Understanding Our Economy

Are Experts Changing Their Minds About Trade?

by Alan Tonelson

(NAPSA)—If form holds, the upcoming Senate debate on fast track trade legislation will feature the usual smug declarations that all professional economists strongly endorse these kinds of free trade measures.

Yet, a surprising number of "the experts" are now attacking NAFTA-style trade agreements, the World Trade Organization, and the current international financial system.

The latest defector emerged in mid-February. Paul Craig Roberts, a former Reagan administration Treasury official wrote in his regular Washington Times column that today's version of globalization is costing the United States its industrial jobs, "ownership of our companies," and control over our future.

Claude Barfield in his new book, *Free Trade, Sovereignty, Democracy*, warns that the WTO is heading for a crack-up.

Barfield, of the American Enterprise Institute, observes that "there is no real consensus among WTO members" on many critical issues and accuses the WTO's run- amuck rule-making bodies and dispute-resolution panels of operating in fundamentally undemocratic ways.

Countless economists still dismiss the trade deficit as meaningless, or worse, hail it as a sign of America's continuing economic strength. In other words, we buy so much more from the rest of the world than we sell because we're just growing so much faster.

Last April, two Nobel Prize-winning economists from the Massachusetts Institute of Technology urged Washington to eliminate the deficit.

Otherwise, warned Franco Modigliani and Robert Solow in a *New York Times* article, the U.S. economy could be plagued by "falling investment and output, and high unemployment."

Three months later, former Federal Reserve Board Chairman Paul Volcker told a Senate hearing that "there are limits to how far we can or should countenance further erosion in our manufacturing base."

A surprising number of "the experts" now say the U.S. should improve our trade balance.

Meanwhile, Joseph Stiglitz, another Nobel laureate, and alumnus of the World Bank and President Clinton's Council of Economic Advisors, has been slamming the economic establishment's response to the 1997 third world financial crisis. Workers, he claimed, were punished amid bailouts for the "reckless" global investors who created the problem to begin with.

The worldwide recession shows vividly that the facts are against the trade hardliners. Polls keep showing strong public opposition to their positions. And now key experts are jumping ship. Without massive lobbying and political contributions by multinational corporations in Washington, current globalization policies would already be history.

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