



## Fair Trade Balance

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<http://www.ck-wong.ca/Money%20Matters/fair%20trade%20balance%2020060216.pdf>

### Introduction

If you work 24 hours a day to create a merchandise and charge for 8 hours of labor to a number of clients. One of these client sells you the raw materials. Of course your merchandize price is higher than the cost of raw material. After a few months your client sue you for unfair trade practice because your client owes you money. The allegation says that you are using unfair practice to create a surplus and force you to lower the price further to balance the trade. Although your client alleges your unfair practice, this client continues to buy from you with IOU notes rather than money. If you are the judge, what would be your verdict?

### Intention and Consequence

In the court, to judge a case, it is frequently using experiment to measure the fairness and what is the intention. If the intention was not there but the consequence causes damage to the plaintiff, the sentence would be lighter than those purposely (premeditated) to cause damage. If your client found you are unfair, he or she could change supplier. If the transaction continues, from the eye of the law you consent the relationship. The case would be dismissed. Furthermore, if the client has no intention to payout the IOU's, the judge may seize the client's property to settle the account.

If you are China and the client is America, you will not understand why American continues the unfair trade and does not stop buying from China and pay all IOU's in full. The current situation is not as simple as that. American finds other excuses to balance the trade: intellectual property lost. Piracy is a worldwide issue. It is not just China. However, China has a vast population. Even it is a small percentage of piracy cases could mean a very large number. American tries to balance the trade by recovering those copyrighted merchandize sales.

The story sounds good but it is not totally water tight.

If American alleges other countries and asks them to appreciate their currency then it is fair. Otherwise, American is not practicing fair trade.

### Balance Trade Means Free Trade

The current account could be balanced should American sells what China wants. American has the high-tech-phobic. It complains Google and Yahoo collaborated China's information censorship policy. However, it is practicing trade censorship. It is not just China the only victim. American slams the duty on Canada softwood lumber. This is another form of censorship; reduce or prohibit the access to the American market rather than information.

When a company has deficit, it will cut cost and reduce expense. I just wonder where are those super managements are? Would it be possible to lost their know-how after they become politician?