The People vs. the WTO

The thousands of demonstrators who will greet the World Trade Organization delegates in Seattle on November 30 will have many voices but one message: The attempt to write a constitution for the global economy that protects property rights but tramples workers' rights and environmental and consumer protections is generating a growing and unrelenting popular opposition. The World Trade Organization must be drastically reformed or it will collapse from its own lack of legitimacy. The agreement cobbled up in Beijing to gain US support for China's accession to the WTO makes the demonstrators' case for them. China's human rights record has grown worse, not better, under the Clinton Administration's engagement policy. The Chinese leaders routinely jail union organizers and crush the strikes or protests of impoverished workers. Environmental despoliation has reached threatening proportions.

Yet in the fervid negotiations to get China into the WTO, not one session was devoted to human rights, not one word was mentioned about the environment, not one comma was wasted on workers' rights. Instead, the only concerns regarded as worth negotiating were the precise concessions that China would offer various US industries. Human Rights Watch's suggestion that Chinese membership in the WTO could increase pressure for openness, press freedom, workers' rights and an independent judiciary represents the triumph of hope over experience. Investors prefer order to democracy, as the decades of engagement with Indonesia's corrupt Suharto regime show. In reality, the Beijing agreement may have less effect on fostering the rule of law in China than in undermining it at the WTO. China is likely to throw its weight against all efforts to build human rights or environmental protections into the global trading system.

The agreement does not need Congressional approval to go into effect. But the Administration needs Congress to give China permanent most-favored-nation trading status, waiving the annual review that so irritates the Chinese leaders. The Business Roundtable and three other business-trade associations have already geared up a multimillion-dollar campaign to win the vote, and House minority leader Richard Gephardt, encouraged no doubt by increased business contributions to the Democratic Congressional Campaign Committee, has been working for weeks to find a face-saving way for Democrats to sign on. The leading presidential candidates—George Bush, John McCain, Al Gore and Bill Bradley—all initially expressed support for the agreement on China and the WTO. Having won labor's endorsement, Gore encapsulated the gulf between word and deed in this Administration by announcing his support while reaffirming his solemn pledge to the AFL-CIO that all future trade agreements would include enforceable workers' rights and environmental protections—all agreements not counting this one, apparently. Competing for votes on the Republican right, Steve Forbes and Gary Bauer denounced the deal, as did Pat Buchanan, who called it a "capitalization to Beijing at the expense of working American families and for the benefit of transnational corporations." The vacuum of progressive leadership will leave the field to Buchanan's nationalist demagogy.

The China deal, and Gore's support of it, is a slap in the face
to AFL-CIO president John Sweeney, who has led the effort to define a new internationalism and to reform the WTO to build in worker and other protections. Congress will have to vote on permanent MFN status for China in an election year, and Sweeney has vowed to fight, describing the deal as exposing what he calls Clinton’s “disgustingly hypocritical” posture about putting “a human face on the global economy.”

Trade does not register as a large issue among voters, even among union members. But it is of deep concern to the labor activists who are key to turning out a large working-class vote. If Buchanan succeeds in gaining a campaign platform, the China deal is likely to become a perfect example of how both parties abandon workers. The White House is gambling that a divisive debate on trade won’t cost the Democrats much. It made the same bet on NAFTA in 1993, prior to the election that swept Newt Gingrich’s Republicans to a majority in Congress.

Locked out of the WTO, people concerned about human rights, workers’ rights and environmental protections will be forced to develop national, state and local challenges to the global corporate economy—for example, winning state divestment from companies using prison labor and city bans on contracting with companies that use child labor. These efforts will lead to direct challenges to the authority and the legitimacy of the World Trade Organization. What the demonstrations in Seattle will make clear—peacefully but firmly—is that the popular movement to regulate the global economy is continuing to build.

**Trump’s Wealth Tax**

It’s a sad comment on the state of presidential politics when it takes Donald Trump, hardly a significant candidate, to discuss the most serious issue confronting the nation today: the shocking maldistribution of wealth in our society. While all the Republican candidates blab on about a flat tax (which can only benefit the rich) and the Democratic candidates are silent about a fairer tax system, Trump proposes a “net-worth tax” on the very rich to eliminate the national debt. The uniform reaction of politicians, economists and the media was that he must have imbibed some LSD before he made his proposal. But his plan is not as crazy as it sounds [see Friedman, “A Snare-the-Wealth Tax,” January 6, 1997].

Hardly a week goes by without a new report or article that details the growing gap between the very rich and the rest of society. A 1997 study by Edward Wolff of New York University found that the top 10 percent of the population owned 73.2 percent of the nation’s net worth, up from 68 percent in 1983. According to a 1995 survey by the Federal Reserve Board, the top 1 percent of American households (households with a net worth over $2.3 million) own about 35 percent of the nation’s private wealth.

A new tax policy is necessary to level the playing field and solve our fiscal problems. One answer would be to focus on total wealth as a basis for our tax policy rather than yearly income. That is what Trump proposed with his net-worth tax on all Americans owning more than $10 million in personal wealth. According to Trump, a tax of 14.25 percent on the net worth of the richest...