

PRINCIPLE (OR RULE) OF 'MINIMUM PRICE'

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The Principle or Rule of Minimum Price is a rule that pretends to protect local industries in developed countries, by diminishing the differences in price of their domestic products, versus imported products from developing countries.

The Rule is conceived in order to obtain a more balanced international trade, and to avoid the present dangerous and unstoppable cooling of the economies in developed countries.

For many decades, thousand of industries in developed countries had been closing their doors, and moving factories or setting production overseas, in far developing countries. Two main reasons had motivate this dramatic change: greedy and competitiveness. Any business is made in order to obtain a profit, so greedy, although not desirable , is justifiable. Competitiveness is not only necessary for a company to survive, also is positive for societies, because the increasing quality of products and services offered by companies in the market, raises the standards of living. During decades, many internal problems in developed countries, as political and union corruptions, overtaxing, lack of a motivate and efficient labor force, abusive and unjustified demands from environmental organizations, etc; had compelled many big industries to move overseas in order to survive, in a day by day, more competitive world market.

The proposed Principle of Minimum Price should be applied for imported products over a minimum standard value, as per example a threshold of \$3,000 could be an acceptable value for the USA market (January, 2011).

This Principle will work as follows:

a) When a company or firm is interested in exporting a product, that had been manufactured in a developing country, to a more developed one, and when such product is predictable of having a cost equal or superior to a set threshold value, the exporting (or importing) company or firm will have to provided to the pertinent Department of Commerce of the developed country, with a 'Manufacturing Specifications Sheet', which will show the number of hours expended by technicians and workmen in designing and manufacturing such product in the developing country, as well as the amount - weight - and kind of materials processed, with special emphasis in those materials that could be hazard for the environment. The cost of shipping, and other expenses related to it, should not be considered.

b) Through the 'Manufacturing Specifications Sheet' the Department of Commerce will elaborate an estimation of the minimum cost that such product would have had if being manufactured in the developed country. This estimation should be done by considering the minimum range of wages for each task in its design and manufacturing process, cost of materials, and the cost of the needed environmental protection measures; so the minimum price at which the product should be sold, avoiding losses, could be defined.

c) The rights over the benefits obtained for selling the product over the minimum price set by the pertinent Department of Commerce (the extra price) will be for the importer and / or the manufacturer of such product, at their discretion, after regular sale-taxes. Desirably, such extra money should be invested in research and development by the manufacturing companies in their developing countries. Not under any justification should be such profit retained by any organism in the developed country.

d) Yearly, each allowed products should be reevaluate, and their price adjusted. The cost of such legal process will be in the importer / manufacturer side, and this cost should be fairly objective.

The monthly guaranteed minimum wage of a medium class worker in a develop country, could be a good reference in order to set the cited minimum threshold value.

The Principle of Minimum Price is not conceived for good or products with a small cost, because it will damage the economy of many developing countries, where the low educated population, difficulty could work designing or manufacturing technical or complicated products. Also, keeping those products cheap in developed country markets, increases the quality of life of those citizens by protecting their high purchasing power, what in turns, helps to keep a dynamic economy.

This system is intended to preserve the grade of technical development and industrialization achieved in the developed countries, protecting their industries and their educated workforce; while nurturing firms and industries in developing countries to improve, compete, and success in a more competitive international market.

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PD - I ask excuses because my poor English. If you see any big mistake in my text, please, email me at gaspar (at) gasparpaya.com, so I could correct it. Thank you very much in advance.