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## Protection Racket

Democratic hostility to trade is the most worrying trend of the presidential campaign.

By **Pete du Pont**

As the Democratic presidential campaign marches on, its most alarming public policy issue is Hillary Clinton and Barack Obama's antitrade advocacy.

As liberal leaders, they are of course for higher income taxes, greater federal spending, and rapid withdrawal of American forces from Iraq. But passionate protectionism illustrates the pro-government, anti-market philosophy that is the core of their beliefs, and it reflects the seriously wrong direction in which they will take America if one of them becomes our next president.

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International trade is good for the U.S. economy. It creates jobs to produce the products America exports, provides workers for foreign companies that produce goods here, and broadens the choice of goods and services available to us.

So the good news is that America's international trade is constantly increasing. U.S. exports grew 12% in 2007, and the U.S. Department of Commerce reports that since the first General Agreement of Tariffs and Trade, in 1948, U.S. total trade as a percentage of gross domestic products has risen to more than 29% in 2007 from less than 10%. According to a Heritage Foundation study "The U.S. is the world's largest exporter. U.S. exports amounted to \$1.6 trillion in 2007 alone and those exports generated 25 percent of U.S. GDP growth."

Trade creates jobs. America's exports of goods sold abroad--electrical machinery, chemicals, plastics, agricultural products, medical and scientific instrumentation, for example--support six million American jobs. Exports of services account for another five million jobs.. And foreign-owned companies operating in the U.S. directly employ five million American

workers, including 16,000 in Ohio by Honda, 5,400 in South Carolina by BMW, 6,000 by Nokia and 15,000 by Nestlé.

The president's recently released 2008 Trade Policy Reports take a look at the effects of trade over the past seven years. America's "exports to the world increased 50 percent" and reached 12% of GDP, the highest share in our history. We have free trade agreements with 20 countries (three of which are not yet approved by Congress), and U.S. exports to the 11 most recent trade agreement countries "grew over 70 percent faster on average than did U.S. exports to the rest of the world." To put free trade in economic perspective, "In 2007 U.S. exports grew more than twice as fast as imports (over 12 percent versus less than 6 percent) and the trade deficit dropped by over 6 percent."

So free trade is helping, not hurting, the American

economy. Of course our economy changes over time (all economies do), and we have shifted from heavy industry to a more information-based service economy. But overall job growth has nevertheless been positive. USA Today reported recently that in Ohio, where Mr. Obama and Mrs. Clinton have strongly argued for protectionism, since Nafta took effect in 1994 there has been "a net gain of 900,000 jobs, including 60,000 in finance, 80,000 in professional services and almost 190,000 in health care." The Ohio Department of Development reports that 283,500 of its state workers currently earn their living in the export sector.

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And yet one of America's political parties and some of its supporters in the press believe that free trade is a bad idea. Sen. Max Baucus and Rep. Charlie Rangel, chairman of the Senate Finance Committee and the House Ways and Means Committee respectively, don't want Congress to approve the pending trade pact with Colombia. And CNN's Lou Dobbs amazingly just "cannot find anyone for whom free trade is good."

Most important, Mr. Obama says that "I don't think Nafta

has been good for America-- and I never have," and that it was an agreement "that undermines our economic security." He allows that the Central American Trade Agreement was "probably a net plus for the U.S. economy," but he nevertheless voted against it.

Mr. Obama is the leading advocate of a "patriot employers" labor plan. Companies would get a 1% federal income tax reduction if they pay 60% of each employee's health care premiums, pay a higher minimum wage, have retirement plans for all employees, remain neutral in "employee organization drives" (that is, refrain from contesting union membership for their employees), and, for companies with at least 50 employees, refrain from reducing the ratio of full-time workers in the U.S. to those abroad.

Mrs. Clinton is equally protectionist. She co-sponsored the "patriot employers" act, says she has "long been a critic of the shortcomings of Nafta" (never mind that her husband championed it), opposes the Colombia trade pact because it doesn't do enough to protect Colombian trade unionists, wants "trade time-outs" for some years, and wants to re-

evaluate trade agreements every five years even though that would cripple free trade. All this could mean sharp declines in America's trade, jobs and revenues.

On the other side of the aisle, Sen. John McCain has a different viewpoint: He believes in the value of trade and recognizes it would be a mistake to "abrogate trade treaties, and pretend the global economy will go away and Americans can secure our future by trading and investing only among ourselves."

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Opposing free trade and believing NAFTA has not "been good for America" is a serious misunderstanding of an essential truth: trade agreements that open market opportunities with other countries are very good for America. Limiting our country's participation in world trade would be an economic catastrophe, costing us revenues and jobs and reducing the choice of products for people and industries.

And yet limiting free trade is the chosen public policy of the Democrat Party and its candidates for president. That would be a harmful and depressing national public policy.