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'Mercosur' Trade: Hardly a Case for Fast Track

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The "fast track" procedure being proposed by the Clinton administration prohibits trade agreements from including worker, environmental, and public health protections even as weak as NAFTA's. Supporters of fast track claim that if we do not rush into such agreements, other nations in Europe and Asia will do so, and thus take away markets from the United States.

That the Europeans, Japanese, or Koreans would open their economies to South American production to the extent that the U.S. does is a dubious proposition. The huge share of Latin America's imports that come from the U.S. indicates an extremely formidable U.S. position in these markets. U.S. exports to this region are double those of Europe, 21 times those of Canada, and 12 times those of Japan (with whom the U.S. has a chronic and rising trade deficit).

The administration has specifically cited the need to sell in the markets of the "Mercosur" bloc — Argentina, Brazil, Uruguay, and Paraguay — as justification for making trade deals without social standards. But as the accompanying chart shows, trade with those countries, *with which we currently have no free-trade agreement,* has in recent years *moved from deficit to healthy surplus*. On the other hand, trade with Mexico, *with which we have had an agreement since 1994*, has *moved from surplus to deep deficit*.

This experience reflects the fact that healthy trade relations with other nations depend much more on economic trends, such as rates of growth, currency fluctuations, and relative inflation rates, than on agreements like NAFTA that protect investors at the expense of workers' rights and environmental protection.

The bottom line is clear: positive trade balances do not flow from bad trade deals.