

COMMENTARY

Free trade would cost too much

By Peter DeFazio

Two new international trade agreements now in the works could hasten the flight of manufacturing jobs from the United States, depress an already declining American standard of living and weaken our nation's environmental and product safety standards.

Most economists agree that the North American Free Trade Agreement will, at the least, cause significant job losses in the United States. One recent study estimates that as many as 500,000 U.S. manufacturing jobs will be lost within seven years of the pact's approval.

The supporters of NAFTA would have us believe that by exporting hundreds of thousands of U.S. manufacturing jobs to Mexico, we will raise Mexican living standards enough that Mexican consumers will be able to buy more U.S.-made products.

The North American consumer will buy automobiles made in Ford and General Motors factories in Mexico; the newly prosperous Mexican consumer will buy potato chips made in Idaho, or silicon chips made in California. Somehow, everybody will benefit, or so the line of thinking goes.

It's a mighty flimsy argument for such a high-stakes gamble with our domestic economy.

Let's bring the discussion home to Oregon. In 1988, the Caterpillar Co. moved its Dallas forklift manufacturing plant to a Mexican free trade zone created under the "maquiladora" system. Four hundred Oregon workers lost these family-wage jobs and Polk County lost part of its tax base.

The Pendleton Woolen Mills, an Oregon-based clothing manufacturer that stubbornly continues to manufacture its products in the United States, recently announced it will pro-

duce a test run of blouses in Mexico, perhaps anticipating the passage of NAFTA. The company currently employs about 600 manufacturing workers in Oregon and southwest Washington, many of whom could lose their jobs if Pendleton is compelled to take advantage of Mexico's relatively cheap labor and lax environmental standards.

But NAFTA will do more than cause U.S. job losses. It will further drag down U.S. wages and living standards as our workers are forced to compete more directly with Mexican workers, who earn 50 cents to 90 cents an hour. The upshot is that we will not only export U.S. jobs to Mexico, but we will increasingly import Mexican economic and environmental conditions into the United States.

In the Reagan-Bush version of "free trade" the lowest common denominator prevails, whether it is workplace safety standards, environmental regulations or wages. This kind of free trade poses a serious threat to our standard of living. Nowhere is that threat more apparent than in the administration's efforts to negotiate a new world trade agreement, one known as the General Agreement on Tariffs and Trade.

The new GATT agreement would create something called the "Multilateral Trade Organization." The MTO would have binding power to resolve international disputes over what are euphemistically called "technical barriers" to trade. Such barriers could, and almost certainly would, include U.S. environmental laws and consumer product safety standards.

For example, Mexico recently and successfully sued the United States under GATT complaining that the U.S. Marine Mammal Protection Act, which bars tuna imports from

nations whose fishing practices kill large numbers of dolphins, poses an unfair barrier to trade. But under existing GATT rules, the United States can block the decision when it determines it to be in error.

Under the new GATT, an adverse ruling in such a case would allow the GATT Council to mobilize and apply extraordinary pressure against the United States, forcing Congress to nullify the offending law. Since the big winners under GATT and NAFTA will be the world's largest corporations, these new international trade agreements amount to little more than trickle-down economics translated into trade policy. The administration's argument seems to be that if we enrich the multinational corporations, then somehow, someday, the benefits will filter down to the rest of us. I reject that view, as I will reject both of these new agreements.

We can't turn our backs on the rapid growth of an international economy or the increasing importance of trade to the United States. But we must do far more to protect our people's interests, not to mention our nation's independence, in any new trade agreements.

The Bush administration's trade policy seems to be headed toward a new world order dedicated solely to the corporate bottom line. As an alternative, I propose an approach grounded in a concern for decent wages, safe working conditions and a healthy environment in every trading nation. The benefits of free and fair trade shouldn't be limited to the stockholders of Daimler-Benz, Mitsubishi or GM.

Peter DeFazio represents Oregon in the U.S. House of Representatives.

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THE FAR SIDE

By GARY LARSON



The woods were dark and foreboding, and Alice sensed that sinister eyes were watching her every step. Worst of all, she knew that Nature abhorred a vacuum.

THIS WEEK



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