

Money & Business 1/26/04

By Lou Dobbs

## Coming up empty

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Despite last week's report that our trade deficit declined in November, the 2003 U.S. trade deficit will be the largest on record, and our market is flooded with cheap foreign imports while consumers who want to buy American-made products often can't even find them.

Most Americans would like to support domestic manufacturers by buying U.S.-made products, but chances are that most of us own goods made predominantly outside the United States. Wal-Mart alone imported \$12 billion in goods last year from China.

Seventy-six percent of consumers who look for U.S.-made products say that they have a hard time finding them, and the reason for this is simple: We've given away our manufacturing base through "free" trade. In 1951, the average U.S. trade tariff was approximately 15 percent. By 1979 the average industrial tariff had sunk to 5.7 percent, and now it is just under 3 percent. Most foreign importers enjoy nearly unrestricted access to the U.S. marketplace. As a result, Americans have become the world's greatest customers, with the country accumulating a trade deficit every year since 1976.

**Digging a big hole.** In recent years, the yearly trade deficit has expanded by more than 2,500 percent from \$19 billion in 1980 to its current level of about half a trillion dollars. Cumulatively, our total trade deficit since 1976 is a staggering \$3.5 trillion. And countries like China, Japan, Germany, Canada, and Mexico are the primary beneficiaries.

The U.S. economy has become trapped in a vicious cycle in which we pay more and more money to the very countries to which we've surrendered our manufacturing base. And now even some classic American brands like Mattel and Levi Strauss choose to make their goods outside the United States, where labor is much less expensive. The average manufacturing wage in China is 61 cents an hour, while the average in America is \$16. At least 75 percent of toys sold in the United States are foreign made. Ninety-six percent of all clothing purchased in the United States is now imported. It's surprising that we've lost only 3 million manufacturing jobs in the past three years.

But companies also know that given the choice, many American consumers would prefer to buy American-made products. And some companies are resorting to deception to convince U.S. consumers that their products are made here. Unfortunately, there are no penalties in the United States for violators who make such claims.

Congressional intervention may be needed to ensure that companies that falsely claim that their goods are made in America suffer severe consequences. But to date, Congress's track record supporting U.S. manufacturers has been less than stellar. Congress was unable to agree on a buy-American provision in the defense budget, sponsored by Rep. Duncan Hunter, which required that the Pentagon buy only U.S.-made goods and that American-made content make up 65 percent of the cost of those products, up from 50 percent. The provision was shot down late last year.

The United States certainly needs to ramp up efforts in identifying American-made products, but we also need to stem the tide of imports that drive our trade deficit ever higher. The first step should be the negotiation of bilateral trade pacts, not multilateral NAFTA-like agreements, which can result in millions of U.S. jobs lost. Because of the vast differences in wages and labor and production costs, the United States must consider trade agreements individually.

Amazingly, last week Federal Reserve Chairman Alan Greenspan referred to our record-high trade deficits as "seemingly uneventful." I assume Greenspan has heard of the boiling frog analogy, in which as the temperature rises to near boiling, all is seemingly uneventful for the ill-fated frog. But the Fed chairman evidently has no problem proclaiming the dangers of what he calls "clouds of emerging protectionism," apparently referring to a number of calls by members of Congress for this country to conduct fair trade and balanced trade. Those calls so concerned Greenspan that he said, "The costs of any new protectionist initiatives . . . could significantly erode the flexibility of the global economy."

Joining those members of Congress are Democratic presidential candidates: Reps. Richard Gephardt of Missouri and Dennis Kucinich of Ohio, Sens. John Kerry of Massachusetts and John Edwards of North Carolina, and former Vermont Gov. Howard Dean.

Trade has hardly become a central issue on the campaign trails, up to this point. But I suspect it is about to. America can no longer afford the price of "free" trade.

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