World Trade Organisation and Free Trade

Sir, Recent events in Seattle by demonstrators from many walks of life and communities sounded the alarm on plans being made behind closed doors by the World Trade Organisation (WTO).

The WTO are believed to be planning total freedom of trade that cannot be limited by any individual nation, no matter what the consequences may be to local trade, production, employment or ecology.

What is known about the people who plan in secrecy? Are they answerable under any particular nation's laws? Are they bound by any accepted business ethics or morality that may restrain their thinking and behaviour?

Henry George advocated free trade and gave a well-reasoned case for it. The International Union for Land Value Taxation and Free Trade has free trade as one of its basic principles. However, is this not of necessity coupled to the full application of Land Value Taxation (LVT) and the abolition of indirect taxation and taxes on production?

Free trade in slaves had to be abolished by national and international laws! But colonialism changed the process of taking slaves to the workplace, to taking the workplace to the economic slaves!

Subsistence farming has been largely replaced by lucrative cash crop farming, until the local skills for survival have been lost. This was often followed by over production, a glut in world markets and the bottom falling out of prices. In most cases when prices drop farmers cannot afford to feed their families, nor can they live on the cash.

History is full of examples of the above cases. During the Irish potato famine, wheat was being exported to England but people could not afford to buy it. The East African ground nut scheme replaced much subsistence farming and then collapsed. Working in rubber, cocoa or coffee plantations the labourers receive a pittance compared to the world prices and so become economic slaves. The recent military coupe in Ivory Coast was triggered by the slump in cocoa prices. Who can live on cocoa?

Free trade in international currency has made unearned fortunes for some and "robbed" an equivalent amount from others, frequently impoverished nations.

Alternatively, free trade backed by international LVT on all land and natural resources including the air-waves and landing rights, coupled with ecological taxes on extraction and waste control could well improve the general standard of living. This would also require high ethical standards and international laws.

However, free trade as appears to be planned by the WTO could be a recipe for world disaster. No country will be able to protect its industry or farming from unfair dumping nor its ecology from malpractice. Patenting of existing natural crops together with genetic engineering is designed to place control in the hands of a few and make some wealthy at the expense of others. Genetic engineering could replace proven hardy crops by others that are not self-reproducing. This could result, in time, in world starvation.

No, free trade cannot be tolerated without total transparency and coupled with international LVT. Otherwise, what is to stop specific parties with vested interests from acting under the umbrella of the WTO? What can stop those who seeks total power as never before experienced, from acting for individual profit rather than the good of the whole?

The International Union should seriously consider removing the words "Free Trade" from our name until such time as the other requirements are achieved. (Not in my lifetime!)
Godfrey Dunkley,
Cape Town,
South Africa

"Leaderless" WTO to blame for fiasco

Sir, What did the Third World get from the WTO conference in Seattle?

The main purpose of the WTO conference held in November 1999 was to try and remove the nation states' restrictions on trade and co-operation. In the run up to the conference there were high hopes of the Third World extracting maximum concessions in free trade with the West. Third World countries meant to correct the imbalances of the Uruguay Round of trade talks, the predecessor to the World Trade Organisation.

These 'lofty' dreams were not realised. The reasons are not far to seek. The conference itself found it difficult to agree on a common agenda for deliberation. This situation, far from being odd, seems to reflect the diversity of the needs of the 135 member countries, and also across regions. Some of the activities of the interest groups who protested in the streets of Seattle before the start of the meeting tended to distract from the real issues. Even so, self-interest of most of the big players in world trade, especially the United States, acted as a major stumbling block to any meaningful negotiations. 'The United States alone has more than 8000 tariffs, as well as innumerable quotas and other non-tariff restrictions on imports of goods and services'. While these restrictions cut into the living standards of the 270 million people in American, it is the Third World that mostly bears the ravages of its destructive effects. The US was intent on protecting these advantages through her predilection for unilateralism.

In addition to this, the industrialised countries of the European Union are said to have spent between 6 and 7% of their gross domestic product on various protection measures in their trade with other countries, according to a recent study. These industrialised countries had various interests to protect in preventing discussions on various topical issues of particular importance to the Third World. For example, the United States tried a diversionary tactic by introducing Western standards of labour rights and environmentalism agenda that subverted the trade liberalising agenda of the WTO. The poor countries saw the attempts to foist these ideals on them as a new imperialism that will retard their economic growth.

At the end of the conference, major issues were left unresolved. These included, inter alia, the refusal of the European Union to eliminate the massive subsidies to agriculture and the various means of protecting farmers. America refused to give any ground to developing countries in areas such as textiles and anti-dumping, as well as its hard line on labour issues. The developing countries could not succeed in getting the WTO to recognise farming as 'multifunctional'- producing food and fibre but also securing rural social life and the environment.

A number of reasons have been given in explaining the Seattle *debacle*. But the most plausible is the one to do with institutional paralysis that bedevilled the WTO in summer 1999. Agreeing an agenda for a new round of trade talks was always going to be difficult because the WTO was left leaderless from May until September, when Mike Moore took over; and most importantly, his deputies were appointed only a few weeks before the Seattle meeting. This meant that preparatory talks aimed at agreeing on an agenda were late and this had a knock-on effect on the outcome of the conference. Free trade was dealt a debilitating blow because events of the conference week left the staunchest supporters of global governance to doubt whether the WTO, with its present constitution and mandate, is able to provide the kind of leadership needed in this difficult international policy area.

Dr Philip Osei,
Fellow,
Graduate School of Social Services,
University of the West Indies