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Why the Pro-Nafta Hysteria?

by Murray N. Rothbard

I'm puzzled. I'd like to know why so many free-marketeers, so many free-market thinktanks and pundits, are not simply pro-Nafta, but are fervently, frantically, almost hysterically pro-Nafta. Look, I can understand, though not agree with, mild approval. An old libertarian friend of mine, for example, told me that he was mildly pro-Nafta but

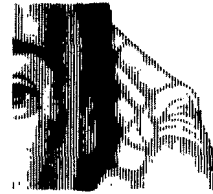
Why the furor, the passion, the enormous resources poured into praising Nafta?

not really interested in the entire topic. That seems sensible. So why the furor, the passion, the enormous resources poured into praising Nafta and reviling its critics? Why is there a highly active free-market Nafta Network, when no one has ever bothered forming a Repeal-the-Income Tax Network, or an Abolish-the-Fed Network? And if we want to confine passion to more directly political issues, why was there no Lower-Taxes Network, or Stop-the-Clinton-Budget Network? Why is the entire pack: the Cato crowd, the rest of the Kochtopus or Koch Machine, the majority at Heritage, the Tony Snows and the Steve Chapmans, why are

they going all out, playing hardball, in their frenzy to get this thing passed? Why are these gentry acting *as if their lives depended* on the passage of Nafta? Could it be because if not their lives, at least their fortunes (though scarcely their sacred honor), *do in fact* depend on it?

The twists and turns of this crowd have been truly a sight to see. First, they confidently strode forth to represent the "free trade" cause, denouncing their opponents as leftists or ignorant protectionists. But then, when hard-core free marketeers and free traders such as people at RRR, the Mises Institute, and the Competitive Enterprise Institute

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THE EAR

by Sarah Barton

The Big Four political causes now dear to Left-libertarians are: (1) anti-discrimination laws on behalf of "civil rights"; (2) anti-discrimination laws on behalf of "gay rights"; (3) Nafta; and (4) the school voucher scheme. All four have important features in common: they are key expansions of the welfare state; they expand government regulations and invade property rights; and they couch their statist and egalitarian policies in the rhetoric of "freedom" and "rights," thus providing a libertarian cover for expansions of State power.

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To what circle of Hell will these people be consigned?

Marshall Fritz, founder of the Advocates for Self-Government and booming hail-fellow-well met, was once one of the most beloved figures of the libertarian movement. And yet Marshall, who left the Advocates to found a private school and school network in his home town of Fresno, CA, is no longer mentioned in libertarian circles

or publications. What happened? Is Marshall's sudden loss of lovability connected with the fact that he has stepped on one of the sore toes of libertarian culture? He strongly opposes the School Voucher scheme, because he sees that the vouchers would extend the state controls of the public school system to the private schools and wreck them as well. But Left-libertarians love

the voucher scheme, and won't tolerate any dissent, even though, and especially because, it is dissent based on libertarian principle.

Attaboy, Marshall!

This year's collection of essays by Bill Buckley is subtitled: "Reflections of a Libertarian Journalist." Buckley now calling himself "libertarian" instead of

"conservative"? Uh oh, there goes the neighborhood!

How did Bill and Hillary meet? According to Lyn Nofziger, "they were both dating the same girl." According to a friend of mine, "they were both dating the same guy." But, hey, both stories could be true.

Left-libertarian Gerry O'Driscoll of the Dallas Federal Reserve Bank now devotes his inflation-funded time to promoting Nafta. He even lobbied fellow members of the Mt. Pelerin Society. Aren't there rules against the central bank doing this sort of thing? Anyway, Gerr has given birth to a new slogan: "If you like the Fed, you'll love Nafta."

A man phoned Rush Limbaugh to denounce Nafta, and the Limb

said, "You're my first rational anti-Nafta caller. Where do you get your information?" "From Murray Rothbard," said the caller.

Libertarian Republican Eric Rittberg has deviated only once from an isolationist foreign policy: when he supported the Gulf War. He had to support Israel, he said. ■

(PRO-NAFTA cont. from page 1)

weighed in to attack Nafta as a managed trade and international statist scam in "free-trade" clothing, the pro-Nafta gang wheeled around to denounce us as free-trade "purists," or, as Tony Snow called it in all his tom-fool ignorance, "the Adam Smith objection." But even if this crowd has no shame, surely their sudden change of front must be causing them some tactical embarrassment. For how can they pose as the champions of free trade while *at the same time* denouncing genuine free-traders as "purists"?

The "free traders" for Nafta confront their biggest problem when we point out that, under Nafta, super-governmental commissions, unaccountable to any taxpayers, will be able to enforce and "upwardly harmonize" ever greater environmental and labor regulation standards against the wishes of the citizens of each country. The reply of the pro-Nafta people is that these are scare tactics, that these enforcement provisions are really petty and minor—nothing to worry about. Well, let's consider the crucial enforcement provisions that Nafta and its side agreements hand over to these supra-national commissions. Tony Snow and Steve Chapman assure us that these provisions are petty and meaningless. But on the other hand, Kathleen Rogers, counsel to the savvy environmentalist Audubon Society, supports Nafta precisely because of these enforcement provisions. Most important, Clinton's own Trade Czar, Mickey Kantor, assures one and all that under Nafta,

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"no country in the agreement can lower its environmental standards—ever," and he applies that assurances of all-out enforcement to labor regulations (e.g. labor laws, workplace standards, minimum wages) as well.

So, if there's a difference of opinion on the strength of enforcement between Snow and Chapman on the one hand, and Mickey Kantor of the Clinton Administration on the other, whose interpretation *do you think will win out?*

There is only one sensible interpretation of these "free-marketeers": that they are serving as a rather feeble figleaf for the naked seizure of power by international statism. To return to the \$64 question: why are they investing so much passion in this effort?

Here is a possible clue to this puzzle. Take this seeming anomaly. One the one hand, in Annex 602.3 to Nafta, the allegedly "free market" Salinas government of Mexico "reserves to itself," in no uncertain terms, all possible provision of and investment in every aspect of the exploration, production, or refining of crude oil and natural gas. And yet, despite that grim fact, the heads of both the Natural Gas Supply Association and the American Gas Association, express their great enthusiasm for Nafta. As President Michael Baly of the American Gas Association puts it: "The AGA supports Nafta because it would benefit natural gas energy, equipment, technology, and services trade with Mexico and Canada."

Oh? How can this be, if the Mexican government insists on socializing all aspects of oil and

natural gas? Methinks we can smell a rat. It is not generally known that the most enthusiastic advocates of socialized energy production in the case of electricity, in the 1930s—of Boulder Dam, TVA, etc.—were the private electric utility companies. For the government built the dams, provided the electricity at cheap rates subsidized by the hapless taxpayers, *and then* resold that electricity to the private utility companies, who benefited from government-subsidized primary electricity. The private energy middlemen reaped the profits.

There is a vital lesson here: much of Big Government, much of the welfare-interventionist State, is pushed by private businesses in order to force the taxpayers to subsidize their own costs. (Just as in the even more flagrant case of military industries, the government provides contracts at whatever cost plus a guaranteed profit.) In short, business groups don't mind socialism at all when the government is *socializing their cost*.

So may it not be true that American natural gas companies expect to benefit by purchasing gas, whose cheap production will be subsidized by the unfortunate Mexican taxpayer? And doesn't this provide a lesson about our own "free-market" institutes and pundits, many of whom are subsidized heavily, past, present or hopefully in the future, by Wichita, Kansas, oil billionaires Charles and David Koch, whose mammoth privately held Koch Industries concentrates on the transportation of oil and natural gas? Query: Does Koch Industries—

which in November 1992 purchased 9,271 miles of natural gas pipelines to Mexico for \$1.1 billion—expect to benefit heavily from Nafta? And do such expectations account for the *passion*, for the fervor, of those persons and institutions who form part, in reality or in hope, of the giant Koch Machine?

As for those free-marketeers not in the Koch network, how much of the massive Mexican government lobbying in Washington is funneling moolah into these institutions? Let us not forget that part of "free-market" Nafta involves an estimated \$20 billion of foreign aid which the conned U.S. taxpayers will be pouring into the coffers of the Mexican government. How much Mexican lobbying, and how many of the possible bribes, are a down payment on this promised boodle?

If we really had a press and a media responsive to the American people and not to the malignant power elite, these questions would be investigated, and fast. In the meanwhile, we should follow our noses, and apply to the "free market" and "free trade" protestations of these worthies a liberal dose of salt. How many times will we be fooled until we realize that it is concrete policies, not cheap and cloudy rhetoric, that counts? ■

The Bringing Down of Liz Holtzman by M.N.R.

Joy oh joy! Hosanna! It would be difficult to pick, out of an