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**Sent:** Friday, August 25, 2000 12:33 PM  
**To:** Committee Secretary  
**Subject:** WTO public hearings

The Joint Standing Committee on Treaties,  
Parliament House,  
Canberra

Dear Members,

The JSCT is to be commended for its valuable work in bringing to the public eye details of treaties whose mass of detail obscures their intended and unintended effects.

"Legislation by treaty" is much less transparent than normal legislation, and consequently we have been presented with treaty legislation almost as a fait accompli.

Public comment can be very helpful in shaping policy and in predicting consequences of the treaties to be entered into. It was noticeable how informed and competent were some of the public submissions to the JSCT's hearings on the MAI treaty in 1998, while the departmental papers which supported the treaty in a vague and unexamined way, were of generally low quality.

The Australian response to the MAI treaty would have stood a much better chance of being positive had the departments produced thorough and well-argued briefs.

Hopefully the Committee's strictures have proved salutary in raising the quality of departmental work in this area.

The closed-door nature of the treaty-drafting process excites public suspicion immensely. Nowhere is this more evident than in negotiations which may further increase the flow of world trade.

I realise that the Committee risks drowning in a sea of words, so I will be extremely brief. I would like to make two points.

#### 1. The Social Matrix.

The fundamental problem behind public disquiet is that international trade has forged ahead in the absence of a well-developed social matrix in which it is embedded at the national level. (Indeed, even at the national level, the growing commercialisation of life upsets the public, though they may not be able to put a finger on the reasons.)

To allay public opposition it is essential that trade should not out-run international democratic frameworks.

Does that sound the death-knell to trade liberalisation? Well, it's certainly a challenge.

## 2. Chronic imbalance-of-trade.

The nature of commerce with its economies of scale and the consequent world excess productive capacity means that everyone is keen to sell but not to buy. Truckloads of treaties result from attempts to cope with this fundamental fact.

But if being too much in debt is bad then it does not follow that being too much in credit is good; no, the simple logic is rather that it is also bad since the two states are logically connected. The countries which are irresponsible in the world of trade are not only those who run up big debts by buying much more than they sell, but also those who run up big credits by selling much more than they buy.

It is in fact a negative that credit countries re-cycle their surpluses back into debtor nations by lending to them and buying their assets. Otherwise, the appreciating currencies of credit countries would correct their trade imbalance.

Australia should work at the WTO to put in place a procedure for unilateral or multilateral sanctions against countries in chronic balance-of-trade surplus.

Now there's a project to develop! Much more needs to be said, but this is not the place to discuss all the provisos.

If one could only sell by also buying, think how much of the existing treaty effort could be saved. All the current tricks would disappear. Yes, others would arise: there would be a lot of book-cooking.

Of course it's a Trojan horse for current capitalism inasmuch as it would prevent severe wealth just as much as severe poverty. But if capitalism as we know it is not reformed, there could well be some big smash-ups soon enough.

Yours faithfully,

Robert Fox

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