

## TRADE

# Follow principles of fair globalization

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Can Democrats agree on trade? Our party has been divided on the topic for 40 years, often bitterly. But next month's vote on a free-trade agreement with Peru shows that consensus may not be out of reach.

The agreement's labor and environmental clauses -- which maintain a careful balancing act masterminded by U.S. Rep. Charles Rangel, D-N.Y., and Sander Levin, D-Mich. -- meet the long-held demands of many trade skeptics, even while preserving traditional goals of growth through open markets and better relations with foreign partners.

The U.S.-Peruvian agreement should serve as the foundation for Democratic consensus on the challenge of globalization. Overseas competition often provokes contradictory fears and hopes: anxiety over competition from Asia, belief that poverty, economic stagnation and marginalization elsewhere are both moral and national-security problems we need to help solve, and unease over the erosion of America's good image abroad.

A progressive trade policy must deal with these concerns. That is a complex task -- but the basic principles that ought to guide us are relatively simple.

- **We need to begin** America's response to economic challenges abroad here at home.

New powers are rising fast across the Pacific. China has used high-quality industrial investment from Hong Kong, Taiwan, Japan, Korea and Singapore to become a manufacturing giant. India has combined its technical skills and open society with low-cost telecom channels to become a technology and services power.

The growing strength of Asian economies can't be reversed. And while those challenges require that we ensure a fair playing field, our response to the two giants must begin by recognizing their accomplishments and committing ourselves to match them.

We need a national competitiveness agenda to ensure continued U.S. leadership in the most sophisticated industries, from improved science and technology education to accelerated broadband deployment. We need more open high-skill immigration and strengthened investment in scientific and research. And we need a safety net that fits a modern economy, with government compensating for the erosion of the business-led social contract, guaranteeing health insurance for all dislocated workers, ensuring portable pensions and developing experiments in insurance for mortgage payment and college tuition.

- **We need to remember** the poor and the marginalized.

The "global" economy of today is not really global. It is a belt of growth and wealth extending from the Americas through Europe and East Asia to Australia. Most of sub-Saharan Africa remains outside looking in, as are the least developed nations of Asia and the Pacific. So are the large Muslim states of the Middle East and South Asia, whose share of world trade and investment fell by nearly 75 percent between 1980 and 2000, even as their populations nearly doubled.

U.S. trade policy needs to help these regions on the outside, through reform of the U.S. textile tariffs, European and Japanese farm quotas, and Indian and Chinese import limits which tilt world trade policies against the outsiders. The United States must join other rich countries in this effort, through WTO agreements and tariff-preference programs that give the poor new market-access opportunities and capacity-building programs, as well as incentives for improving labor and environmental standards.

- **We need to embrace** exports with enlightened self-interest.

With a still-gaping trade gap, we need to export more. We can only do so by opening big new markets to American businesses -- but almost all of the Bush administration's recent efforts have been spent negotiating trade agreements with smaller countries.

Well designed, these can be good on the merits. But they are no substitute for engagement with the five big partners that account for two-thirds of American trade -- the EU, Canada, Mexico, Japan and China -- and fast-growing giants like India and Brazil. Only by enforcing agreements and opening markets in these countries can the next administration help restore the export and investment growth of the 1990s.

The blueprint for this progressive response to globalization comes next year. This year, though, the first step is in the hands of Congress -- with validation of the superb work by Rangel and Levin through passage of the trade agreement with Peru.

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