What is it with these people and trade? [1]

Written by **Tim Worstall** [2] | Sunday 29 July 2012

So some swarthy foreigner sidles up to you and offers a deal on something you desire. A very good deal, real cheap. Clearly the correct response is to take the deal: you're getting what you want cheaper than you can elsewhere and are thus being made richer. If this swarth foreigner was an agent of the Sultan of Constantinople and was being subsidised by hte Sultan in order to create work for his subjects to do: the answer is still the same. Take the deal for it is a deal. Your own resources have been increased and you are richer.

Your delight at being offered such an opportunity would be even greater if it was being offered on something that you just must have. Imagine, for example, that the oceans would boil and Flipper be left floundering on a desolate shore if you did not immediately install solar PV in order to generate the electricity you need (*need* note) to be able to watch a Simon Cowell program for the opportunity to sneer. One would, and one would expect our politicians to agree, take such an offer in an instant and be very happy with it. So what's happening here [3]?

> Solarworld AG (SWV) [4], Germany [5]?s biggest solar-panel maker, led a group of manufacturers asking the European Commission to investigate whether Chinese competitors dumped their products on the region?s market.
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> The so-called EU ProSun group filed the anti-dumping complaint in Brussels after a similar request in the U.S. resulted in duties on solar imports from China [6]. The group has 25 members including companies from Italy and Spain [7], and Germany?s Sovello GmbH, EU ProSun President Milan Nitzschke said today.
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> ?A majority of the European solar industry backs the complaint,? Nitzschke said by e-mail. ?Chinese companies are offering their products below manufacturing costs despite their own massive losses.?

Strangely, I was in the Solarworld offices a few weeks back but I didn't need to be in order to work out what is happening here.

As Adam Smith pointed out the purpose of all production is consumption. We the consumers desire cheaper solar panels and if we're to get them by bankrupting Solarworld and sucking subsidies out of the Chinese taxpayer then that's all well and good. We're better off and the Chinese government is foolish for gouging its own citizens to make us so.

What is going on here is that trade policy is being made to suit the interests of the producers, not the consumers: and that ain't the point of it at all. The correct response to this "suit" is to reject it with the words "Tough luck Sonny". The aim and point of trade policy is to improve the life of the consumer, yea even if that means accepting foreign subsidies.

That it won't work out this way we also know but then that's what's so wrong with the trade policy we have. In fact, that's what's so wrong with any trade policy other than unilateral free trade: we're trying to make life

better for you and me and all who want to buy things, not the producers of anything at all.

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