The High Price of Free Trade

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Trade representatives from 34 Western Hemisphere countries (all except Cuba) are now gathering in Miami to take the next step to expand NAFTA (North American Free Trade Agreement) into the hemisphere-wide Free Trade Area of the Americas (FTAA). They are hoping they won't be plunged into disarray by the same protestors who upset the meeting of 148 World Trade Organization nations in Cancun, Mexico last year.

NAFTA, which is celebrating its tenth anniversary this year, is not a fortuitous model for FTAA. When the first President Bush and candidate Bill Clinton were persuaded to support NAFTA, Mexican President Carlos Salinas promised that all three big North American countries would benefit, that NAFTA would open up a large market in Mexico for U.S. products, and that increased wages in Mexico would keep Mexicans at home and stop the tide of illegal migration.

Salinas said Mexico would be exporting tomatoes, not tomato pickers. But it didn't turn out that way.

Instead, the United States exported jobs rather than products, and the U.S. trade deficit with Mexico grew from $9 billion to $87 billion. Real wages in Mexico are lower than before NAFTA, and the influx of illegal aliens and illegal drugs grew into a mighty invasion, with 29 U.S. states reporting more-than-100-percent increases in their Mexican- born populations.

Expanding NAFTA to all of Latin America will only exacerbate these trends because of the enormous gulf between living standards. U.S. per capita income is eight times the Latin American average.

The United States produces six times the goods and services of all 20 Latin American nations combined, and 20 times the goods and services of Brazil alone. Since free trade is based on the theory that economic differences and resources are exploited until there is equality, and cheap labor is the chief resource of other countries in the FTAA, the result must be to reduce American wages.

The economic disparity is only one measure. The differences are just as immense in government and police corruption and in respect for property rights, contracts, and copyright and patent protections.

Yet, FTAA appears to be a cherished goal of President Bush. He signed the Declaration of Quebec City on April 22, 2001, making a commitment to such globalist goals as "hemispheric integration," "greater economic integration," "interdependence," and "national and collective responsibility" for the Western Hemisphere.

Orange juice is a major issue in Miami between the United States and Brazil, the biggest economy in Latin America; free trade would wipe out the Florida citrus industry. Why is the Bush Administration even negotiating about a deal that would be so hurtful both economically and politically?

Meanwhile, steel is the current hot problem for the United States in the World Trade Organization. The WTO ruled on November 11 that if the United States doesn't remove our current tariffs on steel, European countries are authorized to impose $2.2 billion in retaliatory sanctions against U.S. exports.

Our so-called European friends have maliciously targeted their retaliation against U.S. exports from swing states that are politically important in the coming elections. The Europeans want to exert economic pain to force U.S. officials to acquiesce in WTO rulings.

This is only the latest in a series of WTO rulings that are harmful to U.S. interests. How did we get in a box where a handful of unelected, unaccountable foreign bureaucrats can override decisions of the U.S. President and Congress?

It all happened on December 1, 1994 when a lame-duck Congress, under Fast Track procedure, passed the Uruguay Round of the General Agreement on Tariffs and Trade. The 14-page WTO Treaty was slipped into the 22,000-page GATT legislation in order to evade our Constitution's rules for ratification of treaties.

With both NAFTA and WTO, we didn't get merely a reduction of tariffs; we got global governance. We got NAFTA panels ordering us to admit Mexican trucks that don't comply with the regulations U.S. trucks must obey, and we got WTO panels in Geneva making trade decisions that can influence the U.S. elections.

In another affront to our sovereignty, the WTO ordered the United States to raise our taxes on exporters to appease high-tax Europeans. Congress is scrambling to comply.

The U.S. Constitution expressly grants Congress the sole power "to regulate commerce with foreign nations" and "to lay and collect taxes, duties, imposts, and excises." That power is now exercised by the WTO, which controls 90 percent of international trade.

WTO's dispute panels are composed of foreign "trade experts" who are not screened for conflicts of interest, and whose motive is to force American workers to complete with low-wage socialist countries that lack safety, environmental or workplace regulations and benefits. WTO's panels hold hearings and announce rulings in secret, and force compliance by authorizing punishment.

It's time for the American people to realize that free trade is a Pied Piper that leads us to global government.