

“Psst—Can We Talk?”

by Richard D. Lamm

The Race to the Bottom: Why a Worldwide Worker Surplus and Uncontrolled Free Trade Are Sinking American Living Standards

by Alan Tonelson
Boulder, CO: Westview Press;
222 pp., \$25.00

There is a story, perhaps apocryphal, about a Chinese scholar who was asked by a student, “What is the long-term impact of the French Revolution?” His answer: “It’s too early to tell, it’s simply too early to tell.”

Those borrowed words would be my response to the question of the impact of the globalization of trade on America and the American worker. It is too early to tell; and the answer is bound to be a mixture of positives and negatives rather than a simple, single answer. I believe we can say that economic history has shown that international trade generally has made the world wealthier, but that begs the larger, more complete question. Who benefits from the new global trade order? Who pays? Who sets the rules? What will be the effect of current global trading patterns a decade or two from now? How do we distribute the fruits of global trade in a fair and just manner?

Many experts don’t even consider these issues open to debate. Paul Krugman, a usually thoughtful economist and columnist, dismisses critics of global trade as “entirely ignorant men” who are “startlingly crude and ill-informed.” Paul Krugman, meet Alan Tonelson, author of *The Race to the Bottom: Why a Worldwide Worker Surplus and Uncontrolled Free Trade Are Sinking American Living Standards*.

In his articulate, passionate, yet thoughtful book, Tonelson argues that globalization has undermined American wages by greatly expanding the pool of workers potentially available to American business. The whole world is now one vast labor market for most industries,

which therefore can insist upon low wages and enforce their insistence by moving production abroad. The result is a race to the bottom for wages, but not *only* wages: The same dynamic lowers standards in worker and environmental protection. Wealth-generating entities can shop the world to find people or governments, desperate for economic advancement, who can be exploited—or corrupted.

Tonelson documents in great detail how the indiscriminate and unequal opening of America’s markets to world trade has undermined the typical American’s earning power and standard of living, despite the fact that the United States has recently experienced the longest economic expansion in the nation’s history.

Tonelson considers current trade rules to be a Faustian bargain by which many governments sell their national souls (i.e., compromise just wages, worker safety, and environmental health) to gain some short-term economic benefit. He warns America against confusing temporary success in trade with long-term success and maintains that we are paying a much higher price for global trade than most Americans know—or admit. The “race to the bottom” was inevitable and will continue, with great danger to a majority of Americans.

Tonelson demonstrates how the benefits of global trade flow unequally to those in the upper-income brackets. A few benefit, while the majority of American workers pay the price. He claims that, taking inflation into account, global trade for the last 25 years has helped cause the living standards (as measured by compensation received for every hour of work) of an overwhelming majority of Americans either to stagnate or decline. For the first time in the nation’s history, a generation of Americans is, on the whole, doing worse economically than its predecessors, despite many years of solid American economic performance. Not only have low-income workers seen their living standards deteriorate, but, between 1973 and 1998, real hourly wages fell for the bottom 60 percent of the entire workforce in the United States. For another 10 percent, real hourly wages rose a miniscule seven cents during this 25-year period, while virtually all of the gain went to those in the top five or ten percent of

American households. Hardest hit by this trend are low-income workers, on whom the impact of uneven trade is far greater and whose skill levels make them the most vulnerable. If Tonelson is correct, that means that, for 25 years, seven out of ten American workers failed to keep up, or merely kept even, with living costs, though most of these years saw solid national economic growth. It is almost impossible to find a category of production worker that has stayed significantly ahead of living costs since the early 1970’s. Tonelson quotes Lester Thurow of MIT as remarking that not since 1929 have real wages fallen for most American workers at the same time that output per worker was rising. For most of us, regardless of political philosophy, there is something wrong with this picture.

In 1994, every American was essentially competing with 21 people from all over the world (as opposed to fewer than three people in 1989); this number can only expand, and expand dramatically, with the increased globalization of trade. American workers at many levels, either by outsourcing or by the effects of immigration, will find themselves competing with workers throughout the world who are willing to work for far less than American wages. In a world where about two billion people live on less than \$700 a year, this cannot be good news to the American wage earner.

Tonelson claims that the impact of the trade deficit is larger than generally estimated by official trade statistics, many multinational companies having established production facilities abroad that used to be located in the United States. As a result, when parts and raw materials are shipped to foreign facilities by parent companies in the United States, they are counted as “exports” under official U.S. trade figures, even though they reenter the country as imports after most of the added high-value work has been done abroad. The process cannot possibly produce the kind of job-creating and wage-boosting effects in the United States that most Americans assume exports have accomplished. Quite the contrary: In many instances, these exports deserve to be equated with displaced American jobs as surely as do imports that compete with American-made goods. This is not “ex-

porting" in any traditional sense of the word: Rather, the process is outsourcing, the net effect of which is the loss of American jobs.

I question, though, whether Tonelson adequately deals with two related points. One is the long-term impact of our annual record-breaking trade deficits. Won't another shoe drop as the United States turns from the world's largest creditor nation to the world's largest debtor nation? Won't there be a delayed impact from trade deficits long after the immediate impact is absorbed? There may be both an immediate job loss *and* a delayed loss in the American standard of living. It seems only common sense that, when one generation imports more than it exports and gives dollars to make up the difference, another generation will have to reclaim those dollars by exporting more than it imports (or else turn over American assets to redeem the dollars held abroad). Has America fully calculated the impact of the staggering trade deficits that characterize our recent trade policy?

And what about the related thorny issue of immigration? Most immigrants are poor; their poverty is what brings them to the United States in the first place. This drives down the wages of low-income Americans even more directly than trade policy does. Is there any real difference between exporting a job through trade and importing a worker through immigration? Tonelson touches on the problem but backs away from a full discussion of the impact of massive immigration to this country.

Immigration policy is almost a taboo subject in most quarters. Perhaps that is because, as Edward Abbey once pointed out, conservatives love cheap labor while liberals love cheap causes. Whatever the motivation, we largely ignore the effect immigration (which adds approximately one million mostly poor, unskilled people to the American population every year) has on the American worker and on American society. When you increase the supply of immigrants to the low-skilled workforce, inevitably you depress wages and working conditions. The National Academy of Sciences has found that immigration has a definite negative impact on lower-skilled, less-educated Americans, thus widening the gap between rich and poor in this country. Not only are immigrants poor when they come here, they are more likely than the native population to remain poor. Present-day immigrants have less education,

fewer skills, pay less in taxes, and are more likely to avail themselves of welfare and other government services than native households are. These facts, however, are seldom mentioned in public.

America needs and deserves a broader, more thoughtful debate on trade policy and immigration than we have generated to date. Both phenomena have larger costs than we currently are willing to admit. Tonelson's book could help start that debate.

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Wolfe in Wolfe's Clothing

by George Garrett

O Lost: A Story of the Buried Life

by Thomas Wolfe

Text established by Arlyn and Matthew J. Bruccoli

Columbia: University of South Carolina Press; 736 pp., \$29.95

To Loot My Life Clean: The Thomas Wolfe-Maxwell Perkins Correspondence

Edited by Matthew J. Bruccoli and Park Bucker

Columbia: University of South Carolina Press; 340 pp., \$39.95



What we have here are two good books published by the increasingly adventurous University of South Carolina Press in celebration of the centenary of Thomas Wolfe (1900-1938). *O Lost* is the original version of what became *Look Homeward, Angel* (1929), the text being carefully established and edited by Arlyn and Matthew J. Bruccoli from a pencil draft in 17 ledgers, a typescript carbon copy (with a few missing pages), and five clusters of the ribbon copy. The editors tell us that "The setting copy of *Look Homeward, Angel* is unlocated and presumed lost." The job of composing an accurate text—a labor of love by the editors who have foregone any earnings and royalties in favor of the Wolfe estate—was more complicated than it might have been since neither

Wolfe nor his famous editor, Maxwell Perkins, nor his typist, Abe Smith, troubled themselves very much with small details. Most of the line editing and proofreading and correction for Scribner's was accomplished by poet-editor John Hall Wheelock. A few months after publication of *Angel*, Wolfe received a letter from Louis N. Feipel, whose hobby was proofreading published books and who sent Wolfe a list of hundreds of errors and inconsistencies. According to the editors, none of these errors and inconsistencies in *Angel* was ever emended. The scholarship is solid, and the strategy of the editors direct. "The rationale for this edition is to establish the text of *O Lost* that should have been published in 1929 by Charles Scribner's Sons after necessary editing, house styling and proofing."

To Loot My Life Clean: The Thomas Wolfe-Maxwell Perkins Correspondence, published simultaneously with *O Lost*, is what it announces itself to be and something more. It offers some 251 letters exchanged between Wolfe and Perkins, John Hall Wheelock, Charles Scribner, III, and others at Scribner's, roughly two thirds of which have never been published. The letters are presented chronologically from the March 1928 "Note For the Publisher's Reader," written before Wolfe first made contact with Perkins, to Perkins' final telegram to Fred Wolfe on the occasion of Tom's death—"Deeply sorry . . ." In addition to useful notes, there are five appendices—"Undatable Letters," "Unmailed Wolfe Letters," "Maxwell Perkins' Biographical Observations on Thomas Wolfe," "Errors and Inconsistencies in the Published Text of *Look Homeward, Angel*," and "Scribner's Alteration Lists for *Of Time and the River*." Taken together, these two books, among other things, definitively dispel the popular myth that, somehow or other, Wolfe was an invention of Maxwell Perkins. As Bruccoli and Bucker put it,

According to the popular version of this story, Wolfe was an undisciplined writer whose exuberant, overwritten prose could only be published through a collaboration with his editor. Perkins is portrayed as a controlling editor-father to Wolfe, the child-writer, from whom words flowed unhindered and unexamined. . . . The letters published here document Wolfe's artistic and professional problems