Free Trade = Freedom to Lie on Labels

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We're learning more every month about what "free trade" really means. Not only does it mean NAFTA, stunning defeats in disputes before the World Trade Organization (too bad for Eastman Kodak, which lost its effort to open up the Japanese market and just laid off 10,000 employees), and billion-dollar bailouts of corrupt Asian regimes, but now we find that free trade means freedom to lie to American consumers.

The advocates of now-we-all-live-in-a-global-economy cooked up a sneaky plan for the Federal Trade Commission (FTC) to change its rules so that products could display the label "Made in U.S.A." even when that label is a lie because up to 25 percent of the product is not made in the U.S.A.

The standard for the last half century has required a product to be "all or virtually all" made in the U.S., with only "negligible" foreign content, in order to carry the coveted "Made in U.S.A." label. This standard has been interpreted to mean 98 percent of the merchandise's value.

The regulatory legerdemain was to be accomplished by a change published in the May 5 Federal Register. However, some people actually read the 16 pages of fine print and, after the firestorm subsided, the FTC backed down and abandoned its proposal.

Nobody was threatening any business's right to sell products that are 25 percent, or even 100 percent, foreign made or containing foreign content, or to charge any price the seller wishes. The issue was over allowing businesses to lie about their products, label them falsely, and deceive their customers about where the merchandise comes from.

This was wholly a truth-in-labeling issue. As Sen. Fritz Hollings (D-SC) said: "Polluting the `Made in U.S.A.' label with non-American products makes about as much sense as calling polyester a natural fiber."

The FTC, which was "surprised" at the fierce opposition to the change, didn't understand that this was an honesty issue. Jodie Bernstein, director of the FTC Bureau of Consumer Protection who wrote the proposed change, described it as "a complicated issue" and whined that "I thought we came up with something very reasonable."

Wouldn't you think that protecting consumers against false labeling would be a priority for the Bureau of Consumer Protection? But no apologies were forthcoming; like many current politicians, Ms. Bernstein pleaded the excuse of style rather than substance: "We just didn't communicate the proposal well enough."

What's so fascinating is not only that the grassroots won an upset victory over the bureaucrats, but the way this regulatory war was reported by the newspapers that always line up on the side of free trade and the interests of global economy. The news stories were exemplars of obfuscation.

Those who opposed the change were branded as "emotional" and put down for supporting a "half-century-old standard," a "World War II-era standard." In touchy-feely words, we were admonished that it's "time to update the standard," to "relax the standard," to give the economy "more flexible standards" and "more leniency."

The New York Times admitted that "The idea of changing it grew out of a recognition of America's place in an increasingly global marketplace, and a growing sophistication among consumers, who realize that fewer and fewer goods are made within a single country." That non sequitur is no justification for lying to the American consumers.

Our "sophisticated" American consumers should be allowed to decide for themselves if they prefer to buy products made in the U.S.A., and if they care whether or not a product has foreign content. It is possible that the "Made in USA" label is even more valuable today than it was 50 years ago.

The proposed FTC change was defended as an "effort to recognize the reality of American commerce in the global bazaar." Contrariwise, it was an effort to conceal the reality that multinationals want to sell low-priced foreign goods marketed under a false U.S. label.

The globalist newspapers portrayed the FTC's retreat as a big victory for the unions, who worry about the multinationals moving plants abroad to hire cheap labor. It wasn't just the unions; the successful Made in USA Coalition included agriculture associations, small businesses, consumer advocates, and grassroots Americans.

The FTC was unable or unwilling to estimate how much of our economy would be affected by its proposed ruling, but it seems clear that this was another issue that divided the multinationals, who make extensive use of cheap foreign labor, against smaller, American-owned businesses. The businesses that lobbied to keep an honest "Made in U.S.A." standard included food companies, tool makers, manufacturers of precision instruments, and tile makers.

Rep. Bob Franks (R-NJ), who lined up 150 Republicans and Democrats to sign a House resolution opposing the change, said, "The agency charged with upholding truth in advertising is attempting to pull a fast one on America's consumers." But truth won out, and the FTC had to bugle retreat.