

Trade and Jobs: Are We Debating The Right Policy Issues? – Charles Graham*

Throughout my international business career of 37 years there has been a steady loss of US jobs overseas and a constant but fruitless debate about it. Year after year, we ask the same old questions but never find any resolution of them: ("Does the job loss really exist?" "If so, is it really a problem?" "And if it is a problem, what should be done?")

I think there's a right way and a wrong way to discuss policy. Such debates should examine the root causes of the issues in question, not their symptoms; and the issues should be judged according to national strategic goals, not tactical political ones. To me, the current discussion of "offshoring", impacted as it is by election-year politics, fails to meet these criteria and therefore isn't making any progress on the issue.

As a nation we need to reach a consensus on what role the continuing loss of US jobs should play in our long-range domestic and foreign policies. During the Cold War, we purposely exported US jobs, because we knew they'd help bring prosperity to foreign nations, thus undermining Communist ambitions there. Meanwhile, our strong prosperity at home kept creating new jobs to replace those lost. We then discovered that exporting US jobs also led to much lower consumer prices here at home, making it expedient for both political parties to support the process.

But over the decades the geopolitical structure has changed. The strategic justification ended with the Cold War, and the once cushy American workplace has been utterly changed by foreign competition and computerization at home. The "good ole" American corporations of 40 years ago are now multinationals with suspect allegiance to US interests. At the same time they are seen as having excessive influence on our elected officials by supplying the latter's insatiable need for campaign funding.

So times have changed and maybe it's time to re-examine the basis of our trade and jobs policies. We could begin by asking some questions that might help create the consensus we need, for example: How interdependent do we want America to be? Do we want to remain strategically independent (i.e. make our own tanks and military planes)? If so, how do we do so effectively? What industries and worker skills do we want to protect? And, most basic of all, what role do we want our nation to play in the world, because that will govern what trade-offs regarding trade or domestic jobs we're willing to accept in order to fulfill this role.

Within this discussion of basics, we must decide where "protectionism" is appropriate and where it is not. We in America have a lot that needs protecting: not just our much-envied way of life and the economy that sustains it, but also our ability to be a force for good in the world. In this context we should consider the appropriateness of labeling as "protectionist" the requests made by environmentalists, labor unions, and others to make access to US markets conditional upon labor and environmental reforms in exporting countries.

Also in possible need of protection are US workers. In the past several decades American workers have become vulnerable not only to offshoring and other losses of jobs to cheaper foreign labor, but also to mass layoffs caused by computerization, corporate failures and mergers. In a society where unemployed workers are usually left either to their own devices or retraining programs of often dubious value, unemployment can be a demoralizing crisis leading to personal and family traumas; which in turn create

higher non-productive social costs. If a volatile job market is to continue to be the norm (as many predict), shouldn't it be a national priority to make job change a less terrifying prospect?

A useful model might be the positive solution to a similar problem in Sweden back in the '50s and '60s. Swedish government, labor, and business agreed on a compact that freed business to take steps to make that country's goods and services more competitive, in return for meaningful support and retraining for the workers who would lose their jobs in the process. To achieve a similar breakthrough in this country we first would need to have labor and business leaders that could work together. Then we'd need politicians who would see a benefit in bringing business and labor together rather than in playing them off one against the other, as is now their practice.

Finally, we need to discuss in a nonpolitical way the degree to which we are willing to have the present campaign finance system govern our trade policy. If there is a widespread perception among the voters that trade policy is bad and is made so largely by the excessive influence of large campaign contributors, there will be mistrust of any trade policy, be it conservative or liberal in origin.

I urge readers to give more attention to the real forces at work in this vital sector of our national life and to discuss them with open minds. Let's take the debate out of the "liberal vs. conservative" quagmire, especially as neither camp seems to understand the issue and both seem to use it only for their own purposes. There's little time for this. No one knows how far the powerful globalizing forces now loose in the world are going to go, but it's very important to the whole world that its largest economy, that of the US, is not overwhelmed or bypassed by them. We owe it to ourselves and to future generations to start thinking about trade and jobs in a more useful way.

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