



## Ideas Changing the World

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### Daily Policy Digest

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#### Trade Issues

February 3, 2011

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#### Free Trade: More than Exports

The case for free trade is much broader than the one that trumpets only export potential. And it is more elegant. The most principled case for free trade is a moral one: voluntary economic exchange is inherently fair, benefits both parties, and allocates scarce resources more efficiently than a system under which government dictates or limits choices. After four years of stasis on the trade front, the new environment is a welcome change. Removing barriers to trade -- in both directions -- is essential to sustained economic recovery and long-term growth, say Daniel Ikenson, associate director of the Center for Trade Policy Studies at the Cato Institute, and Scott Lincicome, an international trade attorney.

- Beyond the moral case for free trade, when people are free to buy from, sell to and invest with one another as they choose, they can achieve far more than when governments attempt to control their decisions.
- Widening the circle of people with whom we transact brings benefits to consumers in the form of lower prices, greater variety and better quality.
- It also allows companies to reap the benefits of innovation, specialization and economies of scale that larger markets afford.

Free trade creates prosperity and supports rising living standards. It is also essential to America's continued prosperity. As the world's leading producer of goods and services, the United States needs to ensure that production and supply chains remain open in both directions.

Source: Daniel J. Ikenson and Scott Lincicome, "Beyond Exports: A Better Case for Free Trade," Cato Institute, January 31, 2011.

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