



## Our Sovereignty Trade-Away

Congressional approval of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) on December 1 provided a significant victory for international socialism and a stunning defeat of the Republican principles provided by America's Founding Fathers. The latest round of GATT cedes U.S. control of international trade to a powerful and convoluted global bureaucracy known as the World Trade Organization (WTO), an unprecedented giveaway of our national sovereignty that all Americans should have opposed — regardless of their positions on “free trade” and “protectionism.” The sole purpose of the WTO is to arbitrate unilaterally over federal, state, and local laws. If GATT proponents were correct in claiming that the only purpose of the Uruguay Round of GATT is to lower tariffs and other trade barriers, GATT would not require the WTO. The last seven rounds of GATT lowered tariffs globally without sacrificing the American veto or creating a new global regulatory apparatus. The sanction-wielding WTO will now be the de facto global legislative and judicial body controlling all U.S. and international trade.

### A False Flag

GATT, like NAFTA, was sold to the American people under the false flag of free trade. Genuine free trade is based on the premise that two parties enter into a voluntary agreement because each feels he will benefit. But GATT is in no way based on the principles of free trade. Adoption of the Uruguay Round completes the revolution in federal taxation and trade policy which places any kind of trade — no matter how self-destructive — as a higher priority than the general welfare of the American people. There is no clearer an indication of the insidious nature of this revolution than congressional approval of Most Favored Nation (MFN) trading status to Communist China. And there is no clearer an example of the reckless abandon with which Congress has dealt with such serious trade issues than this shocking statement from Representative Phil Crane (R-Ill.) in defense of Red China:

Denying China access to the United States market — the largest in the world — jeopardizes the Chinese Government's promotion of free enterprise, a policy that Deng Xiaoping has called “Leninist-Capitalism.” Clearly, the liberalization of China's marketplace has profoundly improved the living conditions of millions of Chinese people and this economic freedom is a basic human right that [the] United States has fought to protect around the world.

Crane, who until the last few years consistently voted against MFN status for communist countries, attempted to defend his changed position on the grounds of “free trade.” Not surprisingly, Crane did not attempt to explain how slave-labor imports from the world's largest prison state amounts to the free exchange necessary for genuine free trade to occur. In keeping with the principle that both parties benefit, the free trade advocates argue that the parochial benefits enjoyed by American corporations that trade with communist nations are outweighed by the common interest of the American people to insure that oppressive regimes do not enjoy the strategic benefits of American trade.

### Marx Versus Jefferson

The estimated \$42-billion loss in customs revenue by the United States over the next ten years under the latest GATT agreement has been labeled by its proponents “the largest world tax cut in history.” In reality, it is the greatest tax shift in world history. Customs revenues will either be heaped upon the enormous national deficit or will be made up by an increase in income taxes or through other taxes on the American people. Although \$42 billion is a small sum in context of the \$1.5 trillion federal budget, the seven stages of GATT since 1948 have effectively abolished the system of revenue tariffs established



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by the Founding Fathers. The latest GATT agreement is simply the final nail in the coffin.

When President Thomas Jefferson left office in 1809, all federal taxes paid by American citizens had been abolished and the federal government ran entirely on tariffs (a tax on imported goods) and the sale of federal land. Jefferson proudly proclaimed during his second inaugural address:

The suppression of unnecessary offices ... enabled us to discontinue our internal taxes.... The remaining revenue on the consumption of foreign articles is paid chiefly by those who can afford to add foreign luxuries to domestic comforts, being collected on our seaboard and frontiers only, and, incorporated with the transactions of our mercantile citizens, it may be the pleasure and pride of an American to ask, "What farmer, what mechanic, what laborer ever sees a taxgatherer of the United States?"

Jefferson regarded internal taxes — including even excises — as radical measures only to be initiated in times of war. Jefferson's revenue tariff policy was followed — at least in part — in the United States through the Second World War. Prior to the advent of the income tax in 1913, of course, the federal government had to rely heavily on tariffs because few other revenue streams were available, and so had a powerful incentive to set tariffs at a level that would maximize revenues.

But once the income tax became the primary source of revenue, the federal government was free to set tariffs on the basis of "protectionist" or "free trade" policies — either making tariffs so exorbitant that imports would be curtailed or eliminating tariffs depending on the prevailing political climate — without regard to the resulting loss in revenue.

By contrast, Karl Marx called for a "graduated income tax" in the ten-plank platform laid out in the Communist Manifesto. Marx's manifesto is being followed in America today much more closely than Jefferson's program. Federal revenue from customs in (pre-Uruguay Round) fiscal 1995 will not even amount to two percent of federal revenue, and will sink to almost zero by the time GATT is fully implemented. Not counting borrowing, the federal government in fiscal 1995 will collect more than 90 percent of its total revenue from income and payroll taxes (including both individual and corporate income taxes, as well as social security and other payroll taxes). It is mind-boggling to consider that such a radical shift in the tax burden — most of which has taken place since 1945 — could occur without any public debate on the matter. And it is equally perplexing that traditionally conservative congressmen are, in essence, following the spirit of the Communist Manifesto over that of the U.S. Constitution.

### **Against the General Welfare**

One of the troubling results of last month's elections is the new Republican leadership on trade issues. The four horsemen of America's trade apocalypse — Phil Crane (R-Ill.), David Dreier (R-Calif.), Richard Arme (R-Texas), and Bill Archer (R-Texas) — have been particularly vocal in their endorsements of MFN, NAFTA, and GATT, and will likely enjoy influential positions in the new Republican House.

When longtime conservatives follow the Establishment line in certain instances, one is tempted to excuse the infraction by chalking it up to plain ignorance of the issue. Perhaps Dick Arme never really considered the dire consequences of GATT before voting for it; maybe Bill Archer never studied the history of taxation in America; possibly David Dreier is not familiar with the details of the GATT agreement and took repackaged Clinton Administration propaganda from the Heritage Foundation at face value.

By contrast, Phil Crane is an insightful scholar and statesman (he holds a Ph.D. in history from Indiana



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University) with a long congressional record of following constitutional principles. He knows how the Founding Fathers established and minimized taxation in America, how they succeeded in raising the necessary money for government without swarms of federal tax collectors covering the states, and how they banished the federal tax collector during peacetime to a few customhouses on the seashore. His votes for GATT and for MFN for Red China are disheartening to conservatives who have relied on him to provide proper leadership on Capitol Hill.

While ideologues talk past each other with their theories of protectionism and free trade, the tax and trade policies of the United States are being turned upside down. Where denial of MFN trade status for Stalinist regimes once rightly received bipartisan approval, bipartisan MFN subsidies to Red China and neo-communist nations of Eastern Europe are now the rule rather than the exception. Where once free traders and protectionists agreed on revenue-based tariffs (and even on some of the side benefits of such a system), now a handful of Fortune 500 corporations, speaking and agitating through the *Wall Street Journal*, have bought the banner of free trade, conned many of the congressmen who have carded that banner, and deceptively used that banner to win a victory for global government and repressive taxation.

### **The Big Winners**

The same globalists who founded GATT and pushed for the World Trade mechanism successfully forged an alliance to get GATT passed. Establishment environmental organizations signed on after being promised a "Green Round" of GATT in a few years. The Fortune 500, which provided the bulk of the lobbying force for GATT, will now be able to shift their factories wherever they please without paying pesky tariffs, while at the same time maintaining bureaucratic environmental regulations which have traditionally served to keep down smaller, leaner competitors.

But the big winner is the globalist lobby led by the Council on Foreign Relations and the Trilateral Commission. These Insiders will win a global governing body on world trade and strengthen global economic interdependency through production-sharing arrangements. By manipulating the remaining tariffs and other regulatory controls in the global economy, the shifting of entire industries can create an artificial economic dependency which will hamstring every nation's ability to act independently or exercise sovereignty.

America will only survive as an independent nation if constitutionalists rise up, reverse GATT, and expose those who are selling out the banner of "less government" to global trade bureaucracies and oppressive tax policies. A new Congress will be sworn in in January. The American people must see to it that the tax and trade policies of the 104th Congress are modeled after the philosophy of Thomas Jefferson instead of Karl Marx.



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