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Introduction to the Linking Theory & Practice Section

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Editorial Introduction

Introduction to the Linking Theory & Practice Section

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The importance of international trade is more prevalent today than ever before in the history of mankind. Trade in basic materials such as oil and steel, agricultural products such as beef and crops, and manufactured goods of all types has increased worldwide consumption and betterment of life in the world. Yet, despite the importance of trade, there continue to be challenges in trading activities.

“European Union and the US Trade Disputes: The Role of the WTO” by Minoo Tehrani explains in a very clear way some of the challenges to trade that are confronted by the World Trade Organization (WTO). For example, in arbitrating the conflict between the United States and countries alleged to be dumping steel on US grounds, there are influencing forces not in the conflict that could and did affect the conflict outcome – for example US consumers of steel, such as the auto industry, against US producers of steel. Similarly, the fear of hormone-treated beef by environmental groups in Europe has influenced the European ban on US and Canadian beef, which in turn led to US retaliatory tariffs on dairy products from Europe, thus causing the innocent dairy industry to suffer the impact of the beef industry conflict. Third, there is also the need to address inequality of power when small nations need to implement retaliatory sanctions against large nations, as was seen in the banana tariff dispute between Latin American countries and Europe. The ability of the WTO to mediate these disputes is examined in the paper and with suggestions for improvements in three areas: (1) conflict mediation processes and rules and regulations such as the Sanitary and Phytosanitary Standards (SPS) Agreement, which could speed up review and arbitration processes and outcomes; (2) consideration of concerns other than traditional producer-based conflicts, such as the desire to protect the environment, consumers, and other issues, plus the need to address power inequality of smaller nations in seeking restitution; and (3) working with countries to determine whether domestic laws or WTO laws should prevail in conflicts while also creating joint-bodies to determine common research standards for products under dispute.

This paper is a good introduction to current challenges of international trade with special attention to those that are faced by the WTO today. Some may wonder: Whatever happened to basic laws of supply and demand and the role of free markets that all of us have learned in Economics 101? Despite challenges, the market has lumbered along and we have enjoyed increasing fruits of international trade. However, there is still more to be done for the betterment of trade in the world today.