

Following up on **THE SOCIAL CONTRACT's** interest in trade issues, we reprint with permission this article from The Washington Times of December 6, 1993.

# Bestseller Gores GATT

By Arnaud de Borchgrave

PARIS — A new GATT agreement will light the fuse to social upheaval and political instability compared to which the Bolshevik Revolution will pale into insignificance, says retired entrepreneur and financier Sir James Goldsmith.

The Franco-British billionaire has become the spokesman for a grass-roots campaign against the free-trade movement in France and Britain. His book *Le Piège (The Seller Trap)* shot to the top of French best-seller lists over the past 10 weeks, and Sir James has become a fixture on TV talk shows on both sides of the channel.

The treaty nearing completion in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) "will destroy your job and make you poor," is one of the book's principal arguments.

With some 20 million unemployed in Western Europe, Sir James says, "The critical mass is here for implosion and social upheaval — political instability on a global scale is around the corner. Next to what we see on the radar screen, 1917 is just a blip."

In an interview with *The Washington Times*, Sir James added: "Global free trade will force the poor of the rich countries to subsidize the rich in the poor countries."

Sir James approves of the recently ratified North American Free Trade Agreement (NAFTA) and favors a gradual integration of Eastern Europe's economies into the European Economic Community — which he refuses to call either the European Community (EC) or its latest name, the European Union (EU). But he said he is "astonished" that "the suicide machine called GATT" has been a non-issue in the United States. Sir James' main concern is the loss of millions of jobs to the Third World.

"Volkswagen's decision [last month] to move to a four-day work week for 10 percent less pay is a manifestation of decadence and degeneracy," he said. Work-sharing, he added, is "folly."

Nevertheless, that is one solution being proposed by the European Commission in Brussels as a tool to reduce unemployment, which soon will average 12 percent in the 12 EU countries.

"These supranationalists are suffering from tunnel vision," Sir James contended. He also said the "Eurocrats" in Brussels "have gone mad" by proposing three months' parental leave for both mother and father, dismissing the idea as "absurd ideological crap." Sir James said he favors a "Europe of nations" and a NAFTA-type common market for Europe —

"from the Atlantic to the Urals eventually" as the late French President Charles De Gaulle once advocated.

But he said he is fighting "the abomination of the Maastricht Treaty for a single Europe with a common currency," which is being phased in over several years.

"The Uruguay Round," Sir James said, "will indeed create millions of new jobs — in the Third World, at the expense of developed countries. To argue that GATT is the key to world economic revival is hyperbole or ignorance."

"Even organizations that favor GATT concede world trade will only expand \$213 billion over 10 years — assuming this guesstimate is correct — which is only 0.7 percent of world GNP. The downside is social upheaval on a global scale.

"What GATT means is that our national wealth, accumulated over centuries, will be transferred from a developed country like Britain, which has now shrunk its navy to its smallest size in centuries, to developing countries like China, now building its first oceangoing navy in 500 years," Sir James argued.

"Since the collapse of communism in 1989," he continued, "a large number of heavily populated developing countries have entered the global trading system. China, with its 1.2 billion people, the three Indochinese states with 90 million, India with 900 million, the former Soviet republics with some 300 million, and many more ... can supply skilled labor for a fraction of Western costs. Five dollars in China is the equivalent of a \$100 wage in Europe.

"The export of a single microchip plus some capital can relocate a European manufacturing facility and put thousands out of work. None of this really mattered when these [Third World] countries did not have access to technology and capital. Now it's a matter of life and death for the industrialized countries."

Sir James and like-minded entrepreneurs in Europe believe European firms under the new GATT rules will either close down or transfer production to low-cost Third World countries. "Companies will show a profit, but the ranks of Western unemployed will keep growing," Goldsmith said. "It is quite amazing that GATT

is sowing the seeds for global social upheaval and that it is not even the subject of debate in America.

---

***"We have to rethink from top to bottom why we have elevated global free trade to the status of sacred cow or moral dogma. It is a fatally flawed concept...."***

---

"NAFTA, which merely seeks to accommodate Mexico much the way Europe's economic community accommodated Greece, Spain and Portugal, caused a furious debate where no debate was really necessary. If the masses understood the truth about GATT, there would be blood in the streets of many capitals."

Another GATT time bomb, Sir James said, will be "the wholesale destruction of agrarian communities in the Third World with millions of peasants displaced by intensive modern farming methods and then jammed into megaslums."

"What communist governments did to the peasant classes wherever they imposed their totalitarian rule, laissez-faire capitalist governments will complete," he said.

"Worse yet, structural unemployment can only increase as workers from developed countries compete unsuccessfully with the low wages of the newly industrialized countries.

"Seimens, the German electronic giant — just to cite one example among scores — announced it will soon employ more workers outside Europe than in Europe. This trend is accelerating, and if you understand what's happening, you shouldn't be surprised to see former communists and neo-fascists crush middle-of-the-roaders."

Sir James urged the United States to "take seriously the threat of growth for the sake of growth — which translates into unemployment, crime epidemics, the drug plague and social collapse."

"Let's also reject specialization," he said. "We all need diversified economies, not a division of labor among nations. We need artisans, small and medium businesses which cover the whole gamut of human endeavor. Local development, not urban concentrations. Regionalizations, not globalization."

"We shouldn't be afraid to say no to GATT and protect Europe. Access to our market should be guided by Europe's interest, both economic and social."

Asked whether service industries could provide balance and compensation for developed countries, Sir James replied: "They can provide some jobs, of course. But here, too, robotics and computers carry much of the load."

"A healthy national economy has to produce a large part of its own needs. It cannot simply import what it needs and use its labor force to provide

services for other countries."

"Nonregulated trade will simply mean that our hard-earned standard of living and wages would be leveled down to a world average ... Don't forget that the 12 EC countries will only be 4.5 percent of the world population 30 years hence."

His conclusion: "We have to rethink from top to bottom why we have elevated global free trade to the status of sacred cow, or moral dogma. It is a fatally flawed concept that will impoverish and destabilize the industrialized world while cruelly ravaging the Third World."

As a clincher, Sir James quoted from a World Bank report published in September:

"If by wise policy, or blind luck, a country has managed to control its population growth, provide social insurance, high wages, reasonable working hours and other benefits to its working class (i.e., most of its citizens)," the report asked, "should it allow these benefits to be 'competed down' to the world average of unregulated trade?"

"... This leveling of wages will be overwhelmingly downward due to the vast number and rapid growth rates of underemployed populations in the Third World." ■