

**December 23, 2007**

EDITORIAL

## Trade and Prosperity

With most polls showing that voters believe trade with other countries is hurting the American economy, it is not surprising that there has been a lot of posturing about the perils of trade on the campaign trail.

Democrats have been most tempted by the protectionism. John Edwards likes to talk about how trade agreements like Nafta “have hurt workers and families while helping corporate insiders.” Senator Hillary Clinton has suggested that the economic theories underpinning the cause for free trade no longer hold, and has said she would review all of the United States’ trade agreements.

Even Republican candidates — normally staunch supporters of expanding trade — can sound skeptical. “I don’t want to see our food come from China, our oil come from Saudi Arabia and our manufacturing come from Europe and Asia,” complained Mike Huckabee. Mitt Romney defends globalization’s record of improving living standards, but cannot resist drawing an applause line by adding that the government should negotiate better with other countries to make sure “the American worker gets a fair shake.”

It would be unfortunate for the United States if the winner of the 2008 election elevated skepticism toward trade from a red-meat sound bite on the campaign trail to a new wave of protectionist policy.

Many Americans are experiencing economic anxiety. Wages for most workers are going nowhere. It is a sad fact that despite enormous gains in productivity over the past few decades, the wages of typical workers are only marginally higher than they were a quarter of a century ago. But throttling trade — say, by reconsidering existing agreements — would hurt a lot more people than it helped. There is scant evidence that trade has played a big role in holding down typical workers’ wages. There is abundant evidence that it has contributed substantially to America’s overall economic growth. It offers American producers access to foreign markets. It multiplies choices for producers and consumers. Foreign competition spurs productivity growth at home.

Trade, like technological change, can produce wrenching dislocations that hurt some workers. But trade barriers are not the proper tool to deal with these changes. What is needed is a bold strategy to rebuild a functioning safety net, deploying some of the vast wealth this nation has gained through globalization to assist those hurt by the forces of economic change. This will allow Americans to embrace globalization, rather than fear it.

The planks of this strategy include health care reform, to ensure that workers who lose their jobs do not also lose access to affordable health insurance, and a form of extended unemployment insurance for all displaced workers, not just those hurt by trade. More progressive taxation — using tools like the earned income tax credit — should be used to address the stagnation of incomes. And more should be spent on the continuous training and education of workers throughout their lives.

It is unclear whether the next president will have the vision to carry through these changes. The Republican

candidates' posturing on trade has been pretty much substance-free. But considering the field's uniform approach to economic policy, in which all taxes are bad and most nondefense spending is worse, it is unlikely that a Republican president would be interested in investing in such an expansion of America's social safety net.

The Democratic candidates, on the other hand, tend to be on the right side of the discussion on issues like universal health care, education and social spending. But all of them have included hints of defensive trade policies amid their proposals. Barack Obama has offered the most resistance to the easy path of blaming imports from foreign countries for the woes of the American middle class. "Global trade is not going away, technology is not going away, the Internet is not going away," he said in New Hampshire. "And that means enormous opportunities, but also means more dislocations."

But Mrs. Clinton proposes a "timeout" on future trade agreements, including the World Trade Organization's global trade negotiations, and a reconsideration of existing deals — including Nafta, a cornerstone of Bill Clinton's presidency. Mr. Edwards also talks of "redoing" Nafta. All the Democratic candidates agree that trade agreements should be amended to attach provisions about minimum labor standards.

These changes would do virtually nothing to protect American workers from the disruptions wrought by trade, technology and other economic forces. A protectionist agenda would hurt them.

[Copyright 2007 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)

---