

Free Trade, Fast Track and National Security

by Brink Lindsey

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During the Cold War, American trade policy pursued aims that transcended merely commercial considerations. Supporters of market-opening trade agreements saw them as a vital adjunct in the larger struggle against communism. In the new era that commenced on September 11, trade policy can once again serve the higher cause of national security. If it fails, an important front in the war against terrorism will have been abandoned.

For most of America's history, the "tariff question" fell within the realm of domestic policy -- and in that realm, domestic protectionist interests generally carried the day. In the shadow of the Soviet challenge, however, a new bipartisan consensus emerged in favor of international collaboration to reduce trade barriers. Strengthening commercial ties with our allies would serve to maintain Western solidarity; meanwhile, opening our markets to developing countries would help to keep them out of the Soviet orbit.

President Eisenhower played a pivotal role in bringing historically protectionist Republicans into the new free-trade coalition. He was emphatic that parochial anti-import interests must give way to the overwhelming national interest in an open and prosperous international economy. "[A]ll problems of local industry pale into insignificance in relation to the world crisis," he declared. It was vital that the trading system allow "backward people to make a decent living ... [or else] in the long run we must fall prey to the communistic attack." Protectionism, under the circumstances, amounted to "shortsightedness bordering upon tragic stupidity."

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President Kennedy was no less forceful in linking free trade and national security. "[W]orld trade is more than ever essential to world peace," stated the 1960 Democratic Party platform. "We therefore must resist the temptation to accept remedies that deny American producers and consumers access to world markets and destroy the prosperity of our friends in the non-Communist world." Kennedy put those words into action with his 1962 Trade Expansion Act, which made possible the breakthrough "Kennedy Round" of world trade talks. He praised the

legislation as "an important new weapon to advance the cause of freedom," since "a vital expanding economy in the free world is a strong counter to the threat of the world Communist movement."

In the wake of September 11, the national-security dimension of trade policy is once again plainly visible. It is now painfully clear that Americans live in a dangerous world -- and that the primary danger at present emanates from the economic and political failures of the Muslim world. Those failures breed the despair on which violent Islamist extremism feeds; no comprehensive campaign against terrorism can leave them unaddressed.

Market opening in the Muslim world is desperately needed. Trade and investment barriers are pervasive, and exports other than oil remain puny. It's true that scrapping protectionist policies, by itself, will not guarantee economic revitalization. But the fact is that integration into the larger world economy has been central to every developing-country success story of recent times. Exposing the economy to foreign competition and capital acts as a catalyst for more systemic reforms. And over the longer term, such far-flung examples as Chile, Mexico, Taiwan, and South Korea demonstrate the interconnectedness of globalization, economic dynamism, and eventual democratization.

Meanwhile, we in the West can do more to facilitate Muslim countries' participation in global commerce. Trade barriers in the United States and Europe remain formidable for precisely those products that poorer countries are best able to export -- namely, food and textiles. Consider the case of Pakistan, a strategic linchpin in the war on terrorism. Some 60 percent of the country's industrial work force is employed in the textiles sector, yet further growth is hampered by import quotas and high tariffs that block access to rich-country markets.

Unfortunately, the same shortsightedness condemned by President Eisenhower a half-century ago is hampering trade policy's usefulness today as a weapon against terrorism. The bipartisan pro-trade consensus has collapsed, as most congressional Democrats have opted to forsake the legacy of JFK for that of Herbert Hoover. A crucial House vote on fast track (now called "trade promotion authority") is scheduled for today, Dec. 6, and at this point only a handful of Democrats support the bill - despite its unprecedented concessions to labor and environmental concerns. If fast track fails yet again, the newly launched "Doha Round" of World Trade Organization talks will be dead in the water. And on the other side of the aisle, House Republicans have nixed a Bush administration initiative to expand quotas and slash tariffs on textiles from Pakistan.

Congressional myopia seems likely to prevail absent forceful intervention from the White House. President Bush has made amply clear that fighting terrorism is the overriding priority of his administration. To wage that fight with maximum effectiveness, he will need to convince Congress and the nation that promoting world trade will help to defeat the destroyers of the World Trade Center.