



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

Bush as Fake Free-Trader

by Sheldon Richman

President Bush is the most protectionist president since Ronald Reagan. And that's saying something, because Reagan was the most protectionist president since Herbert Hoover, who signed the infamous Smoot-Hawley Tariff and helped turn a recession into the Great Depression.

Take note: all three presidents mentioned are Republicans. No wonder many people still think that capitalism is merely a rationalization for helping politically connected business interests. President Bush, with a straight face, can announce to the world, as he just did in London, that he is a free-trader — while wooing electoral constituencies by slapping Chinese fabrics with quotas (which had been previously removed) and foreign steel with high tariffs. If that's being a free-trader, I'd hate to see him as a protectionist. Why should those whom Bush urges to lower trade barriers take him seriously?

The president is a “free-trader ... but.” And the list of buts is endless. In London he said free trade works only when the playing field is level. Since playing fields are never level we never get around to free trade. How convenient.

I guess it is a sign of progress that even protectionists have to claim to be free-traders (“but”). However, we consumers are still denied the benefits of open markets.

Here's what the counterfeit free-traders don't want you to know: We should open our markets not primarily to get others to open theirs, but rather to enjoy the fullest array of the world's products. Our standard of living is determined by the accessibility of the goods and services we want. Opening our markets means that we are free to buy what we want from whomever we want. In that way we can get the most from our incomes. That's the route to prosperity.

Notice what else that means: other people's success is not a threat to us. It's a boon. That ought to be common sense, but common sense is scarce. Listen to how people talk about China. You'd think we were living in the midst of a new Yellow Peril. This “threat” is not the result of its army or authoritarian political system. It's the result of its economic growth. The Chinese are getting too good at making things we want. Are we just going to stand by and let that happen?

President Bush says no. He's going to limit the amount of fabric the Chinese will be permitted to sell to Americans. That's free trade, Republican-style.

What is China in a position to do to us? Heavyweight thinkers, such as CNN's Lou Dobbs, answer that we are "exporting jobs" to China and putting Americans out of work. Please. Manufacturing jobs have been diminishing here for decades, mostly because of better machines. Manufacturing is still a big part of the American economy. But now it takes fewer people to make an increasing volume of goods. It's called capital investment — and progress.

Less-skilled work has always shifted to low-wage developing countries, but that makes perfect sense. The Chinese "threat" looks less formidable when you realize that the jobs being done in China would be done in other developing countries (not America) were China not growing economically. As the *Economist* writes, "The rich world's scapegoat of choice is China." Don't be fooled. The anti-China talk is coming from vested economic interests who don't care if Americans have to pay more for consumer goods.

Yes, the Chinese are starting to compete with Americans in higher-skilled jobs. But for those who worry about Americans' being permanently out of work, that's something we won't face until we return to the Garden of Eden. Since we all want more things, there's no limit to the work to be done — as long as government doesn't burden entrepreneurs.

To be sure, China doesn't fully practice free trade, although imports are rising faster than exports. But the United States is in no position to cast stones. The U.S. government maintains a host of protectionist barriers, and the trend is toward more not less. Keeping trade promises isn't its strong suit.

Sheldon Richman is senior fellow at The Future of Freedom Foundation in Fairfax, Va., author of *Tethered Citizens: Time to Repeal the Welfare State*, and editor of *Ideas on Liberty* magazine.

This article was originally published in November of 2003.