

Trade, Claims Dean, is Critical for the Poor

A small but dedicated crowd turned out for a Thursday, April 19 lecture by Dr. Judith Dean on the importance of trade in helping end poverty. Dean, an economist with the U.S. International Trade Commission, dedicated her talk to her father, who first helped her begin to develop a Christian mind and who encouraged her to think Christianly about her work as an economist. Dean began her talk by indicating how such diverse organizations as Oxfam and the World Trade Organization were in agreement on the importance of trade for the poor. Dean set out in her presentation to articulate reasons for these organizations' unlikely agreement.

To faithfully address and seek solutions to such critical issues as poverty, Dean emphasized the importance of asking the right questions, those questions that deepen our understanding of the issues at stake and help us formulate effective solutions for them. Dean then proceeded to ask three important questions regarding poverty: 1) Who are the poor? 2) Why are people poor? 3) Will the solution address the root causes of poverty?

1) Dean explained that the poor are by and large from rural areas and therefore self-employed, usually in agricultural or low-skill trades; if they are from urban areas they work in labor-intensive manufacturing. The poor usually have little education or land, and large portions of their income are spent on basic necessities such as food and shelter.

2) She continued by explaining why these people are poor: Not only do the poor have few assets and low income (and therefore no social mobility), but they are also highly vulnerable to corruption (chiefly due to exploitation within their industries) and shocks (such as earthquakes, war, and famine). The poor's vulnerability and lack of resources perpetuate or worsen their economic plight.

3) Dean finally emphasized that to correct the problem of poverty as articulated by the first two questions, solutions needed to address the root causes underlying poverty. Compassion is necessary, she stated, but it is not enough. It is a complex problem demanding complex solutions.

Dean continued her lecture by highlighting several of the links between trade and poverty. Trade raises the national income and tends to increase economic growth by heightening access to technology and economies of scale and by increasing foreign investment. Developing nations own trade barriers, on the other hand, tend to hurt the poor by their bias against agriculture and labor-intensive manufacturing, and by their bias against low-income consumers. Finally, industrial countries' trade barriers hurt the poor in developing countries restricting the import of agricultural and manufactured products, of which developing nations are traditionally strong producers.

But Dean also emphasized that trade policy reform doesn't happen in a vacuum, nor is it a simple panacea to be applied blindly. She closed her lecture by outlining two significant caveats to what she had explained: First, wars, AIDS, and other factors play a large role in creating and perpetuating poverty, and trade does not necessarily provide solutions to

these problems. Nor can trade policy be applied without complementary domestic reforms in local governments. Corruption at the local government level can effectively eliminate the benefits of any trade policy reform.

Dr. Dean's lecture was followed by an engaging question and answer time, during which many provocative questions were raised regarding the possibilities and problems trade presents for the poor.