

D Dowd Muska



[Home](#)

[Puncturing Protectionists' Poppycock](#)

[Column Archive](#)

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[Bio](#)

Daniel Griswold must love abuse. Why else would he write *Mad About Trade: Why Main Street America Should Embrace Globalization?*

[CV](#) 

[Links](#)

[Contact](#)

Griswold works for the Cato Institute, a libertarian think tank based in D.C. He has the temerity to believe that globalization plays a “largely positive role” in America’s hyper-dynamic economy. Fighting words, in an era dominated by camera- and microphone-hogging critics of the “Benedict Arnold CEOs” who ship “American” jobs abroad.

In protectionists’ facile morality play, international trade is a raw deal for the nation -- millions of workers lose quality jobs, even more see their wages drop due to cheap competition, and funny-sounding foreigners grow rich from bought-and-paid-for fedpols who gleefully foster the “deindustrialization” of America. But as *Mad About Trade* argues in meticulous detail, get your “facts” from Lou Dobbs and his ilk, and you’ll remain ignorant of the gifts of border-crossing commerce.

Griswold thoroughly demolishes the myths that underlie tariffs, export subsidies, and job-retraining programs. Take the oft-cited gap between what the nation imports and exports. The unapologetic globalization-booster explains that “the key to understanding America’s trade deficit is the counterintuitive fact that it is much more about investment flows than trade.”

In 1994, Paul Krugman, who before becoming a column-writing shill for the Democratic Party was an economist, put it plainly: “As a matter of straightforward accounting, the United States always buys exactly as much as it sells from the rest of the world. If it sells foreigners more assets than it buys, it must correspondingly buy more goods [and services] than it sells.”

The dollars countries obtain when we purchase from them come back to the homeland in a variety of ways. Some are bad -- by using its trade surplus to acquire an uncountable number of Treasury bills, China is an enabler of America’s massive budget deficits. (Who’s to blame for that transaction?)

But other dollars make the return trip through “insourcing.” Our market is huge, our consumers are wealthy, and America’s tax and regulatory burdens remain, by global standards, relatively light. No wonder multinationals based in Asia and Europe -- e.g., Maersk, Panasonic, Sony, Nestle, Siemens, Toyota, Honda, BAE Systems, Fuji, and GlaxoSmithKline -- create so many jobs here. In 2006, more than 5 million Americans were employed by affiliates of non-U.S. corporations. (The state with the highest percentage of its citizens working for foreign firms? Connecticut.) Two million of those workers were in the manufacturing sector.

Foreign-owned businesses aren’t the only U.S.-based enterprises that profit from trade. Griswold notes that over “half of what Americans import each year are not final consumer products sold by retailers, but goods used by American companies to produce their final products here in the United States.” Driving up the cost of those raw materials through quotas and tariffs is no way to help consumers struggling to cover core expenses in a brutal recession.

Of all the contributions *Mad About Trade* makes to the debate over globalization, its exposure of America’s hypocrisy might be the most valuable. The United States is hardly a “free-trade nation.” If you’re a foreign airliner looking to fly between U.S. cities, don’t bother to apply. Own a fleet of shipping vessels you think can grab a share of the market toting goods between U.S. ports? Nope, you’re not wanted, either. Got a sweet tooth? Americans pay much more for candy than necessary. Since the passage of tariff-rate quotas in 1981, sugar has cost “two to three times the world price.”

Not all anti-trade tricks were born in Washington. The European Commission has documented the ways governments at the state and local level grant “preference to domestic suppliers or products, or exclud[e] foreign bidders or products altogether.” For example, ten states require that U.S.-made steel be used on government building projects, even if steel

can be procured less expensively abroad. (Yes, Connecticut is one of the ten.)

The book contains at least a dozen more spin-shattering revelations, including the *strength* of manufacturing in the U.S., the widespread availability of high-paying jobs in the service sector, the nation's trade *surplus* in services, the reality of NAFTA, the hollowness of revisionists' belief that tariffs gave America its industrial might, and the reasons why Ron Paul and Ralph Nader are wrong about the World Trade Organization.

Powerful forces -- executives terrified to submit their industries to planetary competition, greedy union bosses, and power-crazed, populist pols -- derive benefits from demonizing the international buying and selling of goods and services. The publication of *Mad About Trade* makes their job a lot tougher.

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