

Democratic senators debunk free trade lies

On Sept. 10, 1996, Democrats Byron Dorgan (N.D.) and John Kerry sponsored Amendment 5223 to the Treasury, Postal Service, and General Government Appropriations Act of 1997, which would close a loophole in the tax code that favors free trade. The amendment was voted down in the Republican-dominated Senate. The loophole encourages U.S. companies to move production overseas, by deferring taxes on the profits of goods shipped back into the United States for sale. Below, we excerpt from the Senate floor debate. In another part of his remarks, which does not appear here, Senator Dorgan refers to a 10-part series that began in the Philadelphia Inquirer on Sept. 10, which lays out the need to revive a national perspective for "protecting" our productive economy. In fact, as Sen. Ernest Hollings (S.C.) summarizes below, our nation was founded on a policy of protecting the right of our economy to develop, from the ravages of British colonialism. In addition to Dorgan and Hollings, Sen. Barbara Mikulski of Maryland, also spoke.

Dorgan: Since 1979, we have lost about 3 million good-paying manufacturing jobs in this country. We continue to see manufacturing jobs move elsewhere, and I know people say, "Well, yes, but we have more service jobs," and this and that and the other. The fact is that getting a job at minimum wage, working for some discount store on the edge of a city, is not a replacement for good manufacturing jobs that traditionally have paid good income in this country. This is what is happening to manufacturing jobs in our country. That is a ominous trend. Part of that is because those manufacturing jobs are being exported. Exported how? Well, for a lot of reasons, one of which is that we actually encourage it in our Tax Code.

Hollings: Mr. President . . . this is a subject that really deserves several days of debate. You cannot be a world power—let's talk security and national defense—you cannot be a world power unless you are a manufacturing power. Ten years ago, we had 26% of our workforce in manufacturing. We almost had half at the end of the war. . . . Today we are down to 13%.

That Up East Harvard group would give that lecture, "small is beautiful, service economy," all these nonsensical arguments. And we are going to the poorhouse. That is why real wages have dropped 20% in the last 20 years, for the simple reason that the big multinationals have increased

their profits by moving offshore.

Let me plead guilty, I am a protectionist. We have the Army to protect us against the enemies from without. We have the FBI to protect us from the enemies within. We have Social Security to protect us from the ravages of old age, Medicare to protect us in ill health. The fundamentals of government, that is what we are up here for.

Remember, we heard this same argument about comparative advantage and free trade from David Ricardo in the earliest, earliest of days. Or the Brits, once we got our freedom, they said, "Now, just you little fledgling nation, the United States of America, you trade back with the mother country with what you produce best, and we will trade back with what we produce best: the doctrine of comparative advantage, free trade, free trade, free trade. And you know what Alexander Hamilton said? He wrote it in a little booklet, *Report on Manufactures*; Get a copy of it. There is one left. It is on guard over there at the Library of Congress. . .

And in the *Report on Manufactures*, Alexander Hamilton told the Brits in one line, "Bug off. We are not going to remain your colony. We are not going to continue to ship our agricultural products, our timber, our iron, our coal, and bring in your manufactured products. You have to be a nation-state. You have to have a preeminence in manufacturing."

The second bill, Mr. President, on July 4, 1789 that actually passed this Congress was a protectionist bill, setting a 50% tariff on 60 some articles going on down the list. And we built this United States of America, this economic giant with protectionism.

Abraham Lincoln, when he was going to get the transcontinental railroad—that same type of crowd is buzzing around us here tonight; and they will be around tomorrow; and they will say, go ahead and let us have free trade, free trade—they told President Lincoln that we should get the steel from England. He said no. He would build our own steel mills. When they got through, they had not only the transcontinental railroad, but they had their own steel capacity.

This is a serious amendment to bring the attention of the U.S. Senate to this all-important problem of losing our standard of living and jobs. Let's quit financing it, let's stop subsidizing it, let's stop bankrolling it, and let's stop using that symbolic nonsense of free trade and protectionism. We have to come here and start protecting our industrial backbone.

Mikulski: The current law costs the American taxpayer. The Joint Economic Committee estimates this subsidy will result in \$2.26 billion over seven years in lost revenues. . . . Current law actually puts companies that remain in the United States at a competitive disadvantage. We don't reward the good guys. We don't provide a tax break for them for keeping jobs here at home. Instead we make it harder for them to compete by giving an edge to those who move jobs overseas.