

## Advance a Global Pro-Trade Agenda

Increasing liberalization of world trade is a key factor behind the dramatic increase in global prosperity since the 1950s. However, in recent years, free trade and globalization have come under assault from populist politicians. This demagoguery has led to some costly real-world consequences. Free trade agreements (FTAs) with friendly nations negotiated years ago remain stalled by Congress. Some lawmakers decry China's currency "manipulation" as an unfair subsidy and seek to impose retaliatory duties on Chinese imports, even though lower prices on Chinese goods benefit American consumers. And internationally, the World Trade Organization's (WTO) Doha Round remains stalled due to rich countries' reluctance to reduce their extensive agricultural support programs, which distort the world market and harm developing countries' ability to compete.

The progress that more open trade can bring is increasingly threatened by efforts to insert environmental and labor standards into trade agreements, which function as a form of disguised protectionism. Imposing American- or European-level environmental and labor standards on developing countries would deprive poor people of jobs and harm the environment in those countries by undermining their economies' varying competitive advantages. There is also a more recent push to introduce carbon border

taxes to penalize countries that have not taken steps to enact Kyoto Protocol-like regimes. Yet increasing wealth—via liberalized trade—is a key to raising both labor standards and environmental protection in the developing world.

Some constituencies seek this disguised protectionism. In the United States, organized labor would like to restrict labor market competition for its members by thwarting international trade liberalization as well as bilateral trade negotiations. Environmentalists likewise would like to "export" U.S. environmental mandates to poor countries.

In addition to its economic benefits, trade liberalization can help improve relations with neighbors, allies, and emerging nations. Congress should approve pending bilateral trade agreements with Colombia, Panama, and South Korea. These free trade agreements were negotiated years ago, and all three countries are U.S. allies. The U.S.-Korea FTA has been endorsed by the Obama administration, but its implementing legislation has to be approved by Congress. That agreement would not only be an economic boon to both countries, but would strengthen political ties with one of the U.S.'s staunchest allies in East Asia. If closer ties with trading partners are not negotiated, the U.S. stands to lose out on increased economic growth through trade.

More open trade greatly benefits consumers. Too often, consumers have been neglected in the mercantilist assumptions that frame most trade debates: “Exports good, imports bad.”

Since the end of the Second World War, American presidents and majorities in Congress from both parties have consistently pursued

trade liberalization as a key American interest. The Obama administration and the new Congress should resist calls for divisive and misguided protectionist measures that would harm our fragile economy and isolate the U.S. from its international interests.

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