers-to-trade.

This means that there is no way that the governments between these nations hindering or imposing restrictions. Hence, interventions such as tariffs, taxes, quotas and legislations are not there. On the other hand, fair trade is the exchange of goods and services underlying the demands of <https://assignbuster.com/fair-trade-vs-free-trade/>

justice. The proponents of the fair trade belief that the exchanges that occurs between the lesser developed countries (LDCs) and the developed nations takes place in uneven terms and such terms should be made more equitable.

The definition of fair trade movement by The Fair Trade Federation's Annual Report of 2005 as " a global network of producers, traders, marketers, advocates and consumers focused on building equitable trading relationships between consumers and the world's most economically disadvantaged artisans and farmers. " Many federations - International Federation for Alternative Trade and Fair Trade Federation is important because they argue that fair trade alleviate poverty, improves working conditions, enhance gender equity, distribute justice and maintains the environment (Stiglitz 45).

On the other hand, the proponents of the free trade views it as a system that supports voluntary exchange which allows the demands of justice are brought into consideration. Even though, the proponents thinks that free trade will improve the living conditions at the same time alleviate poverty, they embrace less intrusive measures because they belief that the free trade is injurious to the goalsof improving the living standards and alleviating poverty.

They see that the long-term trade will be accustomed to the demands of trade, and they also belief that the market will play into equilibrium in which both the poor and rich countries benefits. Thus, traders who practice free trade believe that free trade is the same as fair trade. To view the relationship between fair trade and free trade, the two trades are analyzed in terms of cases: fair trade case and free trade case.

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