Free Trade Cheats Americans

by Phyllis Schlafly

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The re-election of Barack Obama hasn't done anything to make more jobs available to Americans, and there is no indication that it will. America now has 23 million people who want a fulltime job but can't find one.

Obama doesn't think American citizens or businessmen create jobs. His Jobs Czar, Jeffrey Immelt, recently said on a television interview referring to China, where he has outsourced General Electric's light bulb plants, "state-run Communism may not be your cup of tea, but their government works."

In his first presidential debate last year, Obama claimed that passage of free trade agreements with South Korea, Panama and Columbia would create U.S. jobs because they would double our exports and promote his goal of "a seamless regional economy." One year after Congress passed these trade deals, exports to Korea have declined by more than $1.2 billion in comparison to the same months the year before, while imports have risen.

The official U.S. International Trade Commission admits that the Korea agreement will cause significant job losses, not just in low-end industries, but also make a victim of the electronic equipment manufacturing industry. The Economic Policy Institute, a leftist think tank, estimates the Korea agreement will cost us 159,000 more jobs over the next five years.

The trade pact's 1,000 pages of rules and regulations will be enforced by foreign tribunals. Ron Paul calls this "a sneaky form of international preemptions, undermining the critical checks and balances and freedoms established by the U.S. Constitution."

Our annual trade deficit with China has increased to $290 billion. Our exports to China were up 6.4 percent over the previous year, but imports increased by 6.5 percent.

In 2002 we granted Communist China Permanent Normal Trade Relations (PNTR), which is a fancy name for free trade, and the United States has lost an average of 50,000 manufacturing jobs a month ever since. U.S. employment dropped 2.6 percent because of a combination of outsourcing and absence of job growth that would have taken place without the trade agreement, according to a new study by the Federal Reserve's Justin Pierce and Yale's Peter Schott.

Mainstream economists have been stuck for years in the notion that any attack on "free trade" is heretical, but finally their dogma is cracking. Even the Washington Post now acknowledges that "trade liberalization" with China is a big reason for the decline of U.S. manufacturing jobs.

Forbes Magazine published an article titled "America's Manufacturing Crisis: Finally Harvard Gets It." What academics finally "get" is that it is, indeed, a disaster for America to lose our manufacturing base specifically because that causes us to lose our "ability to innovate."

The theorists held onto their out-of-date free-trade theory despite the loss of millions of outsourced jobs, despite 42,000 U.S. factories permanently closed, and despite the loss of high blue-collar wages that could support a family. But our loss of innovation is finally waking them up.

Most people recognize that America's prosperity and high standard of living depend on our remarkable power and skill of innovation produced by manufacturing. They should read Alexander Hamilton's great 1791 treatise on the importance of manufacturing.

Harvard management professors Gary P. Pisano and Willy C. Shih emphasize the effect on innovation in their new book Producing Prosperity: Why America Needs a Manufacturing Renaissance." Another useful book is Freedom's Forge by Arthur Herman, which proves that a manufacturing base is essential for national security, and we couldn't have won World War II without it.

Our manufacturing base was what enabled the "arsenal of democracy" in 1944 to produce a war plane every five minutes, 150 tons of steel every hour, and eight aircraft carriers a month. After World War II, our manufacturing base caused an incredible rise in our standard of living, bringing electricity and indoor plumbing to most homes, and good wages that built a middle class to enable blue-collar workers to support a fulltime homemaker to raise their children.

We've been told that the new normal is for America to be an economy based on providing services instead of products. The trouble is, it's pretty hard to export services such as waiters and dry cleaners; we can

only export things we make.

The main defect with free trade is that, in the words of the old cliche, it takes two to tango. America steps naively onto the dance floor, but Communist China won't dance.

China protects and subsidizes its home industries and products, forces foreign-owned plants to give China their patents and trade secrets, cheats us with shoddy and dangerous exports, manipulates its currency to keep it artificially low, operates a large network of technology spies in the United States, and pays slave-labor wages to its workers.