

GLOSSARY FOR 'TRADE JUSTICE – A DISCUSSION PAPER'

<http://www.afsc.org/TradeMatters/ht/d/sp/i/13425/pid/13425>

CAPITALISM

Capitalism is based on the concept that the means of production are controlled by private individuals or corporations who use them to create wealth for themselves.

ETHICAL CONSUMERISM

The intentional purchase of products and services that the customer considers to be made ethically. This may mean with minimal harm to or exploitation of humans, animals and/or the natural environment. In relation to the Paper, ethical consumerism refers directly to Fair Trade.

FAIR TRADE

These companies negotiate directly with the growers or producers of products to establish a fair price for the product. In commodities such as coffee, organizations have committed to paying a price and following procedures, which meet needs of the small growers even when the world market is below that price.

FREE TRADE

A term based on a theory in economics, but in reality the practice is something quite different. The theory of free trade contends that everyone in the world will be better off if each nation eliminates tariffs and other barriers to the flow of products across borders. The practice of "free trade" departs from theory by including the export of money either for investment purposes or speculation. With firms able to move both money and products around the world, the benefits of lower prices and higher wages have not been enjoyed by most people. In addition, under recent "free trade" agreements, the concept of barriers to trade have been expanded to include domestic regulations, public health and human rights measures, and environmental protection laws which inhibit business activity.

GLOBALISATION

The term frequently used to identify a trend toward increased flow of goods, services, money, and ideas across national borders and the subsequent integration of the global economy. However, the term is also used to refer to a deliberate project led by powerful institutions, people, and countries like the United States to apply a single template of economic strategy and policy to all countries and all situations.

THE MILLENNIUM DEVELOPMENT GOALS

A set of eight goals and associated targets to achieve poverty alleviation by 2015, which found their origin at the 2008 Millennium Summit. The goals include: eradication of extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and finally, develop a global partnership for development. There are currently 192 states and 23 international organizations that have agreed to work towards these goals, yet success is still a long way off.

NEO-LIBERALISM

A view of the world based on the belief that the optimal economic system is achieved by giving free reign to market participants, privatization, minimal restrictions on international trade, and the shrinking of government intervention in the economy. Critics argue that neoliberal policies prioritize corporate profits over the welfare of the working majority and society at large.

PACER

The Pacific Agreement on Closer Economic Relations (PACER) is an agreement between Australia, New Zealand and members of the Pacific Islands Forum (Cook Islands, Federated States of Micronesia, Fiji Islands, Kiribati, Republic of Marshall Islands, Nauru, Niue, Republic of Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu). PACER is a broad umbrella agreement for the step-by-step integration of Pacific Island countries into the international economy, by embracing free trade policy.

PACER Plus

A more comprehensive free trade agreement within the PACER framework.

PRIVATISATION

The process of private, for-profit businesses taking over the provision of public services. Types of government contracts that have been privatized include prisons, water utilities, trash collection, clerical jobs, food service, information system jobs, and job placement for welfare recipients.

PROTECTIONISM

The economic policy of restraining trade between nations.

SUBSIDIES

Grants of money made by the government to either a seller or a buyer of a certain product or service, thereby altering the price or cost in a way which affects the output. Governments usually make payments to domestic producers to offset partially their costs of producing and selling certain goods and services. Subsidies are commonly used to support infant firms just entering a new market, to bail out older firms suffering from intensified competition, and to provide support for sectors (such as farming) deemed essential

TARIFF

A duty (or tax) applied to goods transported from one country to another, or on imported products. Tariffs raise the prices of imported goods, thus making them less competitive within the market of the importing country.

TRADE LIBERALISATION

The reduction of tariffs, quotas, and other barriers to permit more foreign trade and investment.

TRANSNATIONAL CORPORATIONS

Corporations that operate in multiple countries and can move their products, personnel, and even factories to the location that would be the most profitable

VAT

Value Added Tax (VAT), or goods and services tax (GST) is a consumption tax. Many Pacific countries are enforcing VAT to replace the desperately needed revenue for public services that has been lost due to free trade policies and privatisation.

WORLD TRADE ORGANISATION

An organization of 146 countries that implements and advances global trade agreements and resolves trade disputes between nations.