

vaud, published a call in *Le Monde* by a number of French economists calling for an emergency "European New Deal" involving a government infrastructure and training program of \$325 billion, a sum well beyond the recent infrastructure proposal of European Commission President Jacques Delors of \$125 billion which is to be discussed at the European Community summit in December.

Three weeks earlier, the Balladur government broke with the free trade circles inside French industry, when he backed down to the protest strike by Air France workers against 4,000 job eliminations prior to the planned privatization selloff of the national airlines. Sources close to the government report that it fears a repeat of May 1968, that is, national strikes and protests by unemployed who see jobs being "sucked out" of the country to China, Mexico, and other cheap labor sites.

### The invalid dogma of Ricardo

Opposition to the liberal free trade agenda of GATT is not restricted to France. Even in Britain, the country which started the push to global free trade back in 1846 with repeal of its "Corn Laws" agriculture protection, there is opposition. A commentary in the Nov. 14 *Sunday Telegraph*, entitled "Why Global Free Trade Is Bad for Britain," accurately argues that the "Theory of Comparative Advantage" developed in 1817 by Britain's David Ricardo to justify free trade, is irrelevant today.

Today's global unrestricted capital flows and ease of technology transfer mean that free trade will open the floodgates for capital and industry transfer from the industrial to the cheap labor areas as never before, argues the *Telegraph*. Under GATT's free trade model, it argues, "there is no way of being able to beat competitors who use the same technology, have ready access to technology and whose labor costs are more than 90% lower." Under GATT, "our national wealth, accumulated over centuries, will be transferred elsewhere."

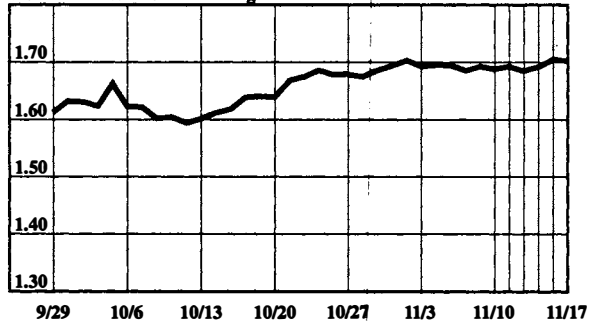
Columnist Will Hutton, writing in the Nov. 16 London *Guardian*, states, "tragically, GATT has been sucked into a nihilist free market revolution—careless of human institutions, common morality, the environment and integrity of society. . . . The world is drifting toward the calamity of its trading order collapsing."

The London-based newsletter of Morgan Stanley and Co. warned in a recent client advisory of the growing backlash from industrial European countries to the free trade globalization. "We are left with an inherently unstable situation. The tension point is the looming friction between the labor-absorbing strategies of economic development and the job-shedding process of industrial world restructuring. . . . My darkest fear is that a clash of some form or another is a growing possibility." The pyrrhic victory on NAFTA by the free trade forces in the U.S. Congress will bring such a clash that much nearer.

## Currency Rates

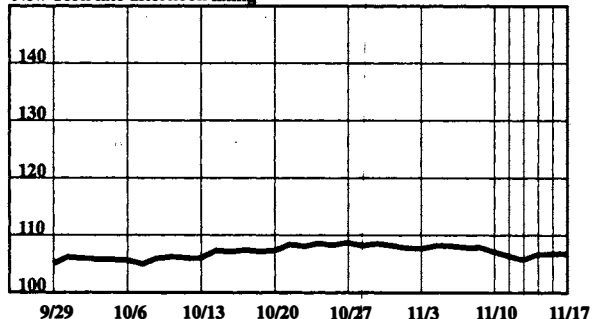
### The dollar in deutschemarks

New York late afternoon fixing



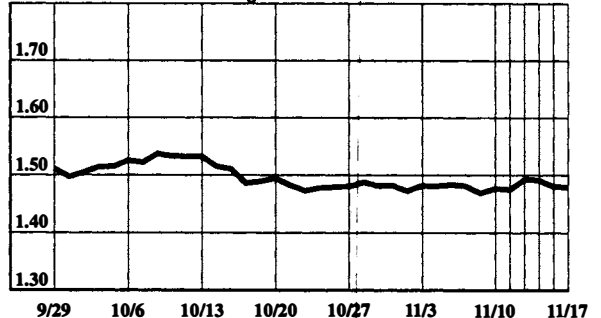
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

