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U.S. Economic Policy without free trade equals a poorer economy

 November 28, 10:14 AM | [Tampa Economic Policy Examiner](#) | Darin Clark

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U.S. Economic Policy without free trade equals a poorer economy.

U.S. Economic Policy initiatives are in many instances these days self-defeating. Politicians and Americans in general are seemingly allowing what economist Brian Caplan (in his book, *The Myth of the Rational Voter*) refers to as anti-foreign bias to direct our trade policies.

Although the "Classical Economist" (e.g., Adam Smith, David Ricardo, John Stuart Mills, and the like) were not likely the first to

understand the benefits from trade and expanding the division of labor, their writings helped to influence nations to adopt a "free trade" mentality. As a result, nations that begin to trade with one another experienced a dramatic increase in productivity, in turn leading to a rising standard of living.

The nations of Chile and the Four Tigers' region (Hong Kong, Singapore, South Korea, and Taiwan) are most recent examples of trade induced economic growth.

Published on Investors.com's [IBD Editorials](#) on Wednesday, citing Cato Institute economist, Daniel Griswold, the U.S. is currently slipping in the global ranks among open trade markets. In fact, the U.S. has fallen from "No. 2 in 2000 to No. 26 in 2007, the last year for which data are available, in Cato's 2009 Economic Freedom of the World annual report".

Current trends in Washington over the past several years are unfortunately signaling to the global economy that America's path to open markets and trade of the 80's and 90's are economic policies of the past.

The U.S. corporate tax rate - second highest, globally; recent growth-killing business and investment regulations (i.e., Sarbanes-Oxley Act); high tariffs, quotas and other measures of trade isolation and protectionism; and a failure to pass recent trade agreements have all negatively impacted American economic growth.

At a time when the U.S. economy is struggling to both create jobs and economic growth, politicians in Washington should be moving quickly to open America's markets, not repeat the failures of trade protectionism similar to economic policy of the early 1930s.

Moreover, U.S. trade isolationism is impacting productivity levels in the manufacturing industry. "The National Association of Manufacturers this year found that among the top global exporters accounting for 80% of world trade, the U.S. is the biggest underexporter, ranking dead last at 15th out of 15, exporting the lowest share of its manufactured goods abroad".

Closing America's markets to open trade is bad economic policy, and just plain bad economics.

The impacts from isolationism are also showing up in the unemployment numbers. According to the



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