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America and the WTO [1]

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Dani Rodrik [3] asks an interesting question about the World Trade Organisation. Why does the US actually (eventually, grumbling as it does so) do as the organisation insists it must, while refusing to join or obey other such international ones?

> I would love it
> if somebody would come up with a sensible story as to why the U.S. has
> ceded so much power in trade, while zealously guarding its sovereignty
> and right to unilateral action in every other domain.

And the answer is I think quite simple.
The comments allude to several points, like the usefulness of using the WTO to face down internal protectionist pressures, but the most basic one is that the WTO is not in fact a giving up of sovereignty. It's a purely contractual relationship. Upon joining the WTO you agree to a certain course of action: we'll do this and this on trade for example. Everything that you will have to do in the future is spelt out: and those duties cannot be changed without your express agreement, for each and every country has veto power. What this means is that, having joined, a country is not sucked into a further widening of the agreement, the imposition of further duties and responsibilities, without the express agreement of that country.

Compare and contrast this with the European Union, the use of Qualified Majority Voting, the lack of such vetoes in many areas and thus the ever widening remit of the organisation and the imposition of policies that were not agreed at the outset and cannot be refused now.

The general international policy of the US is not to join things organised upon the latter lines, but to do so when they are organised along the former. The lesson to be learned would therefore seem to be that if you want the US to join something, you need to make it something purely contractual, not something that does indeed impinge upon sovereignty by having an ever expanding remit without that veto power.

Something worth remembering as people struggle to create Kyoto II perhaps?

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