

Unrestricted trade



Global trade aims to provide unrestricted access of commodities for all nations. However, this seemingly attractive notion does not exactly correlate to fair trade practices. In an unrestricted international trade setting, the flow of commodities will have a high degree of freedom. This means that goods from highly industrialized countries can easily penetrate that of developing nations and vice versa. Although it may seem that the transactions will be fair enough, a closer look tells otherwise.

In a borderless business transaction, those corporations with the ability to spend more investments for production and logistics will be able to handle the costs of exportations. Since industrialized countries have higher purchasing power than their developing country counterparts, a very wide global market can easily make up for expenses in global trade. This is not a very positive scenario for developing countries. Since the local corporations will have a head on collision with well known and established brand names, it would be a fight between David and Goliath.

Average performing economies will tend to stretch out all their resources in order to keep up with the commercial standing of commodities from industrialized countries, leaving them at a greater risk of losing the global trade battle. Another problem with unrestricted international trade is the fact that local businesses in developing countries will not be able to sustain longer periods of competition since their own domestic consumers would prefer foreign brands. A free-trade requires less or no tariffs to be paid by exporters and importers, making highly recognized brands become cheaper than local competitors' products (Wikipedia, 2008).

This may completely eradicate the business sector of a particular economy which will then make it dependent on the economic standing of other countries. To sum it up, unrestricted trade does not really equate to global prosperity. It can only be perceived as a capitalist's tool which intends to expand the horizons of already strong businesses without considering the disparity between superpower and small economies.

References

Wikipedia. 2008. Free trade. Wikipedia: The Free Encyclopedia. Retrieved January 12, 2008 from http://en.wikipedia.org/wiki/Free_trade.