

“Free Trade”: It’s Not Free, It’s Not Trade

By Richard A. Levins

An especially candid CEO told Business Week (April 23, 2007), “I don’t have to hire one more person in the U. S. I don’t have to invest one more dollar here, and we’ll be just fine.”

He may be just fine, but every working person knows the rest of us will not. The costs of so-called “free” trade are adding up by the day. It’s a one-two punch to our middle class economy. One fist ships well-paying jobs to countries that have sub-standard wages and living conditions. The other forces lower wages in this country because everyone is told they must be “competitive” or lose their jobs, too.

Fewer jobs and lower wages add up to one thing—lower purchasing power for U.S. consumers. Recent experience has shown that no amount of borrowing is going to offset this loss. “Free” trade is not free if you are a working person.

On top of that, free trade isn’t even trade. To see why, we need to go back almost 200 years to England where the theory was hatched. In those days, England was in turmoil over grain imports. Landlords would benefit from closed borders because food would stay expensive, and they could charge more for farmland. Everyone else wanted imports so they could spend more of their money on something besides food.

What has become free trade theory won out. The argument was simple. Suppose one country is better at producing one thing, and another is better at producing something else. Then they should both specialize in what they are best at and trade for the rest. This works just fine for agricultural products. We’re better at producing grain and some other countries are better at growing coffee, so we trade grain for coffee.

Unfortunately, this has nothing to do with the modern, job-shipping version of free trade. A company that makes refrigerators in the United States and sells them to U.S. consumers decides to make them somewhere else that has cheaper wages. But they bring the refrigerators back to the United

States and sell them here. What is traded? Nothing I can see. It's just a way to force labor costs down and destroy good markets along the way.

So if "free trade" it not free and not trade, why is it so popular? Simple. It's a great way to make the very rich get fatter at everyone else's expense. That's good for them, bad for us. The sooner we come to our senses on trade policy, the sooner we can start the long process of rebuilding our American middle class.

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