

AUSTRALIA'S RELATIONSHIP WITH THE WORLD TRADE ORGANISATION

SUBMISSION TO THE JOINT STANDING COMMITTEE ON TREATIES

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I have the strongest reservations about Australia's current relationship with, and participation in, the WTO.

Writing in *The Australian* on March 22, 1994, journalist P.P. McGuinness said:

"... With every multilateral treaty or bargain; every adhesion to bodies such as the United Nations or General Agreement on Tariffs and Trade, every agreement on the international trading regime, or international co-ordination and standards on human rights and the environment, or the rights of indigenous peoples, or racial, sexual, or other discrimination; on international property rights or cultural co-operation; with every convention of the International Labour Organisation signed – there has been not only the creation of new heads of power for the Commonwealth, but a cession of power to interfere in and legislate for Australia to the various international communities of signatories and organisations ..."

This is, I believe, an accurate assessment. Gradually, the idea of an elected Parliament in Australia where representatives legislate in strict accordance with the will of the people and the Constitution is being by-passed.

I do not believe the Cabinet, Executive or Parliament should introduce international norms that may conflict with domestic provisions of the Constitution without resort to Section 128.

It makes no difference how lofty such international arrangements may be. The idea that parliamentarians are wise enough to ignore, or set aside the letter and spirit of the Constitution is a form of corruption.

This is not to say that Australia should not enter into international agreements; but it should never bind future governments, and Australia should never, therefore, commit itself to any programme which does not include the right to 'contract out'.

A parliamentary representative's obligations to those who elected him are always greater than international obligations. This is the spirit behind our Constitution.

WORLD TRADE

Peaceful trade between nations must be beneficial to trading partners. It has been elevated into a goal that often hurts producers and consumers. The slogan "Export or Perish" is a perversion. It can be logically argued that many Third World communities have been hurt by economic policies that forced them to put exports before the home market.

In Australia's case, an insistence on 'free trade' has destroyed many farming and manufacturing industries, leaving us with a series of Current-Account-Deficits that have continued unbroken for over 20 years. Our accumulated Overseas Debt is about the highest *per capita* in the world. Levels of foreign ownership are very high. The policies that have produced these results have never been put to the Australian people for their assent or otherwise.

Those who suggest that ‘free trade’ requires no more than “efficiency” for a beneficial result for all should consider the following statement by Professor R.T. Naylor, of McGill University in Montreal, Canada:

“....Logically, when some countries have pluses in their balance of payments, others have corresponding minuses. In actual calculations, there were always little discrepancies; things did not quite add up to zero. But the minor differences could be sloughed off as errors and omissions.

However, in the late 1970s something began to change. Computations of the world balance of payments revealed systematic and growing discrepancies. One such calculation showed that by the early 1980s the world was running an annual balance-of-payments deficit with itself in the vicinity of \$100 billion (HT2/8/83; IMF, World Economic Conditions, 1984). In other words, it was running a balance of payments deficit with the moon equal to about 10% of the total value of world market trade. The International Monetary Fund (IMF) had a useful explanation for such statistical holes. They were due to ‘asymmetries’.”

(“Hot Money and the Politics of Debt”, R.T. Naylor, Unwyn Hyman Ltd. 1987, ISBN 0-04-440188-4)

The Committee may care to seek an update of the current position, comparing Current-Account-Surpluses with Current-Account-Deficits of all trading nations. It obviously make a difference to the argument about the WTO!

FINANCE

The Committee should consider the benefits – or otherwise – of the fact that over 60 per cent of world trade is now between multinationals, and even between branches of the same multinational established in different countries. The minimisation of fair taxation through such artifices as transfer-pricing have been referred to by officials in the Australian Tax Office.

The assumption that such perversions can be solved on an international, rather than a national basis, are enticing but illusory. None of these things can be solved without changes to the system of finance and budget requirements. The fact that all money throughout the world is issued as interest-bearing debt ensures that trade can be neither free or fair. It is a guarantee of trade wars, unsaleable surpluses and ever-increasing areas of poverty.

This issue was given careful consideration by the Southampton Chamber of Commerce (UK) in 1933, and the paradigms of the argument have not changed. They have only intensified.

Copies of the Southampton Chamber of Commerce Report can be provided to members of the Committee if required.

COMPULSION

The power-broking in many of the WTO decisions is obvious; the right of European Union members to reject GMOs is a case in point. The barriers against Australia’s lamb exports to the US another. The idea that such differences will be solved by an international organisation with legislative and judicial powers, unelected and unchallengeable, is a utopian recipe for disaster. The best advocacy procedure in the world cannot make a silk purse out of a sow’s ear!

If the Committee is in any doubt, it should ask the Australian people. It should examine how Australia financed greatly diminished trade using its own financial resources in World Wars I and II. Above all, it should not sell out Australia’s sovereign right to make its own decisions.

Thank you for the opportunity to make this submission.

Yours faithfully, Jeremy W.D. Lee