

# NAFTA agreement 'free trade' myth vs. reality

By Edmund G. Brown Jr.

Under the banner of free trade and corporate restructuring, American employers have shifted millions of U.S. jobs to lower-wage foreign production sites. The reason is clear: equally skilled foreign workers can do the same job for a lot less.

This is the dark truth lurking behind the notion that the North American Free Trade Agreement will create high-paying jobs. Much more likely is a slide downward in terms of wage levels and environmental standards. Such a result is inevitable if the United States links itself with Mexico, where average wage levels are a tenth of America's, environmental laws go unenforced, unions are captive to the state, and the political system is distorted by corruption and electoral fraud.

Opening the trade border with Mexico should inspire open and honest public debate. Instead, NAFTA has been negotiated in secret and written in arcane language. Making things worse is the undemocratic "fast track" process that will be used for congressional consideration of both NAFTA and the General Agreement on Trade and Tariffs (GATT). Under this restricted parliamentary procedure, the power of Congress is reduced to a simple "yes" or "no" vote and time allotted for debate is severely limited. This makes a mockery of Article I, Section 8 of the Constitution, which gives Congress the power "to regulate commerce with foreign nations."

What little debate there is on NAFTA is lost in a fog of outdated ideas. Only a trade specialist could take seriously such vacuous slogan-words as "free trade" and "protectionism" when a third of our "foreign" trade is actually American companies sending exports to Mexico that are not final goods to be received there, but intermediate products destined for return to the United States or to other markets after they have been enhanced in value by cheaper Mexican workers.

The international flow of goods and services has dramatically expanded in recent years, but in such a perverse way that the gap between the rich and the poor has doubled and the industrial assault on natural systems — marine fisheries, tropical forests, topsoil, rivers and the protective ozone layer — has intensified. In this context, the slogan "free trade" misses the point. Instead of wasteful production and frenetic global exchange, we need a serious commitment to just and sustainable economic policies.

One would never guess, listening to those who argue so dogmatically for free trade, that the concept was only invented in the late 18th and early 19th centuries, when conditions were totally different. Then, capital was not mobile in the way it is today, when billions of dollars can move across the world in seconds to exploit the bene-



fits of pathetically low wages and environmental standards. The very concept of a multi-national corporation with no allegiance except to its own global expansion was unthinkable. And, of course, no one considered the possibility that human beings might actually disrupt the life-supporting processes of nature.

Washington insiders — the people who lobby Congress and pay for the campaigns or the media that reports it — talk as though "free trade" always raises wages and generates good jobs. The facts indicate otherwise. Since 1973, American trade with other nations has doubled, but the value of American weekly paychecks has fallen 18 percent. In the last decade alone, the number of young men working full time, who only earn a poverty wage, has increased 100 percent.

The U.S. economy expanded — national income per capita grew 28 percent — but the benefits were channeled to those with the highest incomes. Inequality grew because the American economy was deregulated and subjected to destructive global competition. Executives, investors, corporate lawyers and media pundits who were insulated by foreign competition benefited, but tens of millions of others, many of whom had once enjoyed high-paying jobs, did not. What was lacking — and still is — was not expanding foreign trade, but anti-trust, labor and trade policies that put community well-being at the top of America's priorities.

Another danger of both NAFTA and GATT has been exposed by a series of recent legal challenges brought under current GATT rules. Both trade agreements use similar dispute resolution procedures whereby non-elect-

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ed specialists — drawn from a short list of trade insiders — have authority to declare environmental, health and safety standards non-tariff or technical barriers to trade and therefore subject to financial sanction.

In August 1991, a three-person, secret GATT dispute panel in Geneva ruled that the U.S. Marine Mammal Protection Act of 1972 was an illegal barrier to trade because it restricts importing tuna into the United States that are caught using techniques that kill large numbers of dolphins. The case was brought by Mexico. In February 1992, a GATT panel ruled that numerous U.S. states' alcohol taxes and regulations were inconsistent with GATT, and that as a matter of international law GATT was superior to U.S. state and local law.

These cases clearly underline the sharp conflict between international trade agreements and national sovereignty. American democracy rests on a system that recognizes significant differences among various state and localities. GATT and NAFTA, however, in the name of eliminating "technical" barriers of trade, restrict local citizens and communities from setting their own standards. Under both NAFTA and GATT, we will be subjected to a super-government of distant and non-elected trade experts, whose narrow frame of reference has nothing of the robust diversity of democratic participation.

What is needed in place of GATT and NAFTA are trading agreements and the national policies that from the beginning emphasize social justice, the enrichment of local communities and genuine respect for the environment. Such agreements and policies would be novel because they would, in the words of President Bill Clinton, "Put people first."

Under this approach, we would as, not what will help international companies get the cheapest foreign workers, but what will reduce the growing inequality and strengthen every American community.

*Edmund G. Brown Jr., governor of California from 1975 to 1983 and a former presidential candidate, is chairman of the national citizen's group We the People.*

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