

THE HILL

September 30, 2004

Free Trade Means More Jobs, Better, Higher-Paying Jobs

New legislations would help, not hurt, the U.S. economy and industry

By Rep. Philip Crane (R-Ill.)

Last July, the House and Senate passed, and the president signed, legislation implementing the U.S.-Australia and U.S.-Morocco free-trade agreements. Both agreements passed by wide, bipartisan margins, with well over 300 votes in the House and more than 80 votes in the Senate.

While free trade continues to instill panic in the hearts of economic isolationists, many of us were not surprised by the enthusiasm for these agreements, for a simple reason: free trade means more jobs, better jobs and higher-paying jobs for American workers.

That's why job-creating companies in my home state of Illinois, such as Boeing, Caterpillar, Baxter, Abbott Labs and Motorola, support those agreements. For instance, Boeing supplies Qantas with nearly 95 percent of its fleet of aircraft. The Australia agreement, by eliminating tariffs, will ensure that Boeing stays competitive in that important market. That means more, not fewer, jobs at home.



patrick g. ryan
Rep. Phil Crane: Job-creating companies in America support free-trade agreements, which mean better jobs for Americans.

Some argue that free trade hurts the "little guy," or employees in small and midsize firms. However, the numbers tell a different story.

Let's examine the role of international trade in Illinois, which is representative of the trend in other industrial states. Nearly one-fifth of all manufacturing workers in Illinois depend on exports for their jobs. According to Bureau of Census data, 18,656 companies exported goods from Illinois locations in 2001. Of those, 88 percent were small and medium-size businesses, with fewer than 500 employees.

Still, there is a minority (ever-shrinking) of those in Congress who steadfastly oppose free trade at all costs. The general argument is that free trade exports U.S. manufacturing jobs abroad. This thesis is badly flawed and demonstrates a lack of trust in the ability of American workers, as well as a lack of willingness to tap their full potential. Most of us, on the other hand, believe that American workers will always rise to the challenges of a dynamic economy, in which the only constant is change.

One of those changes is the employment created by increased foreign investment in the United States. Again, let's look at Illinois. In 2002, affiliates of foreign companies employed 268,400 workers in Illinois. One-third of these foreign-investment-supported jobs (about 89,000 workers) were in the manufacturing sector in 2002.

Foreign firms accounted for more than 12 percent, or one-eighth, of total manufacturing employment in Illinois in 2001.

In addition, Illinois exported globally to 207 foreign destinations in 2003, exporting \$8.6 billion worth of merchandise to Canada alone. Other top markets that year included the United Kingdom, Germany, Australia, Belgium, China, the Netherlands and Brazil.

And what are those companies exporting? Illinois's leading export category is machinery manufactures, which accounted for \$6.9 billion of its total merchandise exports in 2003. Other top exports are chemicals (\$3.9 billion), computers and electronic products (\$3.7 billion) and transportation equipment (\$3 billion).

Farmers benefit from free trade, too. For example, the Farm Bureau strongly supported the U.S.-Morocco Free Trade Agreement, which covers all agricultural products, because for every \$1 in increased imports from Morocco, U.S. farmers can expect \$10 in increased exports to Morocco. The Farm Bureau estimates that this agreement could increase U.S. agricultural exports to more than \$450 million by 2015, tripling our current exports. Furthermore, because Morocco's agreement with the European Union does not include agriculture, this should give American farmers a competitive advantage over our EU counterparts.

I'm not suggesting that free trade should be established with a blind eye. On the contrary, we must ensure that America's workers are on a level playing field with our trade partners. While a lot of things can be done in terms of domestic policy to address this — many of which have been addressed by the House this year — our trade partners must also live up to the terms of our agreements. That is why I have introduced, and the House has passed, legislation that increases the funds available to the U.S. trade representative's Office of Monitoring and Enforcement.

At the same time, I support investment in America's work force. I have seen firsthand the benefits of job retraining and believe that we must give our workers the tools they need to adapt to the new economy. However, I reject categorically the notion, implied in the arguments of economic isolationists, that the American economy will be felled by free trade. History demonstrates that precisely the opposite is true.

Crane chairs the House Ways and Means Subcommittee on Trade.