

FREE TRADE

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APRIL 1, 2009 -- "Free trade" means different things to different people. To economists in the United States, "free trade" means an open market where goods are unfettered or unprotected by tariffs, quotas or subsidies. To one of John F. Kennedy's *Profiles in Courage*, Henry Clay, "free trade" was pure fantasy. Clay thought "free trade" was an oxymoron. In 1832, he cried: "Free trade, free trade ... It never existed ... It never will." Teddy Roosevelt thought "free trade" was dumb economics. He exclaimed in a letter: "Thank God I'm not a free trader."

After World War II, Japan took our Marshall Plan money and started globalization or a trade war for market share by closing its domestic market, subsidizing its manufacture, selling its export at near cost, and making up the profit in its closed market. It took over market share in textiles and then globalized by seeking a country cheaper to produce, moving its textile manufacture to Malaysia and changing its trade war from textiles to watches, to cameras, to electronics, to radios, to TVs, to computers, to communications, to automobiles. Hence, "free trade" in the U. S. means an open market for profit; and "free trade" in Japan means a closed market for market share resulting in Toyota being #1 as Ford, GM, and Chrysler struggle.

To China "free trade" means for U. S. to continue its open market while China with authoritarian rule closes its market and controls its labor and currency, but fails to control its air and water so as to have the cheapest production in globalization.

Thus, globalization is nothing more than a trade war with production looking for a country cheaper to produce. Today, "free trade" to Corporate America, Wall Street, and the big banks, means for the U. S. not to compete in globalization. It means for the United States not to trade.

"Free trade" means for Corporate America to continue, unfettered by Congress, offshoring its investment, research, technology, development, production, jobs – literally, the U. S. economy. Today, "free trade" means to Corporate America that it be permitted to continue offshoring our economy while it builds the economies of Mexico, China and India. In short, "free trade" means for Corporate America to ruin the economy of the United States as it begs for bailouts and bonuses from the taxpayers.

It never used to be this way. Henry Ford doubled the minimum wage and instituted health and retirement benefits, developing the middle class in America. The Ford Foundation developed research and strong communities all over the country. I worked for fifty years in government with Corporate America seeking the government's protection of Corporate America's investment and production in the United States.

We passed protectionist measures time and again through both Houses of Congress only to have them vetoed by Presidents of both political parties. At the time, the Presidents were concerned that capitalism defeat communism in the Cold War. While the U. S. sought "free trade" and open markets, it allowed Japan, Korea

and China to close their markets and violate “free trade.” Now, Corporate America, Wall Street, and the big banks seek protection for their offshored production, calling for “free trade.” Their pundits in the press, Tom Friedman, Charles Krauthammer and Fareed Zakaria call for “free trade,” “protectionism,” “Don’t start a trade war.”

Money has taken over politics. In my last race for the United States Senate ten years ago I had to raise \$8 ½ million to win. This amounts to raising \$30,000 a week each and every week for six years. Today it would be substantially more. Russell Long started the check-off on your income tax return to build a fund so that “every mother’s son could ‘run for President.’”

Obama, with the internet, raising hundreds of millions of dollars, means that “every mother’s son” has to buy the office. It means for members of Congress interested in reelection that they must spend all of their waking moments raising money. I said on leaving the Senate after thirty-eight years service that there were no longer drunks in the Senate. They don’t have time to get drunk. United States Senators are the hardest working crowd, save Congressmen, in the United States. Early morning there are three breakfasts to raise or arrange for money, lunch at fundraisers, cancel policy meetings to fundraise, “window” breaks in the evening to go out and attend fundraisers and come back to vote, midnight sessions on Thursday so that you can catch the early morning flight to California and New York for fundraisers, no work on Mondays and Fridays, and ten-day breaks each month to fundraise.

We don’t honor Washington’s birthday and Lincoln’s birthday any more. We just use their birthdays to be merged into ten

days to fundraise. In short, there is no time for the country, only time for the campaign. “Free trade, free trade.” We Senators know better. But Wall Street, Corporate America, and the financial community is the crowd with the money. So “free trade” to members of Congress means: “Let somebody else solve that problem. I can keep my mouth shut, get the money, and get reelected.”

This is why all the candidates in the Presidential election had solutions for every problem but offshoring the economy. Even the *New York Times* days before the Iowa primary, after the candidates had been campaigning for at least a year, had a double-page spread, one for the Democratic candidates and one for the Republican candidates for President, listing six issues on either page and no mention of the economy. You can’t get an offshoring op-ed into the *Washington Post* or the *New York Times*. Mum’s the word; money controls.

Now President Barack Obama has become the leader for “free trade.” In the campaign, he had his economists tell the Canadians: “Don’t worry. He wasn’t serious about jobs.” Again, when “Buy America” appeared in the stimulus, he opposed it. And when he found out he couldn’t get the votes, he had “Buy America” watered down even though he had given out “Buy America/Obama” buttons in the Pennsylvania campaign. He saw how a draft-dodger could beat a Silver Star recipient by constant campaigning, so he’s determined to get the money and constantly campaign, ignoring the loss of jobs and the economy, which has been going on for fifty years.

On the economy, President Obama addresses only the recent recession with a stimulus. If there is one thing that we

should have learned in the last eight years that stimulation was not working. It took this nation over two hundred years of history paying for all the wars – World War I, World War II, Korea, Vietnam, and even LBJ’s Great Society and we didn’t reach a national debt of \$1 trillion until 1982. But in the eight Bush years, we have borrowed, spent, added to the debt and stimulated \$5 trillion dollars. And we were losing jobs at the end of last year like gangbusters.

Two years ago, Allen Blinder, the Princeton economist, estimated in ten years the United States would lose thirty to forty million jobs to offshoring. The President’s stimulation continues for the nation to lose more jobs than are stimulated. President Obama gives full attention to the Wall Street bankers’ problem trying to stimulate consumption, when he ought to be addressing the offshoring problem with stimulating production.

Our troubles couldn’t happen at a worse time. We have been losing jobs, production and the economy for over fifty years, stimulating the economies of Mexico, China, India, Japan, Taiwan, Thailand, etc. Now we need to rebuild our economy. We sure can’t afford “free trade.” We’ve got to compete in globalization by cancelling the subsidies to offshoring, instituting a value added tax, and, at least, start producing those items necessary to our national security. Boeing can’t produce a fighter plane without importing parts from India. Our rolling stock in World War II, with Ford producing the tanks and General Motors producing the B24 bombers, is now in jeopardy.

In last week’s TV news conference, President Obama concluded: “What I am confident about is that we’re moving in the right direction.” The President is right on health, energy and climate change. But he has the country headed in the wrong direction by continuing to get rid of our economy with “free trade.”

Senator Hollings of South Carolina served 38 years in the United States Senate, and for many years was Chairman of the Commerce, Space, Science & Transportation Committee. He is the author of the recently published book, Making Government Work (University of South Carolina Press, 2008).

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