

May 11, 2007

BILL MOYERS: Before we meet our next guest, take a look at this clip from the floor of congress this week...

REP. STEVE KAGEN: Mr. Speaker, last friday it was announced that the Democratic leadership had struck a deal with the administration and the U.S. trade representative regarding how this country will approach trade agreements with other nations. While very few have seen the actual text of what this deal looks like, many of us in Congress have concerns as to how these new standards on labor and environment will realistically and effectively be enforced.

BILL MOYERS: That's Representative Steve Kagen from Wisconsin. And what he's talking about is all the buzz in Washington this week on trade.

SPEAKER PELOSI: Good afternoon...

BILL MOYERS: Just a week ago the Bush administration and the new Democratic leaders in Congress announced they had made a big breakthrough: a new bi-partisan trade agreement. Billed as an "important first step" -

SPEAKER PELOSI: It is progress - it is historic - we have to know make it work for America's working families...

BILL MOYERS: The President gets the 'free trade' he wants for wall street, Democrats get the 'fair trade' they want for main street...namely, some protection for workers whose jobs are being shipped overseas...and protection for the environment that is often trampled by the trade winds of capitalism.

Sounds like a win-win, right?

Certainly does if you consult the pundits.

Columnist David Broder in the WASHINGTON POST...

Fareed Zakaria in NEWSWEEK.

The WALL STREET JOURNAL...THE NEW YORK TIMES...among others...all praising the agreement.

But hold on. All they know is what they've been told. The negotiation of this deal was secret. Its official language has still not been made public.

Skeptical Democrats - like Steve Kagen - who had not been in the negotiations want to know why, if there were strong protections for workers and the environment why were groups like the National Association of Manufacturers and the Business Roundtable and the U.S. Chamber of Commerce actually speaking well of the deal.

Here with the backstory is John R. MacArthur, president and publisher of Harper's magazine, one of the country's oldest and most honored publications. He wrote this book...second front: censorship and propaganda in the gulf war, back in 1992. His second book is called: "The Selling of 'Free Trade'."

BILL MOYERS: Welcome to The Journal. What telling details caught your eye as you followed the story this week?

JOHN R. MACARTHUR: Well, the main thing to know is that this is an initiative, as far as I can tell from my own reporting, from the leadership of the House, which is-- Nancy Pelosi and Charlie Rangel, the chairman of the House Ways and Means Committee. And this is like the-- NAFTA campaign of the '90s, an attempt by the Democratic leadership-- in those days it was the Clintons -- to raise money from Wall Street. They're trying to compete head to head with the Republicans in their own pool.

BILL MOYERS: Why now? What's the advantage of acting on this at this very moment? What do

you see as the strategy?

JOHN R. MACARTHUR: It's simply because we've got a big election coming up.

BILL MOYERS: Well, not for--

JOHN R. MACARTHUR: They're gearing up for 2008. And Rangel has got to beat the Bushes for money. He's gotta shake down the bankers and the private equity people. And he's gotta have something to show to them.

BILL MOYERS: But there has been a deadlock on trade for some years now. There has been great disaffection with NAFTA, what's happened in Mexico, the number of jobs lost in this country. And the Republicans haven't wanted to give on these issues of labor standards and environmental standards. Could this possibly be a breakthrough?

JOHN R. MACARTHUR: No, because it's just like the NAFTA side agreements in the '90s. They guaranteed all sorts of things in the side agreements: labor rights, environmental protection in Mexico. And none of it got done. Virtually none of it got done. Now, in these agreements, they're saying that these countries are suddenly going to start respecting labor rights. That countries like Peru, which can only survive by selling us their cheap labor. In other words, that's all they've got-- are going to raise their labor standards that would kill the very justification for set-- for setting up a factory in Peru. It's the same thing in Mexico. It's the same thing in China.

BILL MOYERS: How do you explain that so many people embrace this so heartily so quickly?

JOHN R. MACARTHUR: Well, the people who embraced it: the media, the pundits, the elites-- the heads of-- banks and of investment banks, and the leadership of the two parties. That's not the people. The people are sold this-- idea of free trade over and over again, as though it were good for them. I mean, what do we have to cite? The statistics speak for themselves. More than half a million jobs officially lost because of NAFTA. The other thing to remember, of course, is that it's not just the brokerages and the financial business. It's the retail and restaurant industry likes it. Wal-Mart and Wall Street are now allied in this unholy pro-free trade alliance.

BILL MOYERS: How so? Why Wall Street and Wal-Mart?

JOHN R. MACARTHUR: Because Wal-Mart has dedicated factories in China manufacturing at the cheapest possible rate. People working for 15, 20, 25 cents an hour, making stuff to sell in Wal-Marts in the United States. Generally speaking, they want the cheapest labor possible making-- goods at the cheapest possible rates so that they can buy them cheaply and sell them more cheaply. In exchange, we get \$8.00, \$9.00 an hour jobs at Wal-Mart. That's what the people are faced with.

BILL MOYERS: Why do you subtitle The Selling of Free Trade "NAFTA, Washington, and the Subversion of American Democracy"? That's very strong.

JOHN R. MACARTHUR: Under the current rules, there is something called fast track. Unlike every other kind of bill that goes through Congress or treaty that goes through Congress, fast track authority means that Congress tells the president they can negotiate a trade treaty-- and then return it to Congress for an up or down vote with no amendments, no amendments allowed. So the minute Congress authorizes up or down on not a very good treaty or one that they're not entirely happy with. They get a lot of pressure from the leadership of the party-- from manufacturing, from the big money people.

BILL MOYERS: But trade is good. Trade fuels the economy. It also brings-- creates job in this-- trade is good. If you've got the-- labor standards, if you've got the portable pensions, if you've got the health insurance, if you've got the things that the social Democrats want, wouldn't this problem be fixed?

JOHN R. MACARTHUR: Well, trade between countries that are roughly equal in income and prosperity like Canada and the United States, that's very healthy because then you trade this stuff that other guy doesn't have. But that's not the point of these agreements. The point of these agreements is to allow American corporations to operate as cheaply as possible in foreign countries

and to protect them against expropriation, against seizure of assets.

BILL MOYERS: But maybe this is one of those great realignments in American politics in which the Democratic Party, because money does drive the system now-- is going far from its roots, right? Already in Washington this week, the Democratic Leadership Council, the centrists or corporate Democrats are blaming people like you of being Lou Dobbs Democrats, right?

JOHN R. MACARTHUR: Right. Right.

BILL MOYERS: Populist, neo-populist-- social Democrats.

JOHN R. MACARTHUR: Meanwhile, the Clinton wing of the party is in the ascendancy. Let's not forget Hillary Clinton was on the board of Wal-Mart for six years when her husband was governor of Arkansas. She is now making some symbolic anti-Wal-Mart gestures. But at heart, she's very much allied with the retail lobby. Just to give you a sense of how powerful Wal-Mart has become, Fritz Hollings told me--

BILL MOYERS: Former senator from--

JOHN R. MACARTHUR: Senator from South Carolina.

BILL MOYERS: Democrat.

JOHN R. MACARTHUR: --anti-free trader-- told me not long ago that when he introduced a port security bill after 9/11-- which would have put a \$15 surcharge on every container that comes into an American port to pay for extra security, Wal-Mart and the retail lobby killed it. That's why we don't have a port security system because they don't wanna pay the extra \$15 a container. That's how powerful they've become. Even--

BILL MOYERS: Because they want cheap prices for the consumer--

JOHN R. MACARTHUR: Because they want cheap prices for the consumer.

BILL MOYERS: They want to right.

JOHN R. MACARTHUR: Right.

BILL MOYERS: And the American citizen wants cheap products--

JOHN R. MACARTHUR: Well, that's the way they put it. But what they really want to do is make more money for Wal-Mart and make Wall Street happy. So one of the things that's great about manufacturing in China is that you cannot form a union that's independent of the government union, the Communist Party controlled union. Wal-Mart loves that. They have dedicated factories in China that manufacture exclusively for Wal-Mart.

BILL MOYERS: But globalization is here. The free movement of money, the free movement of ideas, the free movement of goods. You can't reverse that, can you?

JOHN R. MACARTHUR: You could if you slapped tariffs on certain imports. "Tariff," the word "tariff" has become a dirty word in this country. A protective tariff aimed at protecting certain industries, certain groups of people is perfectly all right. The Japanese do it. The Japanese have one of the highest standards of living in the world, one of the best healthcare systems. They have the highest tariffs of industrialized, among unindustrialized nations. They protect their home market against cheap imports.

BILL MOYERS: How do you explain that Pat Buchanan seems more pro-worker than the Democrats do today?

JOHN R. MACARTHUR: Because Pat Buchanan is an economic nationalist. He believes that America should prosper ahead of any-- of airy-fairy liberal-- international scheme to enrich the world.

BILL MOYERS: Are you also an economic nationalist?

JOHN R. MACARTHUR: I've become more of one because - not in the Buchanan sense - because more and more I realize that every time somebody says, "We're helping the poor" or "We're helping the foreigners" or "the poor foreigners," what they really mean is, "We're going to exploit the hell out of them. This is a way we're going to lock in cheap labor in any country you can think of and exploit them." And it's a union killing movement in the United States. You cannot form an union in the United States anymore without risking your plant being closed, sent overseas, or other kinds of intimidation. That's why union membership and private union membership has now fallen to eight percent of the workforce. As an American, as a citizen, I don't want to see the big money keep winning the way it's been winning over and over and over again. I also want to see a democratic debate restored on this absolutely crucial issue. Fast track, if it passes, kills the possibility of a democratic debate because then it's in the hands of the executive.

BILL MOYERS: Fast track will be coming up in a few months.

JOHN R. MACARTHUR: It'll be coming up.

BILL MOYERS: I mean, this story's only begun last week.

JOHN R. MACARTHUR: Right, right.

BILL MOYERS: It's just in the first stages.

JOHN R. MACARTHUR: Right.

BILL MOYERS: So this debate will be going on for some time, right?

JOHN R. MACARTHUR: Precisely. And the Democrats have an incentive to drag it out--

BILL MOYERS: Why?

JOHN R. MACARTHUR: --because they don't want to have their caucus split. The Democrats have people like Sherrod Brown who are elected to the Senate in Ohio on an anti-free trade platform. Ohio's been absolutely devastated by free trade. There are factories leaving Ohio almost every week, significant plant closures every week because of NAFTA.

What is Sherrod Brown gonna go back to his constituents and say if fast track gets passed with some symbolic gestures towards labor rights that can't be enforced in these foreign countries anyway? He's going to be between a rock and a hard place.

BILL MOYERS: What is the strategy of doing this? You think it is about contributions between now and 2000-- the campaign--

JOHN R. MACARTHUR: Yes. They're trying to string it out so they can raise as much money from Wall Street as possible and then hope that the issue goes away or that it gets voted on after the 2008 election. We, as citizens, have got to stop it before it gets to that point. We have to say to the Congress, "We're not gonna let you do another NAFTA. We're not going to let you do another PNTR. We're going to be involved in this debate as citizens, and we're gonna restore democracy to this debate." And if it requires action in the street like there was in Seattle in 1999, maybe that's what's going to happen. If it requires a split in the Democratic Party-- maybe that's what's gonna have to happen. But the way it's been going, the jobs just keep going out. Median income in this country has fallen \$10 in constant dollars from 2002 until last year. \$10. ** Not huge but people are feeling it and they're panicked.

BILL MOYERS: The book is *The Selling of Free Trade: NAFTA, Washington, and the Subversion of American Democracy*. Rick MacArthur is the publisher of Harper's. Thank you for joining us on *The Journal*.

JOHN R. MACARTHUR: Thank you.

BILL MOYERS: That's it for this week. We'll be back this time next week. Meantime, keep in touch on the blog at pbs.org. I'm Bill Moyers.

** Median weekly earnings, in constant dollars, are down \$10 since 2002. The exact figure from the Labor Department — calculated in 1982 dollars — is \$681 a week in 2002 down to \$671 in 2006.