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# Main Street should embrace globalization

**By: Daniel Griswold**  
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Millions of American families benefit from free trade every day. We benefit whenever we buy a cart of groceries, a new shirt, a TV or a car. The receipt doesn't say, "You have saved \$30 (or \$300 or \$3,000) because of import competition," but the savings add up to hundreds of billions of dollars every year for American households.

Most Americans believe in competition. We are better off when a dozen restaurants and a half-dozen auto repair shops compete for our business instead of only one or two. By expanding the number of producers selling goods and services in the domestic market, trade safeguards and intensifies competition. The result is lower prices, more variety and better quality for tradable products. Free trade is the market's trust buster.

Free trade means we can buy fresh-cut flowers from Colombia in the middle of winter, along with fresh fruit from Chile and fresh vegetables from Mexico. Free trade means we are more likely to find the style and size of shirt we want on the shelves at department stores.

The consumer benefits of variety can be harder to quantify than a simple drop in price, but they are just as real. A 2004 study by the National Bureau of Economic Research found that the real incomes of American families are about 3 percent higher because of the greater variety that imports bring. That translates to a real gain of \$1,300 per person or more than \$5,000 for a family of four just from the expanding varieties that trade has brought to the marketplace.

Imports from China have delivered lower prices on goods that matter most to the poor, helping to offset other forces in our economy that tend to widen income inequality. A 2008 study found that trade with China has helped to offset nearly a third of the official rise in income inequality from 1994 to 2005. Lower prices on goods imported from China have more than compensated for any downward pressure on low-skilled wages because of U.S.-China trade.

Imposing steep tariffs on imports from China would, of course, hurt producers and workers in China, but it would also punish millions of American consumers through higher prices for shoes, clothing, toys, sporting goods, bicycles, TVs, radios, stereos, and personal and laptop computers.

It would disrupt supply chains throughout East Asia, invite retaliation, and jeopardize sales and profits

for thousands of U.S. companies now doing business with the people of China. Sanctions of the kind contemplated in Congress would also violate the same set of international trade rules that members of Congress accuse China of violating.

We should insist that our government adopt trade policies that are best for most Americans, regardless of what other countries do. And that means pursuing trade policies that spread benefits to the widest possible number of Americans, especially the poor and middle class, who have the most to gain from removing the final remaining barriers that separate us from the global marketplace.

Daniel Griswold directs the Center for Trade Policy Studies at the Cato Institute in Washington, D.C. This column is excerpted from his new book, "Mad about Trade: Why Main Street America Should Embrace Globalization" (Cato Institute, 2009).

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