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To: jsct@aph.gov.au
Subject: Australia and WTO

The Secretary

Joint Standing Committee on Treaties

Parliament House

CANBERRA ACT 2600

Australia's relationship with the World Trade Organisation

The World Trade Organisation (WTO) is, theoretically, an international body created to facilitate international trade. It was created in 1994 as the successor to the General Agreement on Tariffs and Trade (GATT). However, WTO, like GATT, seems to have as its main function, **the reduction or elimination of tariffs**, thus facilitating global capitalism in its quest for sources of low-cost labour.

What does reduction or elimination of tariffs imply? It means that any nation's industries must cut costs (wages, etc) in order to compete with equivalent industries in other countries. If they can't do that, then the industries may be forced to close. The survivors world-wide are the industries in countries where costs are lowest. This is called "efficiency".

The situation is facilitated by privatisation and globalisation:

Privatisation = the selling off public assets (land, public utilities, etc.) to private shareholders, and

Globalisation = the opening up of such potential ownership to foreigners.

This can result in a nation hardly owning any resources in its own country, and thus having only residual control over its own economy. As a result national government is reduced to little more than *governance*, where parliamentarians are mere *administrators* for foreign interests.

Also, share dividends and other profits tend to be transferred overseas, making local taxation difficult. All this is considered the ultimate in sophisticated economics.

Of course, it can also work in reverse, ie. a powerful nation can expand its influence into smaller, weaker, countries, and it is these richer countries which

tend to be the most vocal advocates of tariff reduction, privatisation, and globalisation.

The nett result is reflected in the value of the national currency. The weak Australian dollar (55c re US\$1) is due to international investors rightly deciding to invest *directly* in the USA or Japan rather than in Australia. Why bother to invest in Australia when the true control of the Australian economy is located overseas?

What *should* be done about all this? Perhaps it is more a case of what *can* be done about it, as the situation is now critical and hard to change.

1) Why should any nation have to make *any treaty* with the WTO or conform to any of its rulings, especially if they adversely impact on one's own economy? Perhaps it is hard to resist if most other countries are conforming. However, questions should be asked, and answers demanded before commitment, or further commitment, is undertaken.

2) Why trade at all with other countries? Why the need to do so? If something can be grown or manufactured quite well **within one's country**, then why import it from overseas? Only rare or unique things need be imported. For example, opals occur only in three main countries - Australia, Hungary, and Mexico - and so Australia would not need to import opals, nor should it.

3) The ultimate "**balance of payments**" in trade between any two countries should be zero. This should be the aim, where any great discrepancy indicates that something is amiss and should be rectified as soon as possible.

4) All companies, farms, etc, should have as their basic structure, that only the workers in such industries are the **shareholders** in that industry. This would eliminate the current parasitic nature of external shareholders, with their greed for dividends but their almost total lack of care or responsibility about the fate of the company concerned.

5) Wholly-owned national **local industries** can be developed, such that "Buy Australian" is advocated. Dick Smith Foods is a good example, but may be a case of too little, too late.

6) **Nationalisation** of industries, or controls on foreign-ownership, could be implemented as a last resort, if all control and financial benefit is being appropriated by overseas interests.

7) **Defence** is a consideration which should be addressed. If any country is substantially dependent on imports of manufactured items then its own independence in time of war is put at risk. Not only is expertise lost if factories are closed down in Australia and production moved off-shore, but the ability to re-start such industries is difficult should the need arise. In a perfect world of universal peace and "globalisation" this may not be necessary; however, we do not live in a perfect world, and all possible contingencies should be given due consideration when formulating national policy.

In conclusion, the whole basis of trade, tariffs, etc, with foreign countries, should be questioned, and treaties with WTO or similar ONLY made IF it is in the national interest to do so.

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Yours faithfully,

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