



WTO: Whose Org Is It, Anyway?

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HAYS: The World Trade Organization, what does it do and who does it benefit? These are questions our next guest tackled in her book, "WTO, Whose Trade Organization?" And looking at the WTO's nine-year track record, co-coauthor, Lori Wallach, came to the conclusion the organization's policies lead to more harm than good. Lori joins us now.

We welcome you back to the show. We started this interview and had to end it abruptly, so we're glad you could join us in the studio today. This is wonderful.

In terms of the WTO, basically, I think of it as an organization that does two things. It settles trade disputes so we can have trade, even if it's not fair and equal, at least it works somewhat. It's also used to force some countries into making their trade freer. OK?

LORI WALLACH, CO-AUTHOR, "WTO, WHOSE TRADE ORGANIZATION?": Yes.

HAYS: But you say that it's much more, not about trade, but it's much more about determining how we invest, how we produce things, how we employ our workers even.

WALLACH: One of the reasons we wrote the book is we think it was really important for people to realize that, even though it's called the World Trade Organization, of the 17 different agreements that this institution enforces, really one, one-and-a-half are about trade. But there also are agreements, for instance, setting patent terms, so you know drug prices have gone up. Most people don't realize that, with the WTO rules on patents in your own country, they required a shift from 17 years to 20 years monopoly. Why is that in a trade agreement? That's like a trade restriction.

Or the WTO has a whole set of rules about services. A service is anything you can't drop on your foot. So it's everything, transportation, retail stores, education, healthcare, your utilities. Well, it has a whole set of rules about how countries can regulate inside their countries, who can own and operate or what kind of standards the hospital has to have. What's that have to do with a trade agreement?

Or it has rules, not just about the trade and food, but what kind of rules you can have domestically, about how your meat has to be inspected or how many pesticides. Again, as long as you treat the domestic and the foreign stuff the same, there is no trade issue. Yes, the WTO set these one-size-fits-all rules and this vast array of issues that really are a domestic business.

RAMBERG: Lori, would you believe, then, that the idea of the WTO is good, we do need an organization to negotiate trade issues, but the way we're doing it is not right?

WALLACH: Well, I would argue that there is a necessity for global trade rules. And before the WTO, there was a body called the GATT, the General Agreement on Tariffs and Trade. Now, the GATT is one of the 17 agreements that the WTO now enforces.

What I would recommend for the future, basically, is more or less we go back to the GATT. We need to get rid of these extraneous agreements that don't have to do with trade, but rather undermine our abilities, as consumers, as voters, as citizens in a democracy, to decide all these other non-trade things.

So, yes, we need global trade rules, but the WTO - I mean sometimes I think it's like a very quiet, slow motion coup d'état on Democratic decisions. Like who elected these guys? I'm happy to have them say we shouldn't have tariffs and quotas, but it's not their business if my hamburger is inspected as long as we treat the domestic and imported stuff the same.

ELAM: I think a lot of the perception is that the WTO affects poorer countries. But you say that it also has an effect on Americans. How?

WALLACH: Well, in our book, we lay out, in two different chapters, the economic effects for poor countries and for rich countries, because, when you have an agreement that sets rules on how you can invest, whether or not you can own and operate certain kinds of services, how to regulate them - in fact, if you look at the current trend toward offshoring service sector jobs, some of the rules, the limits on regulations in the WTO contribute to that trend.

So, for instance, what we found was that, while in the poor countries, in the 10 years of WTO, the share of the poor countries' trade has gone down and more people are living in extreme poverty, a dollar a day, deadly poverty. In the U.S., in that same period, our real wages have been in crisis. So it's not news to most of your viewers that we are now at wages below the real level in 1972. It takes two people to have that same standard of living. And we've seen a huge shift basically transforming the kinds of jobs in our economy, one out of six manufacturing gone, and the new jobs that are being created, on average, have a 20 percent lower wage, which leads this big shift.

RAMBERG: Lori, but I want to go back to what you said about small countries versus big countries, because many would argue that the WTO actually helps small countries because people have to vote - rules are passed by consensus, and so instead of bilateral trade agreements, where a big company could kind of bully a small country, that it gives small countries more power.

WALLACH: That's why multilateral trade rules are about the real trade stuff, quotas, how much of something you can send in and getting rid of the limits, tariffs, how much border tax you charge. That you need in a multilateral context, and it's not just legit, it's necessary or you get the bully factor.

What isn't appropriate for one-size-fits-all is all of the other stuff. And so, from a development perspective, for these developing countries, they are the most vocal opponents. In fact, when I wrote the book, in part, it's because our partners from Africa, from Latin America, from Asia said, "You guys have got to educate people in the U.S. This stuff is killing us," and in part because a lot of the actual policies that today's rich countries use to develop are forbidden under these one-size-fits-all rules in the WTO.

So things like using procurement dollars - believe it or not, the WTO even has a chapter that tells us how to spend our own taxes. So being able to recycle your tax dollars into your economy, which the U.S. did and developing countries now want to do with, you know, "Buy Indonesia," or setting up terms for foreign investors to make sure that not just the investor, but the host country, benefits. All of those policies, it's like a handcuff in the WTO, and you're forbidden.

ELAM: But is there anything good that comes out of the WTO at all?

WALLACH: The WTO, as written, is bad news. The trade rules of GATT are very good news, if they are used by countries who want to trade. The one great thing that's come out is there is a global movement now for global justice that is fighting to transform, to replace the WTO, and it's led by folks in the developing world.

So, for us, a good thing that's come out of this 10 years of damage is education, connections to people from developing countries who are working with us to try and transform the system.

HAYS: Certainly, if you're a poor farmer in Africa who's fighting the subsidies the wealthiest countries provide their farmers year in and year out, you know that this is something that's got a lot of problems. Lori Wallach, thank you for rejoining us on THE FLIPSIDE, and we look forward to talking to you again. And meanwhile, the book is "Whose Trade Organization" for anybody who wants to follow up. And fascinating details, a lot of meat in there - thanks for joining us.

WALLACH: Thank you.