

-----Original Message-----

From: Helen Daley [<mailto:circe@ozemail.com.au>]

Sent: Wednesday, August 30, 2000 10:59 AM

To: committee.reps@aph.gov.au

Subject: Australia's Relationship with the WTO

Submission to the Parliamentary Standing Committee on Treaties
Parliament House
Canberra

AUSTRALIA'S RELATIONSHIP WITH THE WORLD TRADE ORGANISATION

Having read some of the information at websites about the WTO, I wish to express some concerns about some of the rhetoric of the Director-General of the WTO, and about some of the issues raised by community organisations concerning the actions and agenda of the WTO.

Mike Moore states that the WTO needs to reassure people that globalisation is generally a force for good. He doesn't say the WTO needs to ensure that globalisation is a force for good, and this suggests to me he is attempting to persuade us to believe something that is not the case. A more useful approach would be a thorough, honest assessment of the serious dangers of unchecked globalisation, and an open, comprehensive acknowledgment and analysis of them.

He notes that globalisation is seen as a force for profit above all else, and attributes this to the "forces of reaction and economic tribalism" that still lurk out there, citing the Balkans as a grotesque example of what really happens when tribalism wins over openness and democracy. I think some covert US military activity might be a better example of that, but Moore can see no irony in the view he propounds.

Moore believes openness is the surest way to overcome tribalism. Is tribalism

the problem? And what is it anyway? Perhaps its nothing more than global speak for warranted mistrust and suspicion of the economically more powerful and the desire to protect one's culture, society and environment from the rape and pillage thereof that passes for global trade.

Ok Tedi, bananas, Nestle powdered milk, cyanide spills, soft-drink manufacturers, running shoes, tobacco sales in China, these are just some of the words and phrases that have come to stand for the appalling legacy of exploitation of the Third World that we have witnessed in the last few decades.

Moore observes that maximising efficiency means getting the most out of what you've got, enabling people to fulfil their potential and helping countries to make the most of their resources and conserve their environment. Efficiency is just another word for conservation, in his view. This fails to acknowledge the abuses of power that are being legitimated everywhere, in the name of profit maximisation. He suggests an innocuous term to describe a phenomenon and completely ignores the negative aspects of it.

He proposes that the bottom line is that the developing countries that are catching up with rich ones are those that are open to trade; and the more open they are, the faster they are converging. He cites various studies, one using data from 80 countries over four decades, which confirms that openness boosts economic growth and that the incomes of the poor rise one for one with overall growth. Jeffrey Sachs and Andrew Warner of Harvard University found that developing countries with open economies grew by 4.5% a year in the 1970s and 1980s, while those with closed economies grew by 0.7% a year. Countless other studies support their results.

However, measures of economic growth are incomplete measures of the status of a country and the well-being of its citizens. Attention to ecological concerns and individual health and happiness are not necessarily correlated with the growth of trade. Huge costs of so-called free trade are not even acknowledged, let alone measured and taken into consideration.
Capitalist

reliance on one type of indicator only of human activity is producing a distorted model of the factors in play in society with this assumption.

According to Oxfam, free trade is not working for the majority of the world.

During the most recent period of rapid growth in global trade and investment--1960 to 1998--inequality worsened both internationally and within countries. The UN Development Program reports that the richest 20

percent of the world's population consume 86 percent of the world's resources while the poorest 80 percent consume just 14 percent. WTO rules

have hastened these trends by opening up countries to foreign investment

and thereby making it easier for production to go where the labour is cheapest and most easily exploited and environmental costs are low.

Subsidies on OECD countries' agriculture are still twice the value of developing countries entire agricultural exports. Over the last 20 years the

share of global trade of the least developed countries has more than halved.

UN reports have shown how free trade has lead to greater inequality both

within and between countries.

Moore suggests that as trade barriers fall, foreign competition forces domestic firms to specialise in what they do best, rather than making goods

which are more efficiently produced elsewhere. This completely fails to acknowledge that goods can be produced more cheaply in countries where human rights are neither respected nor defended. No matter how they describe it, this is what transnational entities excel in. The belief that this is

the case will never be expunged from the public consciousness, no matter

how much research is undertaken and cited.

Moore believes that the surest way to do more to help the poor is to continue

to open markets, but the opening of markets is to protect and increase the

wealth of the wealthy, no matter how the globalisers want to describe it.

Perhaps if they were more open about this fact, negotiations might be more

productive.

He notes, with pride, that in the past ten years, foreigners have

invested

over \$20 billion in Hungary, some \$2,000 for every Hungarian. Their investment is transforming the economy. Whereas the economy shrank by 12% in 1991, it has grown by nearly 5% a year for the past three years. Exports have doubled in the past five years and now make up over half of

the economy. But Moore never mentions where the profit is going. It's not

about free trade but who takes the profits, and it is rarely the developing

country. It is very kind of the transnationalists to generate the spin-off

advantages of increased trade, but they are performing a sleight of hand

with the profits and the right to control them. This is the crux of the WTO's

raison d'etre, and it is patently clear.

The WTO is not about justice and fairness, and it should be. Economic indicators have now become the be all and end all of a society's performance

measures, and I think some really useful indicators could be generated if the

dominant countries focused on standards they fail miserably, like freedom of

the press, supporting individual human rights, valuing and developing the

individual members of society, developing ecologically and environmentally

sustainable energy sources, cultivating freedom and dissemination of information in order to ensure informed democracy. These are not anywhere

in the WTO's goals, because the WTO's goals are not about people but about

power and exploitation of the means and outcomes of production.

He notes that 58% of Americans think the WTO has a positive impact on the

world, compared with only 27% who think it has a negative impact, according to a recent poll by the Angus Reid group. In light of the alacrity

with which Americans ignore their own right to vote, doubt must be cast on

the level of analysis that precedes anything Americans say in opinion polls.

Resorting to such doubtful data suggests the WTO definitely feels it is fighting to justify its existence.

He continues that 65% of Germans think the WTO has a positive impact on the world, as do 63% of New Zealanders and 58% of Mexicans. 2,000 people

may have rioted against capitalism in London this week, he protests, but

thirty countries, more than 1.5 billion people, are queuing up to join the

WTO. Yet why is there not a single opinion poll quoted from one of the countries that has suffered at the hands of the globalism push? Many more

people have reservations about the WTO than turned up to protest in London

and Seattle, people who agree with Noam Chomsky's description of the protest movement as "a very broad opposition to the corporate-led globalisation that has been imposed primarily under US leadership" (Good

Weekend, 27 May 2000).

Moore claims the WTO is an impartial arbitrator on which member governments can call to hold others to rules to which they have previously

agreed. However, according to Oxfam, developing countries constitute three-

quarters of the membership but have made only one-fifth of the complaints

to the dispute panel. The US has filed nearly 30% of all cases, and won 90%

of them. Technical impartiality does not necessarily translate into actual

impartiality due to inequality of opportunity, which must be seen to be taken

into consideration in the group's activities and structure to a much greater

extent.

Moore believes becoming more like the United States is not necessarily a bad

thing, and that few can fail to admire the dynamism of the American economy, the harnessing of creative talents in Silicon Valley, and the benefits

of America's success that spill over to the world at large.

In reality, there are many, many people who believe becoming more like the

United States is a very bad thing. It seems to be a country with so many

unacknowledged and unheard warring factions that it can only progress by

suppression of truth and honesty in order to ensure its image is as bland and

one dimensional as possible. It has proceeded by abuse of all forms of power, in both the domestic and the international arenas, and is

subverting other countries' internal processes to this day. Becoming more like the United States is definitely a bad thing.

Moore states America's booming economy kept the world, and arguably the world trading system, afloat when it looked like it might sink in the wake of the Asian crisis, but this is to overlook the role of the policies and financial activities of the US and international financial organisations in setting the stage for the crisis in the first place, and the extent to which they are now committed to shoring up corrupt social systems to vindicate their financial intervention is a measure of their moral bankruptcy. They are allowing appalling abuse of wealth and power, and indeed funding and nurturing it, in order to protect their "business interests".

In October 1999, Oxfam in Great Britain published *The WTO: Ten proposals for Seattle and beyond*, in which the organisation states their concern that the WTO is not a democratic institution, and yet its policies impact all aspects of society and the planet. In their view, the WTO rules are written by and for corporations with inside access to the negotiations, and citizen input by consumer, environmental, human rights and labour organizations is consistently ignored.

They report that the WTO's dispute panels, which rule on whether domestic laws are "barriers to trade" and should therefore be abolished, consist of three trade bureaucrats who are not screened for conflict of interests. They claim that the WTO has refused to address the impacts of free trade on labour rights, despite that fact that countries that actively enforce labour rights are disadvantaged by countries that consistently violate international labour conventions, and note that the WTO has ruled that it is: 1) illegal for a government to ban a product based on the way it is produced (i.e. with child labour); and 2) governments cannot take into account the behaviour of

companies that do business with vicious dictatorships such as Burma.

They suggest the WTO is being used by corporations to dismantle hard-won

environmental protections, calling them barriers to trade, and that the organization's support for pharmaceutical companies against governments seeking to protect their people's health has had serious implications for places like sub-Saharan Africa, where 80 percent of the world's new AIDS cases are found.

Local policies aimed at rewarding companies who hire local residents, use domestic materials, or adopt environmentally sound practices are essentially illegal under the WTO rules, under which developing countries are prohibited from following the same policies that developed countries pursued, such as protecting nascent, domestic industries until they can be internationally competitive.

In September 1999, a group called the World Development Movement published its view of the WTO and its activities. They feel the giant multinationals are concentrating power and wealth at an alarming rate, and that free trade pitches powerful rich countries against the Third World.

Developing countries are prohibited from nurturing their industries, in the way that industrialised countries did during their own development. Impoverished Caribbean farmers are left to compete with the multinationals who already control most of the banana trade.

WTO rules mean that governments are not allowed to 'interfere' with trade.

The authors claim that increasingly this is being interpreted to mean that governments cannot even make normal domestic policy if it might have an impact on an overseas company wishing to sell its goods. They argue that

the battle is no longer between rich and poor countries, but between the

demands of multinationals in pursuit of profit, and the duties of governments to govern. Under WTO rules, governments are prevented from carrying out the will of their electorate and acting in a socially responsible

manner.

Opposition to any extension of the WTO's mandate is mounting. India, Malaysia, and Egypt among others feel cheated that the promised benefits

have not materialised. A joint statement against the new round has been signed by over 1,000 organisations from over 80 countries. WDM fears that an investment agreement in the WTO will only extend the power of the multinationals even further.

WDM argues that an investment agreement is needed, but one which provides protection for the poorest people, not for the richest companies.

WDM believes the WTO has proved itself incapable of housing such an agreement. They recommend allowing developing country governments to regulate foreign investment in the interests of their own economic development, and implement high standards on health, working conditions and the environment; setting minimum requirements of multinational companies, and sanctioning them if they transgress; and providing a predictable set of rules for foreign investors so that they are willing to investment in the Third World. Third World governments need to retain the power to regulate foreign investment in a variety of ways to ensure it contributes to equitable development, not have standards imposed on them

by international bodies.

WDM is calling for fundamental review and reform of the WTO to ensure that it benefits the poorest people, no new agreements until past ones have been fairly implemented and their impact fully reviewed and an agreement on foreign investment which promotes the rights of people, not corporations. In its current form, the WTO is not the appropriate forum for such an agreement.

I heartily agree with their conclusions and proposals, and hope Australian

Government policy makers take these very serious considerations into account in deciding how, and indeed whether, to continue our relationship with the WTO as it is now convened.

Helen Daley
18/91 Burns Bay Rd

Lane Cove NSW 2066
Ph 9420 4095
29/8/00