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Dear Mr. Lamb:

I wrote you a few weeks ago regarding [redacted] (St. Martin's Press, October 1991). Since then, excerpts/spinoffs from the book have appeared in Newsweek, New Republic, Wall Street Journal, Insight, Journal of Commerce, Washington Times, Christian Science Monitor, Baltimore Sun, and other publications. Excerpts previously appeared in New York Times and National Review.

I thought you might want to see a few of these excerpts, so I am sending them along.

With presidential candidates Pat Buchanan and David Duke both being avowedly protectionist, the issue of fair trade is more important now than ever.

All the best,

[redacted]

'Fair Trade' Is Unfair

BY [redacted]

From Rep. Richard Gephardt denouncing the Japanese, to Sen. Max Baucus denouncing the Canadians, to environmentalists denouncing the Mexicans, allegations of unfair foreign trade practices may be at an all-time high. Unfortunately, the pursuit of fair trade has become a license for politicians to exercise vast arbitrary power over American consumers. Fair trade is a moral delusion that could be leading to economic catastrophe.

When politicians call for fair trade with foreigners, they almost always hypocritically use a concept of fairness that makes a mockery of the word's normal usage. In exchanges between individuals—and in contract law—the test of fairness is the voluntary consent of each party to the bargain: "the free will which constitutes fair exchanges," as Sen. John Taylor wrote in 1822. When politicians speak of unfair trade, they do not mean that buyers and sellers did not voluntarily agree, but that federal officials disapprove of the bargains American citizens chose to make. "Fair trade," as the term is now used, usually means government intervention to direct, control or restrict trade. Fair trade means government officials deciding what Americans should be allowed to buy and what prices they should be forced to pay.

U.S. trade restrictions cost American consumers billions of dollars a year

Fair trade often consists of some politician or bureaucrat picking a number out of thin air and imposing it on foreign businesses and American consumers. Fair trade means that Jamaica is allowed to sell the United States only 950 gallons of ice cream a year, that Mexico may sell Americans only 35,292 bras a year, that Poland may ship us only 350 tons of alloy tool steel a year and that Haiti is allowed to sell the United States only 7,730 tons of sugar. Fair trade means permitting each American citizen to consume the equivalent of only one teaspoon of foreign ice cream per year, two foreign peanuts per year and one pound of imported cheese per year. Fair trade means that the U.S. Congress can dictate more than 8,000 different taxes on imports, with tariffs as high as 458 percent.

Webster's New World Dictionary defines "fair" as "just and honest; impartial; unprejudiced." Yet, most of the foreign trade practices deemed unfair are not considered unfair if done by the U.S. government or by an American company. The United States levied an import surtax on Thai rice in 1986 because of a small Thai government rice subsidy—though the U.S. government simultaneously provided a subsidy more than a hundred times larger to American rice growers. American trade law requires foreign companies to earn a significantly higher profit than American companies—or else be penalized as if they are selling at a loss. In federal unfair-trade investigations, foreign companies are assumed to be lying and American companies are assumed to be telling the truth.

The official U.S. definitions of unfair trade are proliferating almost as fast as the number of trade lawyers in Washington, D.C. In recent years the U.S. government has penalized foreign farmers for not paying wages to their wives and children, foreign governments for not coercing foreign companies to buy more American products and foreign companies for relying on part-time labor, making charitable donations, not having computerized sales records and failing to charge their American customers the highest prices in the world. Federal law currently assumes that foreign competition that prevents American companies from raising their prices unfairly injures them.

Federal trade policy intentionally sacrifices some industries to other industries. American manufacturers have been forced to grovel before Commerce Department officials for each ton of specialty steel they are allowed to import. Restrictions on steel-crankshaft imports in 1987 hurt diesel-truck engine manufacturers, restrictions on ball-bearing imports in 1989 hurt scores of American industries and restrictions on flat-panel computer displays hurt computer makers in 1991. Fair trade is profoundly anticompetitive: trade restrictions have given American firms monopolies or duopolies on the sale of steel rails, bicycle tires, tungsten ore, textile fabrics and numerous chemicals. Thanks to economically perverse U.S. trade laws, the more inefficient and backward an American industry is, the more likely the U.S. government will blame foreign companies for its problems.

American politicians are profiteering on allegations of foreign unfairness. For American trade policy, need is the basis of right, and political-campaign contributions are the measure of need. The more foreign unfair practices American politicians claim to discover, the more power they seize over what Americans are allowed to eat, drink, drive and wear. Each new definition of unfair trade becomes a pretext to further restrict the freedom of American citizens. In practice, fair trade means "From each according to what politicians demand, to each according to what politicians choose to give."

Medieval pursuit: Every trade barrier undermines the productivity of capital and labor throughout the economy. A 1984 Federal Trade Commission study estimated that tariffs cost the American economy $81 for every $1 of adjustment costs saved. Restrictions on clothing and textile imports cost consumers $1 for each cent of increased earnings of American textile and clothing workers, according to the London-based Trade Policy Research Centre. According to the Institute for International Economics, trade barriers are costing American consumers $80 billion a year—that's equal to more than $1,200 per family.

Government cannot make trade more fair by making it less free. The time has come to deregulate our national borders—to end the medieval pursuit of a "just price" for imports—and to cease allowing government officials to have economic life-and-death power over American businesses. It should not be a federal crime to charge low prices to American consumers.

[redacted] *the author of* [redacted] *(St. Martin's Press), writes frequently on trade issues.*

Protectionism by other means.

TOXIC DUMPING

By [redacted]

In the ostensibly benign pursuit of free trade, U.S. law bars foreign companies from "dumping"—charging a lower price for a product in an export market than in its home market, or selling a product for less than its cost of production. But like other such "free-trade" measures, instead of merely preventing unfair competition, the anti-dumping law has increasingly been wielded as a protectionist tool. In the process, U.S. trade law has itself become a trade barrier, subverting American competitiveness while enriching a handful of industrial laggards.

Since 1980 the U.S. Commerce Department has "found" dumping in 95 percent of the cases it examined, often using criteria that hold foreign competitors to absurd standards. In some cases, for example, Commerce judges the fairness of a foreign company's U.S. price by comparing it with the company's sales price in a third market. One company was convicted because its U.S. prices were 0.73 percent less than its prices to the United Kingdom. (Thus foreign companies are in effect forced to charge their American customers the highest prices in the world.) Another Commerce requirement is that foreign companies earn at least an 8 percent profit on their U.S. sales. Yet the average American corporate profit is only 5 to 6 percent. So even when a company is making a profit, Commerce can penalize it for dumping.

Once Commerce decrees that certain imports are dumped, the International Trade Commission (ITC) must judge whether the allegedly unfair imports are injuring any of their American competitors and decide what penalties to impose. And since falling profits and lost sales are taken as a sign of injury, the ITC's method of protecting American companies tends to sacrifice the strongest, most profitable U.S. industries to the weakest. In effect, ITC decisions sometimes amount to a "reverse industrial policy," says former ITC Vice Chairman Ron Cass.

The protection of weak domestic companies can bushwhack stronger domestic companies as well. In a 1989 anti-friction bearings case, the dominant U.S. petitioner was Torrington Company, renowned for its poor service and unreliable bearings. At an ITC hearing, a parade of representatives from American manufacturers begged the ITC not to cut off their supply of high-quality foreign bearings. Jacki Doxey, a bearings buyer for Stowe Manufacturing Company, said, "We have to build Torrington's notorious unreliability into our production schedules." In fact, all American companies produced low-quality bearings, and at the time also had a one-year backlog of orders. Yet the ITC decided to impose higher penalty tariffs of up to 170 percent to help the American bearings industry. Kenneth Kumm, trade manager for 3M Corporation, complained that this increased the price 3M had to pay for bearings by between 120 and 150 percent—undercutting the competitiveness of 3M's exports, as well as that of thousands of other American companies that use bearings in their products.

A recent U.S. anti-dumping duty on Japanese computer screens shows how, by narrowly protecting one part of an industry, ITC policy wreaks more widespread economic havoc. Commerce ruled that Japanese advanced computer flat-panel imports, a key component of laptop and notebook computers, were being dumped at a 63 percent margin. (Commerce concocted this number largely by vastly overestimating research costs, thereby "proving" that a profitable Japanese company was taking big losses to grab a larger share of the U.S. market.) Apple, IBM, and Compaq begged the ITC not to impose prohibitive duties. There was no viable U.S. producer of advanced computer flat panels: American computer makers could either buy Japanese or abandon the cutting edge of their industry. Yet a majority of ITC commissioners discovered injury mainly because Japanese imports prevented would-be U.S. flat-panel producers from raising the capital to begin manufacturing. They ignored the fact that even if U.S. companies had raised the necessary capital, it would have taken them three or more years to supply the U.S. computer industry's needs.

After the ITC's decision, Toshiba announced plans to move its U.S. computer-making operations abroad, Dolch Computer Company of San Jose decided to transfer jobs to Munich, Apple is moving some operations to Asia, and IBM announced on November 7 that it may shift its laptop manufacturing business to Japan. An IBM spokesman described the ITC's decision as "an eviction notice from the U.S. government to the fastest-growing part of the U.S. computer industry."

The flat-panel decision is a disaster for American competitiveness. It has penalized American computer makers because it adds more than $1,100 to the cost of producing each laptop, an expense that their foreign competitors will not have to contend with. U.S. companies are nowhere nearer to producing flat panels. And thousands of American jobs have moved overseas.

The U.S. trade law's anti-import bias will prove especially costly when steel import quotas expire in March 1992. A 1990 ITC study found these quotas actually increased the U.S. trade deficit by undercutting American exports of products containing steel. Yet the steel lobby, which effectively authored much of the current dumping law in 1974, is preparing a flood of petitions against imports, and with the current definitions of dumping and injury it should have little trouble proving its case. Petitions against steel pipe from Mexico, Brazil, Taiwan, Venezuela, Korea, and Romania were already filed in September.

Another effect of U.S. trade law is to confer de facto monopolies on American companies. The ITC's 1989 decision to penalize small business telephone system imports from Japan, Korea, and Taiwan primarily benefited AT&T. A 1991 ITC decision penalized word processor imports from Japan and Singapore to benefit Smith Corona, the sole remaining word processor producer in the United States. A 1991 ITC decision effectively gave a monopoly on the sale of benzyl paraben (a key ingredient in fax paper) to a Fitchburg, Massachusetts, company.

It would be difficult to devise a more foolish way to make national economic policy than the ITC's. Under current U.S. trade law, an industry's incompetence, a decline in demand for its products, or technological backwardness becomes an entitlement to relief from competition. The effect is to cripple competitive American companies, and to provide elaborate incentives for the gradual evisceration of American industry. In an alleged assault on "dumping," we have in fact created industrial policy designed to impair, rather than improve, the economic health of the country. Let's dump it.

[redacted] book [redacted] has just been published by St. Martin's.

THE WALL STREET JOURNAL.

NOVEMBER 26, 1991

Torpedo Shipping Protectionism

By [redacted]

The Jones Act of 1920 requires all shipping between U.S. ports to be carried on American-built, American-owned, and American-crewed ships. Though this trade restriction effectively dates back to 1817, a recent proposal by the Nordic countries to include shipping restrictions under the proposed GATT Services Code has sparked hope of abolishing this costly burden on American consumers. (The Bush administration, the world's premier free-trade theoreticians, opposes the Nordic proposal).

Shipping has long been one of America's leakiest industries. In the year the Jones Act was enacted, it cost twice as much to build a ship in the U.S. as in Britain. By 1959, American shipping costs were seven times higher than some competitors'. The Congressional Budget Office reported in 1984 that American shipyards charged three times the price of Japanese and Korean yards and were slower in delivery. Naturally, the less competitive a U.S. industry, the more vigilant Congress is to dragoon customers for it.

Since Congress has given U.S.-flag ships a captive market, congressmen feel entitled to force American shippers to hire American workers, and strong unions guarantee exorbitant salaries. U.S. ship crews cost six times more than Third World crews; American shipmasters routinely cost shipping companies $300,000 a year. The high pay breeds corruption: An FBI sting operation recently discovered that shipping jobs are illegally being sold by one maritime union.

A recent U.S. International Trade Commission study concluded that abolishing the Jones Act would save consumers as much as $10.5 billion as a result of lower shipping costs, while U.S. maritime operators would lose only $630 million in profits. Thus, the Jones Act could be costing consumers $17 for every $1 of domestic shippers' profits. Federal Maritime Commissioner Rob Quartel, who is championing the repeal of the Jones Act, estimates that the total savings from repeal could actually be $20 billion or more, as the ITC estimate did not include the costs of shipping restrictions on Great Lakes trade, forgone tax revenue, indirect effects on smaller industries, etc.

The Jones Act, by making water-borne transport far more expensive that it otherwise would be, partially nullifies the benefits of the Panama Canal for transporting goods from coast to coast. This makes it more difficult for Pennsylvania steel producers to compete against Japanese steel in California, or for West Coast lumber to compete with Canadian products in the eastern U.S. The ITC estimated that Jones Act restrictions destroyed over 2,000 jobs in agriculture, forestry, mining, and other industries.

Sean Connaughton of the American Petroleum Institute notes, "We are seeing more and more oil imports in the Northeast, and imports have driven out a lot of the previous coastwise oil trade from the Gulf Coast. The Jones Act is a very significant factor in this." U.S. oil shippers cannot compete with foreign tankers with far lower operating costs. According to the General Accounting Office, the Jones Act restrictions on oil shipping helped cause a serious shortage of heating fuels on the East Coast during a severe cold snap in December 1989.

Americans also have minimal opportunities to travel domestically on passenger ships, largely because of the Passenger Services Act of 1886, a Jones Act equivalent for the passenger cruise industry. In a free market, foreign cruise ships would offer pleasure trips from New York to Baltimore, Savannah, and Miami, and from San Diego to San Francisco. But cruise ships are prohibitively expensive because of federal buy-American and crew-American mandates. Seattle is especially victimized, as each year, hundreds of thousands of tourists fly to Seattle for cruises to Alaska—but then cross over to Vancouver, Canada, in order to catch the cruise ships. Mark Sullivan of the Port of Seattle estimates that the restrictions cost Seattle a minimum of $30 million a year in lost tourist business.

Shipping protectionism has been extended to dozens of types of boats over the years, including Hovercraft, sewer sludge carriers, and dredging ships. The Customs Service has even banned whitewater tour companies from using foreign-made inflatable rubber rafts on American rivers.

The Jones Act is often defended as providing a reserve fleet for military emergencies. But Commissioner Quartel notes that of the 400 ships used in Desert Shield by the Military Sealift Command, only one ship subsidized by the Jones Act was used. (Jones Act ships tend to be too old or of the wrong type to aid a war effort).

The Jones Act is supposed to stimulate U.S. shipbuilding. But, as New York shipping consultant Michael McCarthy observes, "There is only one commercial ship being built in the United States today—a fairly small container ship, at about twice the price of what it would cost to build abroad." Thomas Crowley, chairman of Crowley Maritime Corp., believes that the performance of American shipyards has been ruined largely by their reliance on government contracts: "Any shipyard that does Navy work isn't worth a damn for commercial work."

Though the Bush administration is demanding that foreign governments end their shipbuilding subsidies, it refuses to recognize the implicit subsidy the Jones Act provides to U.S. shipyards. Deputy U.S. Trade Representative Linn Williams declared last February that the act does not amount to a "hill of beans in terms of subsidies" and is a "commercially meaningless program" because so few commercial ships have been built in the U.S. in recent years. But, as the American Petroleum Institute's Mr. Connaughton observes, "That's kind of like saying that because we have destroyed an industry, let's make sure it never arises again."

The Jones Act engenders a chain reaction of extortion—allowing American shipyards to charge stratospheric prices to American ship buyers, allowing American-flag ships to charge shakedown shipping rates to American businesses, and allowing American congressmen to demand lavish campaign contributions from the American maritime industry (more than $1 million a year).

U.S. maritime lobbies have been so generous that three of the past five chairmen of the House Merchant Marine Subcommittee have been indicted for criminal links to the maritime industry, as Congressional Quarterly reported. (A fourth chairman was indicted for other reasons.) Former Rep. Thomas Ashley declared that the House Merchant Marine Committee "sucks from the taxpayer; it sucks from anything that isn't nailed down."

While the Jones Act fleet is relatively small and old, there are 300 U.S.-owned ships flying foreign flags. If Congress actually wanted a large U.S.-flag fleet, it could easily create one almost overnight by abolishing the build-American and crew-American requirements on U.S. owners of foreign-flagged vessels who might otherwise choose to fly the Stars and Stripes. But Congress is more interested in perpetuating maritime campaign contributions—and those contributions can be garnered only by federal policies that continue sabotaging U.S. maritime competitiveness.

[redacted] writes often on trade.

EDITORIAL/OPINION

Tariffs: Blockading Our Ports

By [redacted]

U.S. Trade Representative Carla Hills declared in 1989 that the United States is "the most open market in the world." Though this has long been an occupational delusion of U.S. trade negotiators, the U.S. tariff code makes a mockery of Mrs. Hills' statement.

Our tariff code is the accumulated junk heap of over 100 years of political payoffs and kickbacks. In 1790, the Tariff Code consisted of a single sheet of rates posted at U.S. Custom Houses; now, our tariff code occupies two hefty volumes with 8,753 different rates, a blizzard of arbitrary discriminations against and among products.

While the average U.S. tariff is now around 5%, some tariffs are still in the stratosphere. Low-priced watch parts are hit with a 151.2% tariff, tobacco stems pay a 458.3% tariff and tariffs on some shoe imports are 67%. Tariff surcharges on manufacturing components have put U.S. companies at a disadvantage in competing with foreign producers for hundreds of products.

The tariff on a special wool blend fabric used to make firefighters' protective garments is 33%. When Rep. Robert Roe, D-N.J., proposed in 1988 to reduce this tariff, the American Textile Manufacturers Institute objected. Even though American companies did not produce the special fabric, the institute thought some companies might choose to make the product if the tariff were kept high. A few more singed firemen is a small price to pay for the possibility that a domestic firm might make a fabric already supplied by foreign companies.

"Death by tariff" results when higher prices caused by tariffs result in fewer people using lifesaving drugs or equipment. In 1984, a West German company developed a lithotripter, a device that destroys kidney stones by shock waves from outside the body. Kidney stones are a common and often serious medical ailment: More than 250,000 people a year are admitted to hospitals for kidney stone treatment, and 3,349 people died of kidney stone disease in 1985.

The new German machine was a vast improvement over existing methods of surgical removal of kidney stones. Although no American companies were producing competing machines, the Customs Service imposed a 7.9% tariff on the German product. The Saint Joseph Medical Center of Burbank, Calif., paid a $189,964.32 tariff on a single lithotripter. The high tariff strongly discouraged more American hospitals from importing the medically advanced German machine. As a result, thousands of Americans in the mid- to late-1980s had to undergo painful surgery and relatively long recuperation. (The recuperation time for shock-wave treatment is much quicker than for traditional kidney surgery.) Many deaths from kidney stone surgery could have been avoided if American hospitals had not been deterred by the U.S. tariff code from quickly adopting this new technology.

The tariff code often helps one American industry by sacrificing another. The United States has 193,000 fishermen; by contrast, there are only 1,000 people employed in manufacturing fishnets in the United States. U.S. fishermen must compete every day with foreign fishermen. Yet, the tariff on fishnets is 37%. A 17% tariff on fishnets makes as much sense as a government decree that American fishermen must cut holes in their nets.

Congress will sometimes suspend a tariff on a product that is no longer produced in the United States. But if a single American company objects via their congressman, Congress will generally perpetuate the existing tariff. In a 1990 debate over suspending a tariff on a key ingredient for ulcer medicine, Sen. Lloyd Bentsen, D-Texas, the chairman of the Senate Finance Committee, declared, "I appreciate very much that the senators from North Carolina are doing their best to help a company located in their state, but given that there is a domestic competitor that raises objections, I must oppose the amendment."

Congress' current tariff policy allows a single company to hold the entire nation hostage. Regardless if a U.S. company produces only 1% of the supply of a product consumed in the United States or is only contemplating producing the item one of these years, Congress forces everyone in the nation to pay a higher price to benefit a single company.

For most congressmen, setting tariffs is an exercise in know-nothing industrial policy. Most congressmen who exercise control over the tariff code's hundreds of different chemical taxes probably could not play with a junior chemistry set without blowing themselves up. Probably not one congressmen in a hundred could give a plausible explanation of why the tariff on artificial eyes for stuffed animals is significantly higher than the tariff for artificial eyes for plastic baby dolls, or why the tariff on baby dolls is almost double the tariff on baby doll eyes.

Most congressmen could not even describe the technical products contained in different tariff classifications, yet they acquiesce to maintaining thousands of different taxes on products they do not comprehend. About all the average congressmen understands is that he will get more honorariums and campaign contributions for maintaining existing tariffs than for abolishing them.

The U.S. tariff code rests on the idea that the government can enrich a people by selectively raising the prices of politically favored items. But as Henry George noted a hundred years ago, "A discriminating pirate, who would confine his seizures to goods which might be produced in the country to which they were being carried, would be as beneficial to that country as a tariff." A Federal Trade Commission study estimated that tariffs cost the U.S. economy $81 in higher prices for each dollar of adjustment costs saved.

Tariffs are either a bailout to perpetuate uncompetitive American industries or a license for efficient American industries to gouge their customers. It makes no sense for the federal government to "improve" a level playing field by randomly inserting hundred of bumps, boulders and brick walls. Regardless of what tariffs a foreign country may have, it is not in our national interest for the Customs Service to selectively blockade our own ports.

"Prove you're not completely satisfied."

[redacted] author of [redacted]" (St. Martin's Press) and a Competitive Enterprise Institute adjunct analyst.

THE WALL STREET JOURNAL.

OCTOBER 23, 1991

The High Cost of Protectionism

By WILLIAM McGURN

"To introduce a tariff bill into a congress or parliament is like throwing a banana into a cage of monkeys," wrote economist Henry George back in 1886. "No sooner is it proposed to protect one industry than all the industries that are capable of protection begin to screech and clamor for it."

Apparently someone has heard them, judging from the 8,753 different tariffs on foreign goods imposed by the U.S. In "[redacted] (St. Martin's Press, 336 pages, $24.95), [redacted] notes the restrictions and concludes that the century since Henry George penned those words has seen "no significant evolution of the American political animal."

Subtitled [redacted] the book lays bare the protectionist barnacles that today cost the American family $1,200 per year: everything from the tariffs that force us to pay higher prices for the goods we prefer, to the quotas that limit us further when tariffs don't do the trick, and the bureaucratic mummery called "anti-dumping orders" that hits foreign companies who provide us with real bargains.

To the task of charting these follies, few come better qualified than [redacted] a frequent contributor to this newspaper and a fellow at the Cato Institute in Washington, D.C. In chapter after chapter, he shows how those crying loudest about "fair trade" are quick to spot the splinters in the eyes of our neighbors while blind to the protectionist beam in our own.

Now, on paper and in Congress, fair trade is not without its appeal: All we want, the argument goes, is a level playing field so our companies can compete. The problem is, the level playing field is a lot like the "frictionless surface" we learn about in high school physics: an interesting concept with no resemblance to reality. Those nations that have done best by their people have done so not by rigging the home field but by allowing their citizens to take advantage of whatever low prices come along without asking too many questions.

[redacted] puts it well: "The benefits of unilaterally adopting free trade now are greater than the benefits of multilateral adoption of free trade ten or fifteen or thirty years from now." Ask Hong Kong, which has totally shunned retaliation and not coincidentally has had the highest growth rate in the world over the past three decades.

Bookshelf

[redacted]

The simple truth is that you can't protect Peter without punishing Paul. Take the much-heralded Semiconductor Arrangement we forced Japan to sign in 1987 to protect U.S. chip makers complaining they weren't getting their fair share of the Japanese market. That protection came at the expense of the U.S. computer industry, for whom cheap chips were essential; one study estimated the job losses in the American computer industry at 11,000. Ditto for other areas. When Jesse Helms or Howell Heflin or George Mitchell come a-begging for help for their textile manufacturers ("America's oldest infant industry," says Mr. Bovard), what they're really doing is robbing the retail industry.

Overall, [redacted] does a fabulous job at showing how arbitrary and ultimately counterproductive our restrictive trade practices are. But at times he takes away from his own case by downplaying the lousy practices of other countries that do indeed hurt American producers. He uses the word "alleged," for example, in talking of foreign steel subsidies.

Far better to concede the foreign protection and argue, as he does elsewhere in his book, the costs of retaliation are just not worth it. "The U.S. Trade Representative retains thick files on foreign practices that supposedly justify American retaliation but keeps little or no information on how American trade retaliations or foreign counterretaliations have harmed American industries and consumers," he writes.

That message could not come at a more opportune moment. With the collapse of the Evil Empire and the renewed enthusiasm for free markets, we now have the potential for (dare I say it?) a liberal New World Order the likes of which we first saw in the Pax Britannica. Already the seeds of such an order are being sown with the wooing of Mexico (and ultimately all Latin America) into the North American Free Trade Agreement, the championing of Taiwan's entry into the General Agreement on Tariffs and Trade, and the emergence of the old Eastern bloc as a capitalist wedge against the Fortress Europeans to the west. In an ever-larger world trading order it will become increasingly expensive for countries to opt out. Maybe then it will begin to dawn on members of Congress that, to use a quaint, fittingly old-fashioned analogy, "If your neighbor beats his wife, you don't teach him a lesson by beating *your* wife."

Mr. McGurn is Washington bureau chief for the National Review.

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