

# On the United States Policy to destroy the WTO because it could no longer control it

## The Editors of Monthly Review

What the Joe Biden administration has called the “rules-based international order” stands for those institutions of world governance that were created under the control of the United States during its period of undisputed economic hegemony after the Second World War and during the subsequent unipolar order following the demise of the USSR in 1991. The rapid decline of U.S. power in the twenty-first century, associated both with the economic stagnation of the core capitalist countries and the rise of China and other emerging economies, is now calling into question the entire U.S.-dominated rules-based international order. Seeing the writing on the wall, Washington launched its New Cold War on China in 2018, aimed at regaining undisputed U.S. hegemony and unipolarity.



[https://commons.wikimedia.org/wiki/File:Fourth\\_Global\\_Review\\_of\\_Aid\\_for\\_Trade\\_2107\\_\(9238185879\).jpg](https://commons.wikimedia.org/wiki/File:Fourth_Global_Review_of_Aid_for_Trade_2107_(9238185879).jpg)  
World Trade Organization from Switzerland, CC BY-SA 2.0 <<https://creativecommons.org/licenses/by-sa/2.0/>>, via Wikimedia Commons

At the center of the New Cold War is the World Trade Organization (WTO), often seen as the crown jewel of the liberal international order. The WTO, established in 1995, was based on the earlier General Agreement on Tariffs and Trade. It was created largely under U.S. auspices and conceived from the beginning in terms of permanent U.S. and Western dominance of world trade. Washington's support of China's membership in the WTO in 2001 was rooted in a deeply held belief that China's further integration into the capitalist world economy would lead to the internal breakdown of socialism with Chinese characteristics and the country's incorporation in a subordinate role within the U.S.-dominated capitalist system. Instead, Beijing not only retained a state-driven market economy under the leadership of the Chinese Communist Party, but underwent a meteoric economic development never before seen in world history, compressing what had taken centuries in other countries into a single generation. Between 1978 and 2015 alone, China saw a thirty-fold increase in its GDP (“[What Happened When China Joined the WTO?](#),” Council on Foreign Relations, May 16, 2023, [world101.cfr.org](http://world101.cfr.org); Yi Wen, “[The Making of an Economic Superpower](#),” Working Paper 2015-00B, Economic Research Division, Federal Reserve Bank of St. Louis, August 2015, 2).

By the time of the Barack Obama administration, it already was clear that the United States had lost its former iron grip on the WTO. Faced with this loss of control, the United States decided therefore to paralyse, if not altogether kill, the WTO. According to Edward Alden, a senior fellow of the Council on Foreign Relations (CFR), the think tank most closely associated with the articulation of U.S. grand strategy, writing for the CFR's blog: "March 8, 2018," will be remembered as "the day the World Trade Organization died," or, more precisely, was murdered. We should not forget, Alden noted, that "it was the United States—which championed the WTO's creation—that is left holding the murder weapon." This was the day that the Donald Trump administration imposed tariffs on steel and aluminum aimed at China, exempting itself from world trade rules based on the pretext of "national security" requirements. "The corpse of the WTO," Alden wrote, "will likely stay warm for a while," to be fought over, but its death was beyond question (Edward Alden, "[Trump, China, and Steel Tariffs: The Day the WTO Died](#)," Council on Foreign Relations, March 9, 2018, [www.cfr.org/blog](http://www.cfr.org/blog)).

The ultimate basis of WTO adjudication was its Appellate Body, in which seven judges decided on trade disputes. With the largest number of trade suits aimed at the United States, and impending decisions against Washington, the Obama administration in May 2016 blocked the reappointment of a South Korean judge to the Appellate Body, the first time any country had done so. The Trump administration, beginning in 2017, followed this up by blocking all appointments of judges to the Appellate Body, with the object of paralysing the WTO as an organisation in the context of Washington's New Cold War tariffs against China (James McBride and Anshu Siripurapu, "[What's Next for the WTO?](#)," Council on Foreign Relations, June 10, 2022, [cfr.org/backgrounder](http://cfr.org/backgrounder)).

The Biden administration followed suit, continuing to block all appointments to the WTO Appellate Body, which now has zero judges. The term of the last Appellate Body member expired on November 20, 2020. The decision of the WTO panel responsible for adjudicating trade disputes went against the United States on its imposition of tariffs on steel and aluminum imports. The panel determined that Washington's claim to a "national security" exception was not valid. In response, the United States cynically proceeded to appeal this and other decisions against it to the now nonexistent Appellate Body. This meant that even though the Appellate Body no longer in fact existed—killed off by Washington itself—the United States, since it continued to appeal WTO panel decisions, could not be sued by other WTO members for its trade violations, given that the decision remained "under appeal." The largest number of such pending appeals (38 percent of the total), held up by the absence of a functioning Appellate Body as of early 2023, have been lodged by the United States itself. With the WTO Appellate Body out of business, the European Union has replaced it with its own EU arbitration body, which has naturally sought to maintain Western hegemony over world trade (James Bacchus, "[Echoing Trump, Biden Embraces International Trade Lawlessness](#)," Cato Institute, December 12, 2022, [www.cato.org](http://www.cato.org); Ministry of Foreign Affairs, People's Republic of China, [2023 Report on WTO Compliance of the United States, August 2023](#); Sarah Anne Aarup, "Reform or Die?: If the US Gets Its Way the WTO Might Do Both," Politico, May 9, 2023, [politico.eu](http://politico.eu)).

Meanwhile, the U.S. tariff war on China has continued to accelerate. Average tariffs on Chinese exports are currently at 19.3 percent, six times higher than before Washington initiated the trade war in 2018. This affects two-thirds of U.S. imports from China, or some \$335 billion in trade. China's tariffs on U.S. exports now average 21.1 percent, affecting roughly \$90 billion in trade. As in the case of all major trade wars, this has also turned into a currency war. The U.S. dollar has long been the hegemonic currency in foreign exchange transactions. In the New Cold War, Washington has heightened its use of dollar-based sanctions against China, as well as other countries such as Russia, Belarus, Venezuela, Iran, Nicaragua, Cuba, Syria, Yemen, Mali, Zimbabwe, Myanmar, and North Korea. Billions of dollars in foreign assets of target countries have been frozen or seized; in the case of Russia, hundreds of billions. The unintended result has been the nascent emergence of a world coalition, headed by the BRICS nations (Brazil, Russia, India, China, and South Africa—with Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates now invited to join the BRICS), to

de-dollarise the world economy, cutting into U.S. financial hegemony (Chad P. Brown, "[U.S.-China Trade War Tariffs: An Up-to-Date Chart](#)," Peterson Institute for International Economics, April 6, 2023, [www.piie.com](#); Michael Hudson, "[America Shoots Its Own Dollar Empire in Economic Attack on Russia](#)," Naked Capitalism, March 7, 2022, [www.nakedcapitalism.com](#); Pepe Escobar, "[De-Dollarisation Kicks into High Gear](#)," The Cradle, April 27, 2023, [new.thecradle.co](#)).

Despite all of this, Washington continues to claim that the old WTO system is still alive and kicking, if barely, and that it can be reformed to bring it back in line with the U.S.-dominated rules-based international order. On this basis, the issue of the WTO is used as the means for a full-scale ideological attack on China. This was evident in both the 2020 China Task Force Report of the U.S. House of Representatives, in various publications from the Trump administration, and in the 2022 Report to Congress on China's WTO Compliance issued by the Biden administration's trade representative. In the 2020 China Task Force Report, it was argued that China's noncompliance with the WTO rested on the very existence of socialism with Chinese characteristics, which was incompatible with the WTO. The Biden administration report on China's WTO Compliance made precisely the same point, claiming that China's WTO compliance is incompatible with China's "state-led non-market approach to the economy and trade," that is, the existence of the People's Republic of China itself ([China Task Force Report](#), U.S. House of Representatives, 116th Congress [2020], [foreignaffairs.house.gov](#); United States Trade Representative, [2022 USTR Report to Congress on China's WTO Compliance](#), February 2023, [ustr.gov](#)).

In August 2023, China's Ministry of Foreign Affairs for the first time issued its own 2023 Report on WTO Compliance of the United States, highlighting Washington's "undermining [of] the dispute settlement of the WTO." Not only had the United States blocked "the appointment of new Appellate Body members," leading to "the 'paralysis' of the Appellate Body," but also "the U.S. has taken full advantage of the vacancies of the Appellate Body members by appealing unfavourable panel reports" to the now-nonexistent body, thereby preventing these decisions "from being adopted and entering into effect" (Ministry of Foreign Affairs, PRC, [2023 Report on WTO Compliance of the United States](#)).

Washington still insists on the abstract possibility of "holistic, comprehensive reform" of the WTO. What this would entail has not been disclosed but can be easily surmised. As James Bacchus of the libertarian Cato Institute explained in December 2022:

*U.S. Trade Representative Katherine Tai has whispered sweet trade nothings into the ears of WTO members and WTO supporters in Geneva and elsewhere, and, as people sometimes tend to do, they have heard what they wanted to hear.... The United States still has not told the other members of the WTO what it is seeking in dispute settlement reform—primarily because it is understandably reluctant to be fully candid with the other WTO members about what it wants. What the United States is really seeking is the right to wield the WTO as a legal sword when it wins, shield itself from WTO rulings by ignoring them when it loses, and, if it gets its fondest wish, undermine the independence of the Appellate Body and the impartiality of its rulings by acquiring the right to redline or otherwise veto Appellate Body rulings before they are issued to the members of the WTO and then to the public. (Bacchus, "[Echoing Trump, Biden Embraces International Trade Lawlessness](#)"; "[Tai: U.S. Bringing 'Best Game' to MC12, Seeking 'Honest' Talk to Drive Reform](#)," World Trade Online, November 10, 2021, [insidetrade.com](#))*

Washington's stance toward the WTO is clearly one in which, having decided it could no longer control the body, it decided to destroy it. The destruction of the main international organisation behind the globalisation of the world

## On the United States Policy to destroy the WTO because it could no longer control it

*True Democracy and Capitalism*

economy marks not simply U.S. hegemonic decline but also the structural crisis of capitalism as a world system. In this era of crisis and destruction, the world today desperately needs answers, all of which are to be found in the direction of socialism.

### Related links:

- The Jus Semper Global Alliance
- Monthly Review
- The Editors of Monthly Review: [The U.S. is waging a New Cold War, not simply on Russia but also on China](#)
- Lau Kin Chi, Jin Peiyun and Yan Xiaohui: [From Sandstorm and Smog to Sustainability and Justice: China's Challenges](#)
- Tony Andréani, Rémy Herrera and Zhiming Long: [Is China Transforming the World?](#)
- John Bellamy Foster and Jia Keqing: [Ecological Marxism](#)
- John Bellamy Foster: [Marxian Ecology, East and West: Joseph Needham and a Non-Eurocentric View of the Origins of China's Ecological Civilisation](#)



# On the United States Policy to destroy the WTO because it could no longer control it

*True Democracy and Capitalism*

- ❖ **About Jus Semper:** The Jus Semper Global Alliance aims to contribute to achieving a sustainable ethos of social justice in the world, where all communities live in truly democratic environments that provide full enjoyment of human rights and sustainable living standards in accordance with human dignity. To accomplish this, it contributes to the liberalisation of the democratic institutions of society that have been captured by the owners of the market. With that purpose, it is devoted to research and analysis to provoke the awareness and critical thinking to generate ideas for a transformative vision to materialise the truly democratic and sustainable paradigm of People and Planet and NOT of the market.
- ❖ **About the authors: Editors of Monthly Review Magazine:** John Bellamy Foster is the editor of MR and a professor of sociology at the University of Oregon. He has written extensively on political economy, ecology, and Marxism. Brett Clark is the associate editor of MR and a professor of sociology at the University of Utah.
- ❖ **About this paper:** This paper was originally published in English by Monthly Review in October 2023.
- ❖ **Quote this paper as:** The Editors of Monthly Review: On the United States Policy to destroy the WTO because it could no longer control it – The Jus Semper Global Alliance, June 2024. This paper has been published under Creative Commons, CC-BY-NC-ND 4.0. You are welcome to reproduce the material for non-commercial use, crediting the author and providing a link to the original publisher.
- ❖ **Tags:** Capitalism, Democracy, Economic Theory, Imperialism, Political Economy, War, Places: Americas, Asia, China, United States.
- ❖ The responsibility for opinions expressed in this work rests only with the author(s), and its publication does not necessarily constitute an endorsement by The Jus Semper Global Alliance.



Under Creative Commons Attribution 4.0 License  
<https://creativecommons.org/licenses/by-nc-nd/4.0/>

© 2024. The Jus Semper Global Alliance  
Portal on the net: <https://www.jussemper.org/>  
e-mail: [informa@jussemper.org](mailto:informa@jussemper.org)