Trade Agreements Cost Jobs

by Phyllis Schlafly May 13, 2011

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The first debate of the 2012 presidential race, with personalized, provocative questions planned by Fox News, was good political entertainment, but somehow didn't get around to tackling two of the biggest issues. They are: how do the candidates plan to replace the millions of U.S. middle-class jobs that have gone overseas, and what will the candidates do about the millions of illegal aliens in our country.

The unemployment rate has now reached or exceeded 9 percent for the 22nd month. But even that high figure doesn't paint how bleak the jobs picture really is for men in their prime working years (between ages 25 and 54). Only 80 percent of those men have a job (compared to 95 percent in the 1960s).

Even that statistic doesn't measure the millions of men of that age who are now working for one half, or one quarter, or even one-tenth of the wage of the job they lost. Obama is bragging that the economy added 268,000 new jobs last month, but 62,000 of those were hired by McDonald's because Obama gave that chain a waiver from ObamaCare.

This month, former trade negotiator and now Senator Rob Portman (R-OH) unveiled what he called a "Senate Republican Jobs Plan," and it is somewhere between pathetic and counterproductive. It includes asking Congress to hurry up and ratify KORUS (Korean-U.S. Free Trade Agreement).

KORUS is another bad NAFTA-style trade agreement that will import more cheap Asian products and export more U.S. jobs. It comes out of the economic school that believes in the pseudo-religion of globalism, i.e., forcing Americans to compete with Asians who work for less than one-third (often as little as one-twentieth) of the wages that Americans expect for similar work.

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Here's what trade with South Korea means. In 2007, the U.S. sold 7,000 American vehicles in South Korea, while South Korea sold 615,000 vehicles in the U.S. In 2010, South Korea's auto sales in the U.S. totaled $7.41 billion, while U.S. auto sales in Korea totaled only $536 million.

Any jobs plan that depends on trade agreements like KORUS is a recipe for losing more U.S. jobs and increasing our trade deficit. The liberal Economic Policy Institute predicts that KORUS will cost us 159,000 American jobs and increase our annual trade deficit by $16.7 billion.

The alleged elimination of tariffs is a racket that allows the Koreans to subsidize their exports to the U.S. while taxing all imports from the United States. South Korea simply replaces its tariff with a value-added tax (VAT), which gives Korean manufacturers a 10 percent rebate on all goods they export, and imposes a 10 percent tax on all U.S. goods allowed to be sold in Korea.

There are so many other dangers and disadvantages hidden in KORUS that we can't list them all in this column. KORUS limits our right to check contaminated food imports and could make "Buy American" food initiatives illegal because that's labeled a barrier to free trade.

South Korea already enjoys plenty of free trade with the United States anyway, so there's no need for KORUS. Have you been into any electronics store and seen the hundreds of products made by Samsung, Daewoo and LG?

Donald Trump says that when he was ready to buy more than a thousand television sets for one of his hotels, he could not find American-made televisions, so his company bought LG sets from Korea. Trump pointed out that in July and November last year the U.S. sent a battle group of U.S. Navy warships, including our nuclear-powered supercarrier, the USS George Washington, to protect South Korea against North Korea, and we ought to charge South Korea for that extraordinary expense.

The so-called jobs plan includes other unwelcome ideas such as giving so-called Fast Track authority to Barack Obama so he will have the power to negotiate future trade agreements. That's just what Obama needs to give momentum to his goal of "spreading our wealth" around the rest of the world.

Then there are downright silly provisions such as urging the federal government to do more efficient training of workers and educating of children to be innovators and entrepreneurs. There isn't a shred of evidence that the government is capable of doing those things, no matter how much money the government spends or how much the government eliminates what the plan calls "bureaucratic complexities."

The game plan of the globalists is to ratify KORUS first and then pass the trade agreement with Colombia immediately after. Colombia has a 16 percent VAT, which makes the Colombia deal even more discriminatory against the United States than KORUS.