World Trade Yes! World Government No!

June 9, 1994 *by Phyllis Schlafly*

Congress is expected to vote soon on whether or not to put the United States into a new World Trade Organization (WTO), a sort of Economic United Nations.

Like NAFTA, the WTO agreement will bypass the clear requirement in the U.S. Constitution that treaties are valid only if ratified by two-thirds of Senators. WTO will be submitted under a newly-invented procedure called "fast track," which labels the treaty an "executive agreement," forbids amendments, and calls for only a simple majority in both Houses of Congress.

The WTO will be much worse than the UN, because the WTO is based on the one-country-one-vote pattern. That means the United States will have only one vote out of 117 nations, and no veto. We'll have only the same vote as Somalia or Haiti or Cuba or Rwanda or Korea or Guyana (population 735,000) or Antigua (population 64,000).

Third World countries will hold 83 percent of the votes in the WTO. Most of them are dictatorships, are not our friends, and look upon international organizations as vehicles to redistribute U.S. wealth and technology to themselves. More than three-fourths of the WTO member nations voted against the United States on more than half of UN votes in 1993.

The WTO will make us subject to a new unelected multinational bureaucracy, headquartered in Geneva, Switzerland, that will set, administer and enforce rules of trade for the entire world.

The WTO is designed to function as the global trade pillar of a triumvirate that will plan and control the world's economy. The other two pillars are the World Bank, which loans capital to developing nations, and the International Monetary Fund (IMF), which supervises the flow of money around the world.

This three-legged plan to plan and control the world's economy was devised at the Bretton Woods Conference at the end of World War II. The World Bank and the IMF got off the ground rapidly (largely financed, of course, by the United States), but the global trade arm, then called the International Trade Organization (ITO), was blocked by President Harry Truman and U.S. Senators who concluded that it would diminish U.S. sovereignty and interfere with U.S. domestic laws.

In the course of the ITO talks, the countries negotiated a reduction of global tariffs by a 1947 agreement called the General Agreement on Tariffs and Trade (GAIT). Originally, GAIT was supposed to be a part of the ITO, but when ITO was rejected by the United States, GATT became the basic multilateral agreement on global trade.

Since the 1940s, there have been seven additional rounds of international trade negotiations under GAIT. On April 15, U.S. representatives in Morocco signed the Final Act of the Uruguay Round of Multilateral Trade Negotiations, the 22,000-page document that creates the WTO to replace GATT and is now being submitted to Congress.

WTO is very different from GATT. GATT was a contractual relationship among sovereign nations. All member nations must agree to any changes. If there is a dispute, action and penalties can happen only when all agree. The GATT staff in Geneva has little power.

The WTO is a supra-national body in Geneva that will set, administer, and enforce the global rules of trade. It includes a legislature (called the Ministerial Conference, consisting of 117 nations casting one vote each), an executive branch (including a Director-General, a multinational bureaucracy consisting of a secretariat, committees, councils, dispute panels, and review bodies), and a supreme court (that will decide trade disputes, and whose rulings cannot be vetoed by any nation).

The WTO's procedures are dramatically different from those now used by GATT. GATT requires a consensus decision to impose a penalty recommended by a dispute panel. Under GATT, the United States can reject rulings that intrude on our interests and we can veto sanctions.

Under WTO, we are locked in; unilateral action is forbidden. We must abide by the judgments of WTO's Dispute Settlement Board. It and WTO's dispute panels will deliberate and vote in secret.

Article XVI of the WTO obligates the United States to change our laws, regulations and administrative procedures to make them conform to WTO. The WTO will have the final say about whether U.S. laws meet WTO requirements, and WTO can impose financial penalties and sanctions if WTO decides that our laws don't comply.

Of course, WTO is presented as a boost toward "free trade" and cutting tariffs. For that, we don't need WTO; GATT was adequate. Tariffs have been dramatically reduced since GATT was formed, and besides, free trade cannot be called free trade if it is mandated by a bureaucracy in Geneva.

The Office of Management and Budget warns that the cost of WTO will be $14 billion over five years, and nearly $40 billion over 10 years. The Clinton Administration is floating the idea of waiving the Congressional pay-as-you-go budget requirement and adding the cost of this deal onto the national debt.

The WTO would turn control of the U.S. economy over to a bunch of foreign bureaucrats in Geneva, accountable to no one. WTO would control U.S. trade, investment and technology, and make decisions about our jobs, production, labor standards, environment, and security.

The Congress should reject WTO if America is to remain an independent nation with the sovereign power to write our own laws and make our own decisions about our own livelihood.