

Why fairer trade does not mean an end to free trade

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By John Sweeney
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There has been much lamentation in recent weeks that America could take a turn towards protectionism in the wake of the US mid-term elections. -Editorialists have weighed in with concerns that the new Congress will reject the so-called free trade policies of the Bush administration, stifling global growth and trampling the aspirations of the world's poor. "Free trade has definitely left the building," wrote Jacob Weisberg (Comment, Financial Times, November 8).

It is true that trade played a crucial role in the public debate leading up to the recent election. Many candidates who defeated incumbents on November 7 staked out positions critical of current US trade policy. They called for reorienting trade, tax and currency policies away from protecting the interests and profits of companies operating abroad. They argued in favour of policies that would support the creation and retention of good jobs in the US and its trading partners, strengthen workers' rights and environmental protections in trade agreements and defend the ability of national governments to regulate in the public interest. They vowed to press the Bush administration to enforce US and World Trade Organisation trade rules more aggressively with countries such as China that breach international trade and human rights obligations.

The American Federation of Labor and Congress of Industrial Organizations is looking forward to working closely with the new Congress to ensure that bilateral trade agreements include enforceable protections for core workers' rights; to end tax breaks for companies that move jobs offshore; to insist that the Chinese government stop manipulating its currency and take concrete steps to improve workers' rights; and to invest in cutting-edge education, training, infrastructure and research so that US workers and producers have the tools to compete successfully in the global economy.

This is not the end of free trade, but a much needed correction in course. The trade debate has changed dramatically in the past couple of decades, but many editorial writers and academic economists remain mired in the outdated debate about free trade versus protectionism. In this narrow view, any criticism of a proposed trade agreement, or rejection of a particular approach, is excoriated as isolationist, xenophobic, selfish and nationalist.

Yet trade agreements in 2006 are complicated affairs, often hundreds of pages long, chock-full of protections for powerful corporate interests. It is reasonable for elected officials to evaluate these agreements on their merits and on how the interests of multinational companies, workers, small businesses, farmers and the poor are balanced.

Moreover, even the most ardent free-trade advocates admit that trade liberalisation has an impact on the distribution of income and has contributed to stagnant real wage and income growth of recent years (while productivity growth soared). It is clear that domestic tax and social policies have tended to exacerbate, rather than correct, growing domestic wage inequalities.

Policymakers today face a much more complicated dilemma in charting a fair and politically viable strategy for how each nation engages in the global economy. In a democracy, it is both natural and right that elected officials would give priority to concerns about domestic living standards and good jobs, rather than focus exclusively on the rhetorical construct of "free trade".

Politicians who reject trade agreements that protect the profits of pharmaceutical companies at the expense of sick people in poor countries are neither protectionist nor anti-poor. Politicians who demand that trade agreements include enforceable protections for workers' rights are staking out a principled position for fairness in the global economy - not an end to trade. Fairer trade rules are essential to improving the lives of vulnerable and disenfranchised workers in developing countries, as well as the jobs and living standards of US workers.

President George W. Bush's pro-corporate trade agenda has delivered an \$800bn trade deficit, stagnant real wages and the decimation of the US manufacturing sector, while exacerbating human rights abuses and inequality in many of our trading partners and inflaming anti-Americanism.

US voters rejected these flawed policies - not because they want to stop trading with the rest of the world, but because they want human rights, good jobs and sustainable development placed at the centre of our trade policy. If Mr Bush cannot or will not deliver, his ability to move an aggressive trade agenda will deservedly suffer.

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