Choices Program- Brown University
International Trade in a Globalized World

Instructions in Brief

The following packet is laid out in sequence. If a worksheet follows a reading you are intended to stop and complete that sheet at that point. You will culminate this work with a 4 Choices activity and by creating a 5th option for US Trade Policy. Good Luck.

1- Intro Reading

2- Apparel Activity

3- Reading Part 1

4- Study Guide 1

5- Reading Part 2

6- Study Guide 2

7- Interpreting Trade Data

8- Trade quiz

9- The Choices Moving Forward Activity

Library of Congress, Prints & Photographs Division, LC-USZ62-118010.

Ships arrive at the harbor in Liverpool, England at the turn of the twentieth century.

Photograph by Bob the courier/Robert Orr (CC BY-ND 2.0).

A ship—carrying goods from a variety of companies from all over the world—docks at a harbor in Scotland in 2007. Shipping has been crucial to international trade for hundreds of years. Today, as much as 90 percent of global trade is carried on ships. Shipping is so important to the world economy that the UN estimates that half the world's population would freeze and the other half would starve without the goods delivered by the international shipping industry.

Introduction: Trade and the Global Economy

In September 2008, the U.S. economy was hit by the largest financial crisis that the country had experienced since the Great Depression in the 1930s. While the crisis began in the U.S. housing market, the economic downturn soon spread to markets around the world. In October, Iceland announced that its banking system had collapsed. Governments from Russia to Australia to the United States stepped in to provide money and support to businesses and banks struggling to stay afloat. More than eight million people lost their jobs in the United States, and unemployment spiked around the world. It took six years for the United States to recreate the number of jobs lost. The economies of many countries continue to struggle to recover.

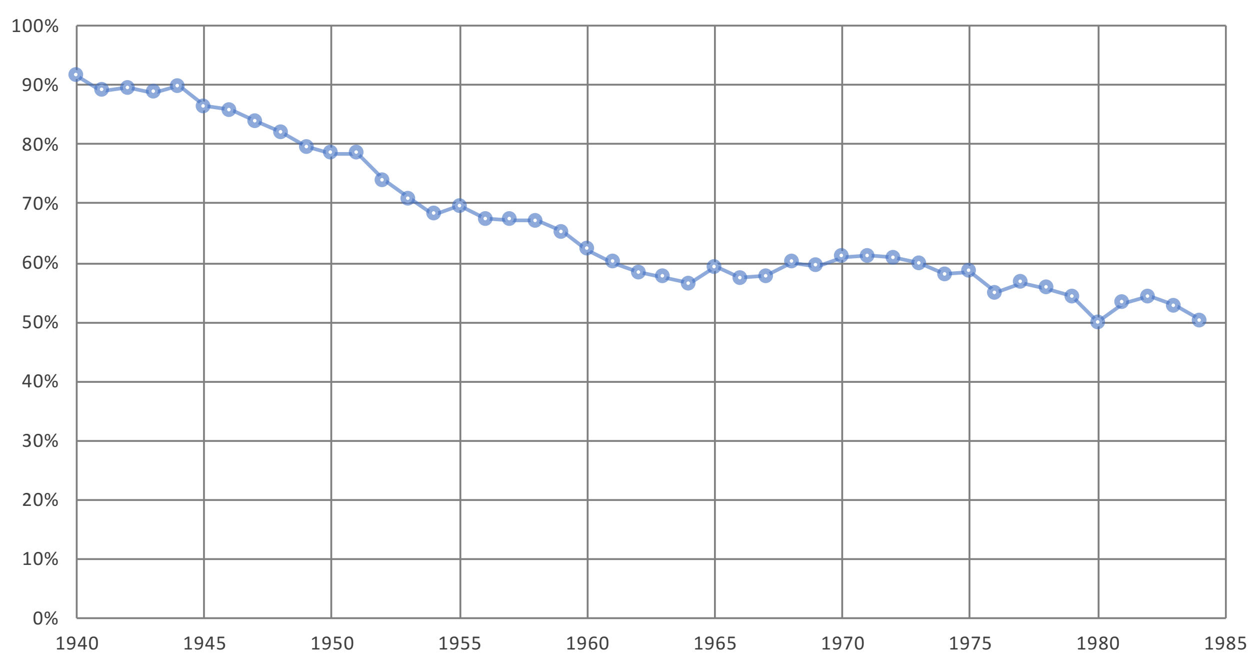
Today, many people in the United States have an ongoing sense of uncertainty and worries about the future. This uncertainty is more than just a feeling; data confirms that, in the United States, wages for middle class workers are not growing and economic opportunities are harder to come by. The idea that children will be better off financially than their parents has become far less certain.

While the development of the global economy has benefitted many, the rapid changes brought about by technology and economic change has also had negative effects on people.

"[O]ver the past forty years, as people have worked harder for less pay and fewer benefits, the value of their work has eroded. When we devalue work, we threaten the pride and dignity that come from it. American workers understood then and understand now that you build a society and an economy from the middle class out."

—Ohio Governor Sherrod Brown,
November 17, 2016

"The Fading American Dream"
Percent of Thirty Year Olds (by Year of Birth)
Earning More Than Their Parents



Data from the Equality of Opportunity Project <http://www.equality-of-opportunity.org/data/>, January 27, 2017.

Trade is one of several important pieces to consider when thinking about the global economy. In the readings and lessons that follow, you will focus on international trade and its impact on different countries and groups of people. In the last hundred years, countries have wrestled over how to formulate trade policy that will best help their economies. At some times, governments have used policy to block trade and help certain businesses at home. At other times, leaders have declared global trade and economic cooperation as the way to make everyone better off.

Other factors also influence trade policy. Governments must consider the effects of policy on employment and the well-being of their citizens. Foreign policy concerns, such as relationships with allies or addressing human rights issues, have also factored heavily into U.S. trade policy over the last seventy-five years.

Many people in the United States and around the world are questioning the global economic system. What are the effects of globalization and a closely-connected global economy? How have these changes been beneficial? How have their effects been negative? What have been the results of globalization for people around the world?

In the coming days, you will have the opportunity to explore these questions as you consider the direction of U.S. trade policy. In Part I of the reading, you will examine the history of the current economic system and the changes brought about by globalization. In Part II, you will consider the effects of these changes—and U.S. trade policy—on people in the United States and around the world.

As you read, think about the following questions: Is trade good for people in the United States and around the world? What are the effects of different trade policies? Within the new global economy, what should the trade policy of the United States be?

Name:________________________________

Apparel Data

Instructions: Check the labels on your own clothing. Record each item and its country of origin. You may also record information about other items you are wearing, such as your shoes or backpack. Then, share this information in pairs or small groups to complete as much of your chart as possible. You will report your findings to the class and map the results together.

Item Description	Country of Origin
example: men's t-shirt	*Honduras*

Part I: A Short History of the Current Economic System

The global economic system that exists today was shaped in the period following the Second World War. World War II ushered in a new era of global economic relations. At the end of the war, the U.S. economy was by far the world's largest and most powerful. This gave U.S. policy makers the power to direct the reconstruction of Europe and the creation of a new global order. The economic system that U.S. policy makers helped create after World War II is the same system, with some modification, that exists today.

There were two major differences between trade under this new system and the way that countries had conducted trade in the past. Before World War II, many countries had protectionist trade policies, setting tariffs and other barriers to limit international trade. There had been a period in the second half of the nineteenth century when countries lowered their tariffs and international trade boomed. But in the decades leading up to World War II, governments became increasingly protective of their domestic economies. There was little cooperation among countries on trade issues.

Part I Definitions

Protectionism is an economic strategy to limit trade. Governments construct "barriers" to restrict trade in order to help protect domestic businesses.

Tariffs, or taxes on imported goods, make goods from other countries more expensive than locally-made goods. Tariffs are an example of a protectionist barrier.

Subsidies are another form of barrier, in which the government gives money to certain industries so that those businesses can charge lower prices and be more competitive on the world market.

Free trade, as opposed to protectionism, is trade that is conducted without barriers of any kind. Governments lower barriers in order to increase international trade. Free trade has been promoted by the United States since the end of World War II.

The Great Depression and World War II

The Great Depression and World War II caused U.S. leaders to rethink their trade policies. After the war, they advocated for fewer barriers to trade and pressured countries to move away from the protectionist policies of the past. Government officials began to see international cooperation as a necessity in dealing with global trade and other economic matters.

How did the Great Depression influence U.S. trade policy?

The stock market crash of 1929 and the economic depression that followed had immediate and long-term consequences for U.S. trade policy. At the peak of the Great Depression, one in four people in the United States was unemployed. Millions went hungry, and many lost their homes. The depression spread around the world, leading to a global economic downturn and much suffering in many countries.

"Unfortunately, we lost the house. I can remember to this day—and I become emotional when I think of it—literally being placed on the sidewalk [with] every last possession that my poor mother had, because she wasn't able to supposedly pay the mortgage. And an incredible number of people came to my mother's aid, literally wheeling wheelbarrows of coal to help warm the house."

—Dusko Condic, reflecting on his experiences growing up in Chicago during the Great Depression, 2008

Library of Congress Prints and Photographs Division, LC-DIG-ppmsca-03054.

Florence Owens Thompson and her children in February or March of 1936 in Nipomo, California. The photo is one in a series by Dorothea Lange that documents living conditions during the Great Depression.

As economic growth stopped, many countries built greater barriers to trade, hoping to help domestic businesses. For example, in 1930, the U.S. Congress passed the Smoot-Hawley Tariff Act in an attempt to protect U.S. industries struggling to compete with imports. Other countries passed similar measures. These tariffs decreased world trade and created additional hardships including increased unemployment and the near-total collapse of the banking systems in the United States and in Europe. Many have argued that the resulting breakdown in world trade made the Great Depression worse, contributed to political instability in a number of countries, and led to the rise of fascism in Europe and World War II.

The effects of the collapse in world trade caused many to reevaluate trade policies. Some U.S. policy makers believed that increased international cooperation on trade issues could prevent these types of crises in future.

"[T]he absence of a high degree of economic collaboration among the leading nations will…inevitably result in economic warfare that will be but the prelude and instigator of military warfare on an even vaster scale...."

—Harry Dexter White, Treasury Department official, 1942

What foreign policy concerns helped shape U.S. trade policy after World War II?

World War II dramatically increased the influence of the United States in the world, largely because of the huge boost it gave to the U.S. economy. By 1944, the United States had the world's strongest economy and was one of the most powerful countries in the world.

> ***"[A] basic essential to peace, permanent peace, is a decent standard of living for all individual men and women and children in all nations. Freedom from fear is eternally linked with freedom from want.... It has been shown time and again that if the standard of living in any country goes up, so does its purchasing power—and that such a rise encourages a better standard of living in neighboring countries with whom it trades."***
>
> —President Franklin D. Roosevelt, January 11, 1944

The Cold War

The United States emerged from World War II as the most powerful country in the world. By the late 1940s, U.S. leaders had taken on a new range of international commitments to thwart the growing threat of the Soviet Union. The deepening Cold War—a global struggle for political and military domination between communist bloc countries (led by the Soviet Union) and capitalist countries (led by the United States)—redefined the U.S. role in the world. Fear of communism and Cold War tensions led to shifts in policies on trade.

President Harry Truman (1945-1953) and his successors believed that international trade was crucial to the health of the U.S. economy and the stability of its allies. Many U.S. policy makers believed that sustaining U.S. economic growth post-war would require a strong European market in which the United States could sell its goods. Truman's top priority was to restore the prosperity of U.S. trading partners in Western Europe.

How did the United States encourage world trade after the war?

After World War II, the United States worked to encourage new trading relationships among its allies. In 1944, U.S. policy makers had led a meeting of delegates from forty-four countries in what became known as the Bretton Woods Conference. There, officials worked to come up with ways to encourage international trade. They also agreed on regulations that would make trade less risky. The International Monetary Fund (IMF) and the World Bank, international institutions that help provide global economic stability, were established at this conference. These institutions still exist today.

Delegates to Bretton Woods also established the General Agreement on Tariffs and Trade (GATT). GATT was a trade agreement

Library of Congress, Prints & Photographs Division, FSA/OWI Collection LC-USZ62-132334 DLC.

This photo was taken in Berlin, Germany in the 1920s. At that time, German money was worth so little that it was possible to pay the equivalent of $50 million for a 5 cent cup of coffee. The woman in this photo is burning money to start the morning fire because it is less expensive than buying fuel. Many argue that economic hardship in Germany in the 1920s and 1930s contributed to the election of the Nazi party and World War II.

between not just one or two countries, but twenty-three. (Today, the World Trade Organization, which is the successor of GATT, has 164 member countries.) The primary aim of GATT was to promote trade by working to decrease barriers to trade among its members. The agreement also set ground rules for trade among member countries. After GATT's founding session in Geneva in 1947, member countries met in seven additional rounds to negotiate further reductions in tariffs and other trade barriers and to widen the scope of GATT to cover other sectors of the economy.

The United States also encouraged other trading partnerships among its allies in Western Europe and East Asia. In 1957, six European countries formed the European Economic Community. The trading bloc (known today as the European Union) eliminated many restrictions on the movement of people, goods, services, and capital (money) among members. In 2017, the European Union (EU)—with twenty-eight member countries—represents an economy larger than that of the United States.

Why did the United States promote free trade?

Free trade was another policy that the United States used to encourage more international trade. Free trade means that countries reduce barriers or "liberalize" their trade. The United States promoted trade liberalization among its allies after the end of World War II. Nevertheless, many countries—including the United States—continued some protectionist policies after the war. For example, the countries of Western Europe and East Asia relied on high tariffs to nurture and protect key industries during their economic recoveries. Similarly, many Latin American countries depended on barriers to trade to protect their new, developing industries in the 1960s and 1970s.

Free trade served both U.S. economic and foreign policy interests. U.S. exports soared. As trade barriers fell, world trade in merchandise increased from $53 billion in 1948 to nearly $1.5 trillion in the mid-1970s. At the same time, access to the U.S. market helped Japan and Western Europe recover from World War II, strengthening key U.S. allies during the Cold War against the Soviet Union.

> ***"Throughout the Cold War, Congress empowered presidents with trade negotiating authority to open markets, promote private enterprise and spur liberty around the world—complementing U.S. alliances and strengthening our nation."***
>
> —U.S. Trade Representative Robert B. Zoellick, 2001

In East Asia, U.S. investment and support helped Japan develop into a center of economic activity. As the Japanese economy grew, it developed close economic ties with important U.S. allies in the region. U.S. financial support also helped South Korea, Taiwan, Hong Kong, and Singapore as they followed economic development policies based on increasing trade. The success of East Asia's "four tigers" allowed these countries to develop industry rapidly and maintain high growth rates from the early 1960s onwards. U.S. support to this region was part of a larger effort to strengthen countries on the front line of the Cold War struggle against the Soviet Union.

With the end of the Cold War in 1989, the national security priorities that guided U.S. trade policy and the alliance system that bound the United States to Western Europe and Japan lost some of their strategic significance.

Today, other foreign policy concerns, such as the rising economic power of China, influence U.S. trade policy. The rapid growth of new technologies and the phenomenon of globalization have also added new dimensions to U.S. trade policy.

Understanding Trade

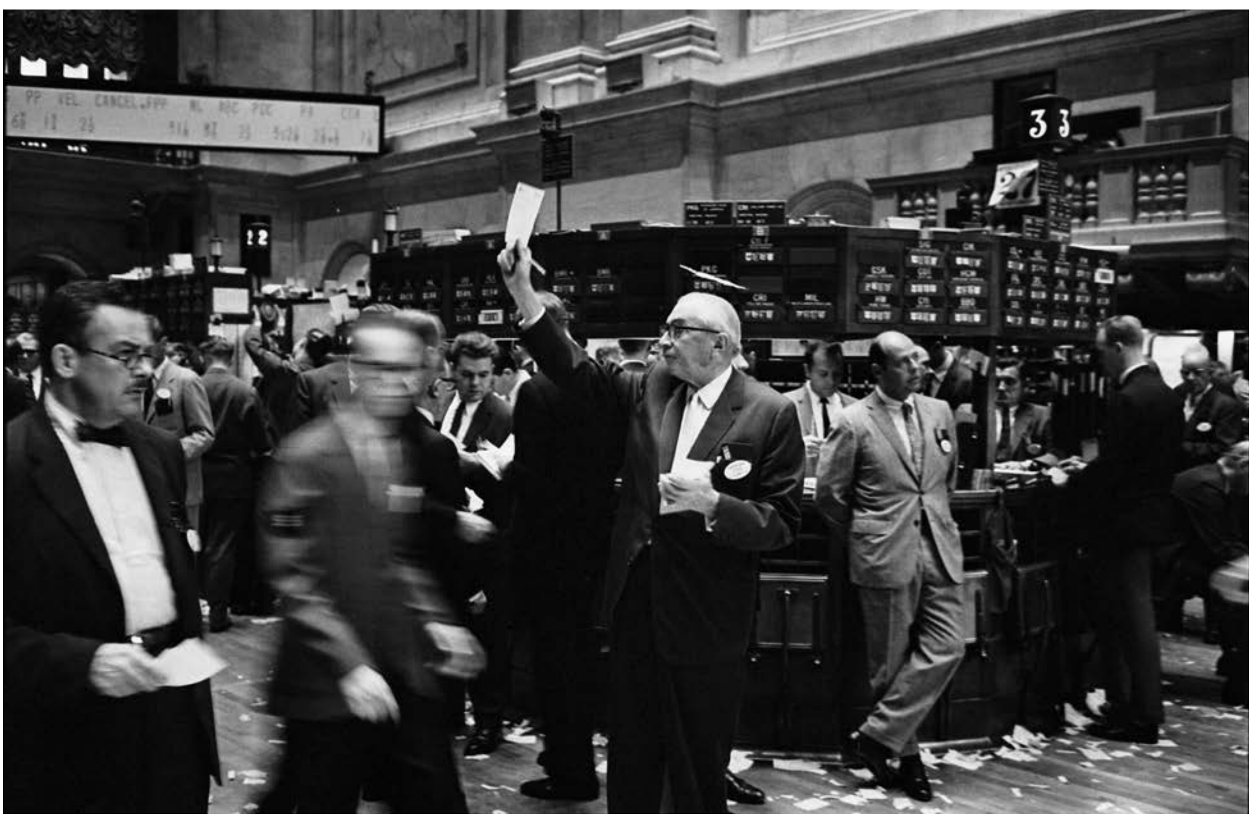
Trade has been a fundamental part of the economic life of human beings for thousands of years. Throughout human history, trade has led not only to the exchange of goods but also to the exchange of scientific, religious, philosophical, and cultural ideas. Today, the international trade of goods (including raw materials and manufactured goods) and services (including things like tourism, computer information services, and education) is worth trillions of dollars.

What are the motivations for trade?

At a most basic level, people trade because it allows them to obtain something they want. Trade can bring economic benefits, including access to a variety of goods that may be less expensive, of better quality, or otherwise unavailable. Without trade, a person would need to produce all of the goods and services that he or she needed. Trade allows people to specialize in the production of goods and services in which they have the resources to be most efficient and successful. They can then trade these goods or services with other people.

A government can be involved in this exchange by regulating or controlling the trade across its borders. This may take the form of policies that encourage international trade or policies that aim to limit trade. Governments raise political as well as economic concerns about trade.

Like individuals, countries also can gain from trade. There can be economic gains, for example, new markets to sell goods. There also can be political gains, such as strengthening international relationships or boosting the economies of allies and neighboring countries.



O'Halloran/Library of Congress, Prints & Photographs Division, LC-DIG-ppmsca-03199.

Traders at the New York Stock Exchange, 1963. A stock exchange is a place for buyers and sellers to trade shares (or stocks) in companies. A share is money that an investor gives to a company, in exchange for returns (money) when the company makes a profit. Stocks are an important way for companies to raise money in order to do business. Many countries or regions of the world have their own stock exchanges. In 1963, when this photo was taken, stock trade was still conducted on paper. Today, traders use computers to buy and sell stocks.

What is comparative advantage?

A business or person with the resources to produce a good or service more efficiently than another business is said to have a "comparative advantage." Countries also can have comparative advantages. For example, Saudi Arabia has a comparative advantage in producing petroleum, but it also needs rice and other food products for its citizens. Although Saudi Arabia could produce rice, it makes more economic sense for it to produce petroleum and trade with a country with a comparative advantage in rice production. Trade allows countries to produce what they are best at and consumers gain access to a wider variety of goods that may be of better quality or less expensive.

What are some of the negative effects of trade?

Trade also can have negative effects on people and countries. International trade can disrupt local economies, putting some companies out of business while others flourish. Governments may choose to focus their resources on industries in which they have comparative advantages. As a result, there may be fewer resources for other sectors of its economy. For example, a country that has a comparative advantage producing beans may decide to put most of its resources towards increasing bean exports and will have less resources for other sectors such as clothing manufacturing.

Not every person or every country benefits equally from trade. The resources and capabilities of a country also affect how it fares in international markets. For example, a country like Costa Rica, which depends on exports of agricultural goods like bananas and pineapples, is likely to earn far less from its exports than a country like Germany, which exports goods like cars and machinery. Similarly, people without critical resources such as money or a developed infrastructure are less likely to gain from international trade.

At the same time, rich and poor people from around the world have benefited greatly from being able to purchase the wide variety of less expensive goods that have become available as a result of international trade. Much of the debate about trade is focused on who gains and who loses from trade, and how these unequal effects should be addressed.

The Pressures of Globalization

Globalization is a term that refers to the economic, political, cultural, and social transformations occurring throughout the world. It reflects the increased interdependence of various countries and people today. The migration of large numbers of people and the growth of the internet and technology have helped spread ideas and establish connections among cultures that did not exist before.

"[G]lobalization has produced enormous benefits. From 1970 to the 2008 financial crisis, global output quadrupled, and the benefits did not flow exclusively to the rich. ...the number of people living in extreme poverty in developing countries fell from 42 percent in 1993 to 17 percent in 2011, while the percentage of children born in developing countries who died before their fifth birthday declined from 22 percent in 1960 to less than 5 percent by 2016."

—Francis Fukuyama, director of the Center on Democracy, Development and the Rule of Law, Stanford University, December 6, 2016

What are the effects of globalization?

With globalization, economies around the world have grown increasingly interdependent. The production of goods now takes place on a global scale. For example, a good that used to be produced by a single business within one country may now be produced by the labor of many businesses located all around the world. An expanding international commitment to free trade among countries has given people around the world access to goods that were previously unavailable.

Ours is not the first era to experience globalization; other periods in history have seen globalization of varying forms. But globalization today distinguishes itself by its speed and magnitude. Though the seeds of transformation were sown long before, the end of World War II marked the beginning of this new global era. The wave of globalization since 1945 has dramatically altered the lives of people around the world.

How has economic globalization affected the U.S. economy?

The United States is an economic giant. The U.S. dollar serves as the most important currency in international trade and is widely used by foreign governments. The United States is one of the world's top exporters and maintains a lead in many of the most promising industries, including biotechnology, space technology, and computer software. U.S. corporations have sought a competitive edge by taking advantage of cheap labor in Latin America and Asia. Meanwhile, Japanese and Western European companies have invested in the United States, hoping to tap into U.S. markets.

But the United States no longer dominates the world economy as it did in 1950. While total manufacturing output in the United States has grown, the U.S. share of global manufacturing has fallen from half of the world output in the 1950s to about 17 percent today. People in the United States have watched their automobile, steel, and consumer electronics industries lose ground to foreign competition. With these changes, the employment security and stability of the past have been swept away.

The relative change of the U.S. position in the international economy does not mean that the United States as a whole has become poorer. On the contrary, U.S. per capita income (average income per person) has continued to increase even as countries in Western Europe and Asia have caught up economically with the United States.

Heng in *Lianhe Zaobao*, Singapore. CWS/Cartoonists International. Reprinted with permission.

At the same time, inequality between those with the highest incomes and the lowest incomes in the United States continues to grow. Inequality between the rich and the poor has grown since the 1970s. In 1976, the top 1 percent of the income earners in the United States received about 10.5 percent of the total national income and the bottom 50 percent of the population earned about 20 percent of the total. By 2014, the top 1 percent earned about 20 percent, and the bottom 50 percent's share had decreased to 12.5 percent.

"[I]ncome inequality has reduced middle-class household income growth. It very likely has increased disparities in education, health, and happiness in the United States."

—Lane Kenworthy, professor of sociology and political science, 2014

While globalization may have contributed to gains in the U.S. economy, the gains have gone disproportionately to the wealthiest people.

How has globalization affected trade?

Globalization has created new opportunities in international trade for many countries. In the next twenty-five years, countries in Africa, Latin America, and Asia are likely to account for much of the increase in world imports.

Overall, economic globalization has had mixed and unequal effects. Some countries have been successful, because they have the resources to expand production worldwide and to create goods that are in demand internationally. Individuals and small businesses have access to much larger markets and to new buyers. On the other hand, some countries and individuals have been hurt, because they are not able to compete with strong foreign producers.

"More global trade is a good thing if we get a piece of the cake. But that's the problem. We're not getting our piece of the cake."

—Patrick Duijzers, dock worker in the Netherlands, reflecting on his work experiences, September 22, 2016

Globalization has forced businesses to learn to compete on a global scale or be left behind. Economists have noted that many businesses in the United States have, for the most part, benefitted from globalization.

Although globalization began as a U.S.-dominated phenomenon, in recent years, European businesses have grown larger than their U.S. rivals. Many of the biggest and richest companies in the world today are from rapidly industrializing countries like India, China, and Brazil. Some of these companies have even bought out their U.S. competitors. Additionally, there has been a dramatic increase in the amount of low and middle income countries' participation in trade. Much of this growth can be attributed to the rise in trade agreements among countries throughout the world in recent years.

Trade Agreements

Trade agreements—agreements aimed at increasing trade between specific countries—became popular after World War II, when U.S. policy makers began promoting international economic cooperation. A country might sign a trade agreement for any number of reasons, including to guarantee markets for its exports or to ensure a steady supply of a specific good like oil. Many of these agreements are signed with an aim to reduce barriers and create freer trade between countries. Others are much more ambitious. For example, the countries of the European Union have developed a single market, a single currency, and a political governing body, in addition to free trade among European Union member states.

Some trade agreements are described as preferential, which means that only those countries who sign the specific agreement will trade on those terms. For example, while the United States might lower its tariffs on lumber from Canada according to a trade agreement, it will not lower its tariffs on lumber from other countries.

The vast majority of trade agreements are bilateral, that is, agreements between two countries. There are also multilateral agreements, which are between multiple countries. Some multilateral agreements are known as regional trade agreements, because they are among countries within a specific region. In 2016, there were 425 regional trade agreements in effect around the world.

There is significant debate both within the United States and around the world as to whether trade agreements are beneficial for individual economies. While many argue that everyone benefits from an increase in trade, some worry that by tying economies closer together, countries become too dependent on each other.

Some supporters of free trade policies claim that regional agreements hurt free trade, because barriers are only lowered for specific countries and not for trade overall. They further argue that trade agreements take attention away from efforts to create worldwide free trade, and most particularly the efforts of the World Trade Organization (WTO).

What is the WTO?

The World Trade Organization (WTO) is an international organization aimed at liberalizing trade. In February 2017, it had a membership of more than 164 countries that conduct nearly all of world trade.

Seattle Municipal Archives.

In 1999, more than forty thousand protesters organized in Seattle, Washington against the WTO, globalization, and trade agreements, which they believed helped corporations while hurting workers' rights and the environment.

The WTO began in 1995 as a successor to the General Agreement on Tariffs and Trade (GATT). WTO member states meet periodically to negotiate new trade regulations and to lower barriers to trade. The WTO oversees the agreements that are signed and helps member states settle disputes. Disputes arise when one state believes another is violating a WTO agreement and has an unfair advantage in trade. For example, the EU and the United States have each accused the other of providing unfair subsidies (financial support) to major aircraft manufacturing companies that are in competition with each other. In addition to subsidies, another common problem is "dumping," in which companies flood markets with goods priced far below what they cost to produce. Dumping disadvantages producers who are not subsidized. These producers lose business to the dumpers, who are able to sell below market value.

In order to settle disputes, other WTO member states consult experts and rule on whether a violation has occurred. If a country is found in violation of an agreement, it is asked to change its policies. Between 1995 and 2016 there were approximately five hundred disputes filed with the WTO.

Why do some groups criticize the WTO?

Some complain that the WTO's processes are too secretive and undemocratic. They argue that, despite the fact that every country gets one vote, some countries have more power than others. They claim that richer countries have more strength in negotiating, because they have more political power.

Oftentimes, WTO negotiations expose rifts between high income and lower income countries. Many low income countries express concern that richer countries push through agreements that hurt poorer countries. For example, the Uruguay round of negotiations in the 1990s placed heavy obligations on poorer countries to protect intellectual property rights (things like copyrights or trademarks) but did little to limit the massive subsidies that rich countries use to support their agricultural industries.

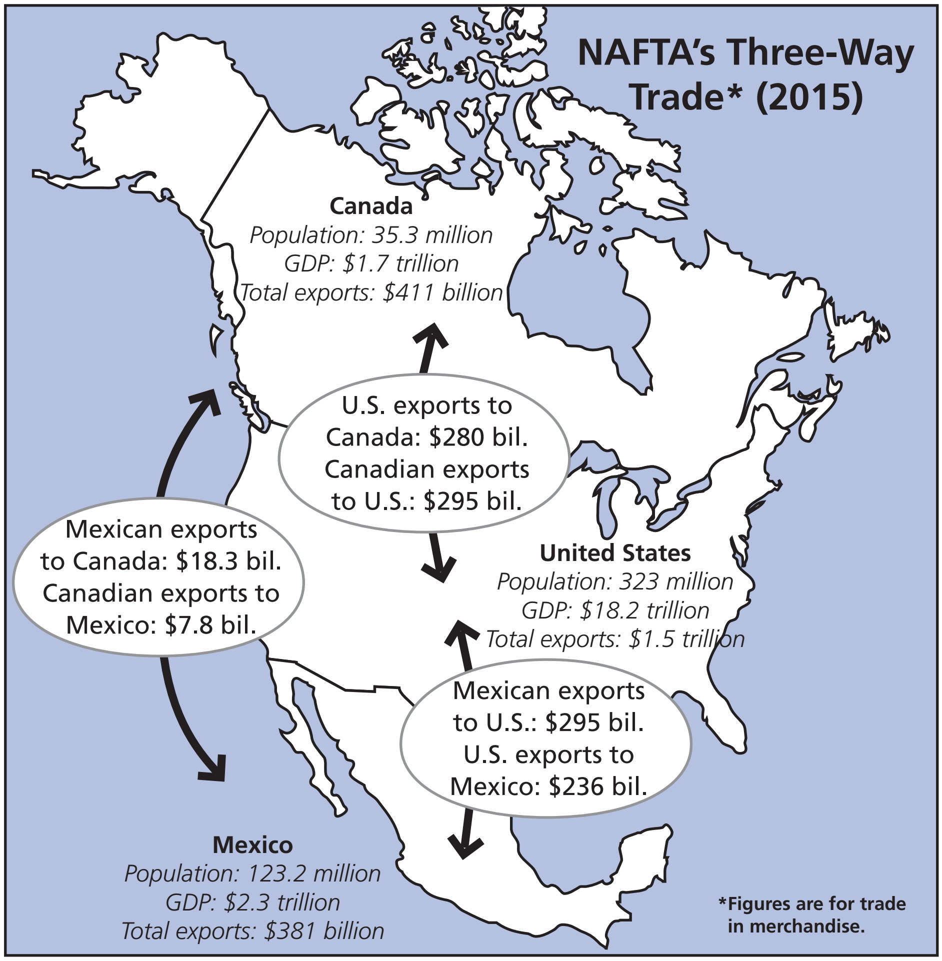
Among the general public, regular large-scale protests at WTO meetings highlight the unease generated by the evolving international economic system. Organized labor unions, human rights activists, environmentalists, and nongovernmental organizations (NGOs) continue to protest the WTO and the free-trade policies that it represents. Many argue that WTO agreements do not do enough to make sure that trade helps alleviate poverty. Demonstrations against "globalization without representation" continue whenever the WTO convenes a meeting.

> ***"[S]o unfair has the trade agenda been, that not only have poorer countries not received a fair share of the benefits; the poorest region in the world, Sub-Saharan Africa, was actually made worse off as a result of the last round of trade negotiations."***
>
> —Joseph E. Stiglitz, Nobel Prize winner in economics, in his book *Globalization and its Discontents*, 2002

Some trade activists have introduced the term "fair trade" as an alternative to free trade. Supporters of fair trade lobby for reform of international trade—and the WTO in particular—to create an international marketplace in which everyone has an equal opportunity for gain. There may always be winners and losers, say fair trade advocates, but the winners should aim to level the playing field. Fair trade would involve reducing government subsidies to industries and lowering tariffs on imports in rich countries as well as banning the practice of dumping.

Other opponents of the current trade system in the United States fear that the authority of the WTO will increase at the expense of U.S. sovereignty. Under the General Agreement on Tariffs and Trade (GATT), each participating country had the power to veto GATT decisions. The WTO has eliminated this veto power. Instead, member states are obliged to comply with WTO rulings in international trade disputes.

Environmentalists, labor union leaders, and consumer advocates argue that foreign countries will use the WTO to attack U.S. regulations as unfair trade barriers. Laws intended to protect the environment, workers' rights, and the health and safety of consumers could be especially vulnerable. Other critics raise concerns about the membership of the WTO and suggest that the United States should restrict trade relations with countries that do not respect basic human rights.



Sources: U.S. Census Bureau, the NAFTA Office of Mexico in Canada, and the CIA World Factbook.

What other trade partnerships does the United States have?

In addition to its membership in the WTO, the United States has separate trade agreements with many countries, including numerous bilateral and multilateral agreements. These agreements are aimed at reducing tariffs and increasing cooperation. The United States has established Free Trade Agreements (FTAs) with twenty countries.

The United States is also a part of the North American Free Trade Agreement (NAFTA), a regional trade agreement between the United States, Canada, and Mexico that took effect in 1994. NAFTA was created to lower barriers to trade among North American countries.

As a candidate for the presidency, President Donald Trump (2017-) promised to rethink the U.S. approach to trade and renegotiate NAFTA, which he called a bad deal for the United States. He also said the United States would not pursue the Trans-Pacific Partnership (TPP), a trade deal with Australia, Canada, Chile, Japan, Malaysia, Singapore, Vietnam, and other Pacific nations. The TPP had been negotiated during the Obama administration (2009-2017).

In the next section of the reading, you will consider how trade policies and globalization affect people around the world. How have recent changes helped people in the United States and in other countries? How have they been harmful? As you read, keep in mind that when you have finished the reading you will be asked to formulate your own policy for U.S. trade.

Name:____

Study Guide—Introduction and Part I

Vocabulary: Be sure that you understand these key terms from the Introduction and Part I of your reading. Mark ones that you do not know.

Great Depression
economic downturn
banking system
economies
globalization
protectionist
domestic
stock market
fascism
trading bloc

exports
imports
market
IMF
GATT
tariffs
goods
comparative advantage
currency
output

inequality
trade agreement
WTO
subsidies
dumping
NGO
sovereignty
bilateral
multilateral

Questions:

1. List three consequences of the global economic crisis that began in 2008.
   a.

   b.

   c.

2. What is protectionism? Why do governments use protectionist policies?

3. What is free trade?

4. President Truman and his successors believed that ___________ _____________ was crucial to the ____and the ________________________________ ____.

Name:____

5. List four reasons why people trade.
   a.

   b.

   c.

   d.

6. List two effects of economic globalization.
   a.

   b.

7. What is a trade agreement?

8. Give two examples of criticisms of the World Trade Organization (WTO).
   a.

   b.

9. NAFTA stands for the ________________ ____________________ ______________ ______________

   ______________________________. It is a trade deal between the following three countries:

   a.

   b.

   c.

Name:____

Advanced Study Guide—Part I

1. Explain the difference between protectionism and free trade. Why might governments pursue these different types of trade policies?

2. Why did U.S. leaders change U.S. trade policy after World War II?

3. a. What is comparative advantage?

   b. Give an example of comparative advantage for each of the three categories.

   Individual:

   Business:

   Country:

4. What has been the U.S. role in the process of globalization?

5. What role does the WTO play in international trade?

Name:____

A New Era of Global Trade

Instructions: First, define the two trade policies below and fill in the boxes with examples of specific policies and the aims of these types of policies. Then answer the questions that deal with changes in the international trade system after World War II.

Protectionism	Free Trade
Definition:	Definition:
Example of a protectionist policy:	Example of a free trade policy:
Goals of these types of policies:	Goals of these types of policies:

Why did U.S. policy makers want to increase international trade after World War II?

What has contributed to the increase in trade since World War II?

U.S. Promotion of Free Trade	Globalization	Trade Agreements
Explain how the United States has promoted free trade.	Explain globalization.	Explain what trade agreements are.
How has this increased trade?	How has this increased trade?	How have they increased trade?

Part II: The Effects of Global Trade

While many disagree about whether economic globalization is good or bad, no one disputes that it causes change. Global trade opens new markets and creates new opportunities but it also heightens competition. Some argue that the benefits of trade outweigh any negative effects. Others contend that global trade creates opportunities only for some people, while others are harmed by the new economic system.

Part II Definitions

Outsourcing is a way that companies transfer some work to other companies for benefits such as lower costs, higher quality, or increased efficiency. U.S. firms increasingly have outsourced work to companies overseas, mainly in low and middle income countries.

Income inequality is the gap between the rich and the poor. Income inequality has increased in the United States over the past thirty years.

Adjusting to Economic Change

One major problem is that of adjustment. The faster a business or country can adjust to the changes brought about by increased trade, the better off they will be. Some countries have benefited from global trade, because they have the resources to expand production and create high quality goods that are in demand around the globe. Individuals and businesses have access to many more buyers and to goods they did not have access to before. On the other hand, some companies and individuals are hurt, because they are unable to compete with international producers.

> ***"Undoubtedly trade creates winners and losers. A good case can be made that the winners win more often than the losers lose, so the overall effects of trade are positive. But the distributional impacts can't be ignored. The political reality is that winners don't compensate losers. The only way those who lose from free trade can hope to be compensated is if they actively oppose it."***
>
> —Former U.S. Secretary of Labor Robert Reich, 1999

Among policy makers, one major point of contention is over which types of policies restrain free trade. For example, many labor advocates in industrialized countries have accused poorer countries of unfair conditions, because they have industries that use child labor or do not follow certain environmental or worker safety standards. In response, poor countries have argued that it is not reasonable to expect them to provide the same standards as rich countries. They claim that rich countries promote these standards as a way of protecting their own businesses.

Similarly, many of these labor advocates have complained that free trade is inherently unfair, because labor is so much cheaper in poor countries. Businesses will often "outsource" their operations to places where they can pay people less, and workers in rich countries often lose jobs as a result. Some economists counter that less expensive labor is an advantage of poor countries while rich countries have other advantages such as technological expertise.

What do supporters of free trade say?

Free trade encourages the participation of more and more countries in the global economy. It is often part of a larger process of economic globalization.

Supporters of free trade argue that trade does more good than harm. Trade gives companies access to new markets, introduces new technologies and practices to businesses around the world, and leads to the creation of new industries. Many economists argue that increased international trade has helped numerous countries develop much faster than they would have otherwise.

Many free trade economists argue that the elimination of trade barriers makes the world economy more efficient. A country can focus its resources on the industries in which it performs the best. For example, the United States exports a large amount of food to China, while China—now the major player in the world clothing and textile market—provides much of the clothing that people in the United States buy. With few restrictions on the movement of money for investment, investors can put their money in the most profitable industries regardless of where they are located. Furthermore, goods become less expensive for consumers, saving them money and increasing their product choices.

Supporters of free trade argue that everyone has the potential to be better off as more and more countries join the global marketplace. For example, standards promoted by rich countries have helped improve worker conditions in many countries. Supporters argue that in many parts of the world, free trade has helped decrease poverty and inequality.

Supporters point to the people around the world who now live longer and with a better standard of living thanks in part to international trade. For instance, the size of China's middle class has increased from 4 percent of the population to 68 percent in the last ten years. While some in China have gained more than others, a substantial portion of the

Vendors at a market in Chinchero, Peru. In many countries, people can buy much of what they need from street traders as well as from stores. Today, in cities around the world, one can buy shoes made in China, clothes made in India, produce grown in Latin America, or electronics from Taiwan from vendors on the street.

Positions on Free Trade Policies

Supporters Say:	Critics Say:
People have access to more affordable products	Income inequality increases in the short run
Businesses have more access to buyers	Jobs are lost due to economic turmoil
Unrestricted trade promotes growth and wealth in the long run	Regional economic downturns quickly become global
Standards in rich countries improve conditions in poor countries	It is difficult to enforce basic health, safety, and environmental standards
Dependency decreases the likelihood of conflict	Dependency makes countries vulnerable

population—larger than the entire U.S. population—has seen an improvement in their standard of living. Most analysts agree that international trade played an important role in this increase.

"We have to make sure America writes the rules of the global economy. And we should do it today, while our economy is in the position of global strength. Because if we don't write the rules for trade around the world—guess what—China will. And they'll write those rules in a way that gives Chinese workers and Chinese businesses the upper hand, and locks American-made goods out.... We're not going to be able to isolate ourselves from world markets. We got to be in there and compete.... When the rules are fair, we win every time. So this is why I'm such a strong supporter of new trade agreements."

—President Barack Obama, May 8, 2015

Many free trade supporters also contend that increased international trade decreases the likelihood of war, because it creates dependency among countries. Like policy makers argued in the 1940s, free trade supporters maintain that countries are less likely to go to war if they have economic relationships with each other.

What do critics of free trade say?

While most critics do not oppose trade in general, many warn that U.S. trade agreements favor big business and ignore the interests of workers. Some people want the United States to withdraw from the WTO and other trade organizations in order to protect U.S. jobs. Others argue for reform of the trade system as a whole.

Critics of free trade maintain that it results in far more losers than winners in the global economy. Among those who are negatively affected are hundreds of thousands of U.S. workers who have lost manufacturing jobs in recent years and tens of millions of people around the world who have lost their jobs or businesses.

According to critics, those who benefit are mainly rich investors who shift their money from one market to another and big corporations that relocate factories to poorer countries to take advantage of low-wage labor and lower worker safety and environmental standards. The losers, free trade opponents assert, are typically found among the working class and the poor.

"Our politicians have aggressively pursued a policy of globalization, moving our jobs, our wealth and our factories to Mexico and overseas. Globalization has made the financial elite, who donate to politicians, very, very wealthy."

—Presidential candidate Donald J. Trump, June 28, 2016

A broad coalition of organized labor, environmentalists, human rights activists, and

Ricky Qi (CC BY 2.0).

Shanghai, China. Shanghai is a global financial center and home to about twenty-four million people. Over the last ten years, China's middle class has grown rapidly due to globalization.

nongovernmental organizations (NGOs) protest the free trade policies favored by the United States and other governments. They assert that these policies do not serve the interests of ordinary people and believe that more fair and equitable trade is possible.

> ***"[T]he bilateral free trade agreements made by our governments aggregate even more power in the hands of already powerful and destructive transnational corporations, and lead to serious declines in the welfare of citizens."***
>
> —The Global Exchange, an international human rights organization, from its website, February 13, 2017

Critics of free trade argue that as companies seek to be more competitive, they are more likely to try to save money through practices like not increasing wages, lowering worker safety standards, and polluting the environment. Many critics contend that it is difficult to enforce basic health, safety, and environmental standards in different countries. For example, in 2008, there was worldwide alarm when experts discovered that some milk products produced in China had traces of a dangerous chemical. Countries throughout Asia and Europe rushed to test their products and remove tainted goods from the shelves. Experts note that, because ingredients for a single food product are often sourced from multiple companies or countries, it can be difficult to trace their origins.

Another major concern many critics raise is that free trade and economic globalization have made countries too dependent on each other. Being dependent on another country for essential goods such as food, medicine, or oil can make a country vulnerable to anything that might threaten the supply of those goods. Additionally, economic downturns experienced in one part of the globe can quickly become worldwide problems.

The debate on U.S. trade policy has other dimensions as well. For instance, another area of concern is how the United States should balance foreign trade with foreign aid.

U.S. Trade Policy and Global Development

U.S. policy makers often have viewed trade as a tool for promoting democracy, human rights, and environmental protection in the roughly 150 low and middle income countries around the world. Today, trade is put forward by wealthy countries as an alternative to foreign aid to boost poorer countries' fortunes, at least in theory.

Increasing trade in these countries serves U.S. economic interests as well. For example, in 2015 the United States spent more than $19 billion on imports from countries in Sub-Saharan Africa and exported $18 billion of goods to the same region. The United States continues to work to build stronger trade ties with countries across Latin America, East Asia, Africa, and the Middle East.

How does foreign aid sometimes conflict with foreign trade?

One continuing form of aid that the United States offers poorer countries is food aid. In circumstances of grave crises such as floods or wars, food aid is critical. But when developing countries are trying to build their economies, food aid can put local farmers out of business, hurting the long-term development of agriculture. Food aid remains a popular policy in the United States because the United States regularly produces more food than it can sell. The excess is bought by the government and given away as aid, bringing money to U.S. farmers.

Bryan Wittal (public domain via Wikimedia Commons).

A farmer in Manitoba, Canada drives a combine harvester, a machine that simultaneously harvests, cuts, and separates the grain. Modern technology has revolutionized the agricultural industries in many rich countries. Computers, GPS maps, and electronic sensors are routinely used on many large-scale farms.

How do U.S. agriculture subsidies affect farmers in poor countries?

For decades, the United States has supported its farmers in the form of cash to supplement their farm income. The Department of Agriculture provides about $20 billion per year to U.S. farmers. Most of those subsidies go to large agricultural firms, whereas very little goes to small farmers.

> ***"Farming is a risky business. Farmers need a safety net."***
>
> —Thomas Bond, a cotton grower in Belzoni, Mississippi, reflecting on the subsidies his farm received from the U.S. government, December 10, 2013

Challenges in the WTO to farm subsidy programs in rich countries have caused the United States to defend some of its own subsidy programs. In 2004, the WTO ruled against U.S. cotton subsidies in a case brought to the organization by Brazil. Similar complaints have been raised over U.S. corn subsidies. Some estimated that without these subsidies, U.S. cotton exports would shrink by 41 percent. In 2014, the United States agreed to pay Brazil more than $300 million in return for Brazil permanently dropping its complaint to the WTO about U.S. cotton subsidies.

The subsidies for cotton growers in the United States make it possible for cotton growers to sell their products to textile manufacturers at prices below what it costs to make them. This makes the price of cotton on the world market artificially low. The more than ten million cotton farmers in West Africa, in addition to millions of other cotton producers worldwide, have found it difficult to make a living, because they also must charge very low prices to be competitive.

The United States exports the bulk of its cotton to textile and clothing companies overseas in countries like China, Pakistan, and Indonesia. These companies then export clothing they produce back to the United States. Because of the low cost of U.S. cotton, these manufacturers are able to pass along lower prices for clothes to consumers.

At the same time that the United States subsidizes domestic cotton growers, it also provides hundreds of millions of dollars of aid to assist cotton farmers in developing countries to increase their production. Critics of these kinds of policies claim that wealthy countries should align their policies to eliminate such contradictions. They say that the subsidies in rich countries violate free trade principles and perpetuate poverty around the world. Supporters argue that protecting domestic agriculture and jobs should be a priority for policy makers.

The Effects of Trade Around the World

Trade has had mixed effects both within and among countries. As international trade grows, it is clear that some countries have been more successful than others in international markets.

Why do some countries benefit more from trade than others?

There are many factors that can contribute to a country's performance in international trade. The type of goods that a country exports—for example, food versus petroleum—is important. Countries also fare better on the international market when they are diversified, that is, exporting a number of different products. A country that receives large sums of foreign investment and that can direct that money into key sectors of its economy can give a big boost to its local businesses.

Some countries, including the United States, have created programs to reduce the negative effects of trade on their people by providing worker training programs or social welfare support. Governments strapped for cash have a harder time reducing the effects of global competition on the citizens who have lost their jobs.

Whether rich or poor, all countries bear the costs of adjusting to the global economy. But more often than not, opening up to global trade poses great challenges for developing economies. A lack of capital and infrastructure makes it hard for emerging industries to take off. This is made all the more difficult by the fact that new industries have to compete with pre-existing firms in wealthier countries that already produce on a large scale. Many argue that free trade disadvantages developing countries by forcing them to remove protections and compete internationally, while these same protections helped rich countries develop their economies in the nineteenth and early twentieth centuries.

> ***"Contrary to the conventional wisdom, the historical fact is that the rich countries did not develop on the basis of the policies and the institutions that they now recommend to, and often force upon the developing countries. We can only conclude the rich countries are trying to kick away the ladder that allowed them to climb where they are."***
>
> —Economist Ha-Joon Chang, 2002

Others argue that poor countries, even more than rich countries, need to be involved in global trade, because their economies are too small to provide all the goods their people need.

Not all poorer countries have struggled to succeed at international trade. Even within the same region of the world, some countries have done well while others have had more difficulty. Furthermore, in most countries there are groups who have seen direct benefits from trade while other groups have benefited much less or have faced severe hardship.

How have income levels changed in the last thirty years?

Most economists agree that inequality between people with the highest incomes in the wealthiest countries and people with the lowest incomes in the poorest countries continues to grow. Per capita income (the average income per person) in the United States and other wealthy societies is many times greater than per capita income in the world's poorest countries. Inequality within many countries also has increased. In the United States, for example, the gap between the rich and the poor has grown continually since the 1980s.

At the same time, the World Bank estimates that extreme poverty has declined by 35 percent since 1990. Today, about ten percent of the world's population gets by on a little less than $2 a day. Levels of poverty remain high in Sub-Saharan Africa and other parts of the world. At the same time, poverty has declined in parts of Latin America, South Asia, and East Asia. Some of these changes can be attributed in part to free trade policies and globalization.

> ***"[T]rade does tend to reduce poverty, but only in specific settings: in countries where financial sectors are deep, education levels high, and governance strong."***
>
> —Raju Jan Singh, program director, The World Bank, February 19, 2013

While some see international trade policy as one way to address international poverty, others argue that trade policy cannot solve the world's social problems. The following case studies explore some of the mixed results of international trade and globalization in three countries: India, Senegal, and the United States. Every country has experienced the changes brought about by increased trade differently. These three examples are not representative of the experiences of other countries in other parts of the world. But they will provide you with an understanding of the complex effects that trade can have and the difficult decisions that face policy makers.

India

Many free trade economists point to India as a success story. They argue that global trade has spurred economic growth, created jobs, and brought new technologies to Indian industries, all of which have contributed to lifting millions out of poverty. Others argue that other forces have contributed to the changes in India's society and point to the millions who continue to live in extreme poverty.

India's reduction of trade barriers and increased participation in the global economy began in the early 1990s. Since then, its economy has grown dramatically. Although statistics vary widely, most economists agree that poverty has decreased. The last few decades also have seen the rapid growth of India's middle class. But the benefits of trade have gone largely to the richest 20 percent of India's population. There are also regional disparities; some parts of the country have developed rapidly while other regions have lagged behind. Some contend that, despite the lopsided benefits, the country today has many resources to put towards reducing poverty and providing social services. The country now invests abroad in places like England and the United States. Today, India has one of the fastest growing economies in the world.

How has international trade affected India's automotive industry?

India's auto industry is a good example of how a particular sector can benefit from increased participation in the international economy. Until the mid-1980s, the auto industry was relatively small and had very little foreign involvement, largely because of government restrictions. For the vast majority of India's population, the cost of having a car was completely out of reach, and so the market for these companies to sell to was very small.

Over the last several decades, the government has gradually liberalized the sector, reducing restrictions to trade and foreign involvement. At the same time, India's growing middle class has spurred a growth in car ownership. Up from five drivers per one thousand people in 2000, India had eighteen drivers per one thousand people in 2016. (India has a population of more than 1.25 billion people.) Because the growth in demand for cars is much higher in India and other developing countries than it is in North America and Western Europe, automotive companies from rich countries are eager to establish factories in other parts of the world. The Indian government has looked to these companies to provide jobs, exports, and new technology.

According to the Indian government, in 2014, the automotive industry created 7.1 percent of India's total economy and 45 percent of its manufacturing. Between 2006 and 2016, the industry created nineteen million jobs. Some experts claim that every job created in the auto industry creates seven more in the economy at large, for example in jobs like road construction, transportation, car repair, and used car sales. Foreign companies have partnered with existing Indian auto companies and auto parts manufacturers, contracting some of the work to them and creating more jobs. The Indian government hopes that the country will become a major exporter of cars in the future.

Senegal

Senegal joined the WTO in 1995 and is also a member of a regional trading community called the West African Economic and Monetary Union (WAEMU). Senegal's economy depends mainly on agriculture, which employs a majority of the population. This makes the economy vulnerable to things like drought and poor crop harvests. Tourism and money sent home from Senegalese living abroad, in addition to food and petroleum exports, are important sources of income. The country, like many other poorer countries, is still struggling to change its rural economy to take advantage of opportunities created by free trade.

Nevertheless, Senegal is a hub of economic activity for the region. The current government has worked to improve Senegal's capital city, Dakar, with new roads and hotels to attract more foreign investment and tourism. But the country has high levels of unemployment and poverty, and the Senegalese people have struggled to cope with the rising food and fuel prices.

How has international trade affected a popular dish in Senegal?

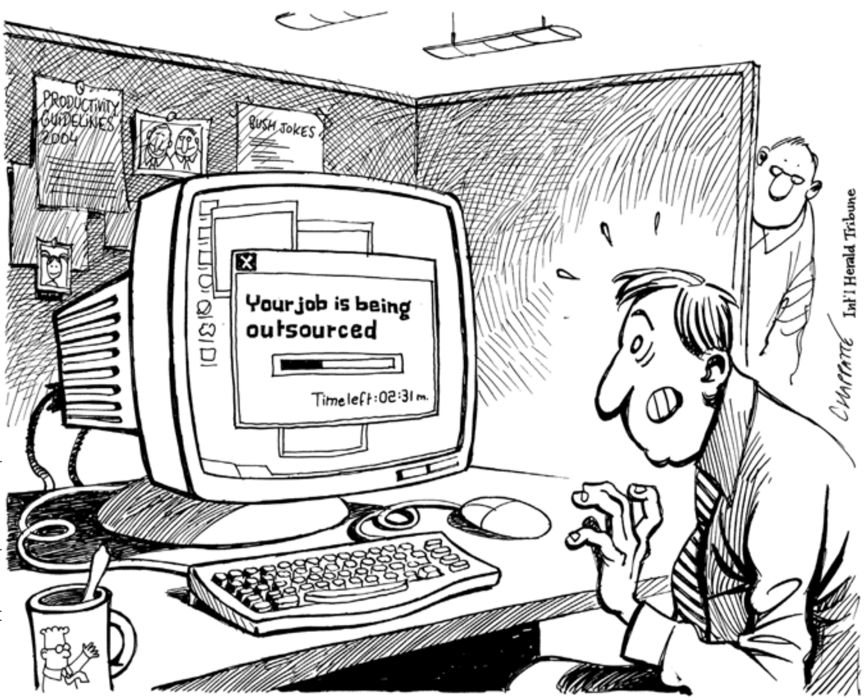
Senegal's food sector provides a good example of the effects of increased international trade on local economies. Globalization's mixed effects are well illustrated in the recent changes to a popular Senegalese dish made from rice, tomato, fish, and onion. In the past, local farmers and fishers produced the ingredients that people bought in stores and markets to make this meal. In recent years, as Senegal has liberalized its trade and opened itself to the world market, this Senegalese dish has become more and more international.

These days, most onions in Senegal are produced in Holland, and much of the rice is imported from Vietnam, Thailand, and the United States. Italian tomato paste tends to be cheaper than that which is produced in Senegal. Local fishers also struggle to compete. For them, the problem is that foreign companies are catching much of the fish. The Senegalese government has sold fishing rights of the waters on Senegal's coast to foreign governments. Local fishermen now must fish for two or three days at once to collect the amount of fish they used to be able to catch in a few hours.

Today, most Senegalese buy imported produce because it is cheaper. Government subsidies to Senegal's farmers have decreased while agricultural imports from large-scale international corporations, who in some cases still receive generous subsidies from their governments, have greatly increased.

At the same time, foreign companies have established farms and factories in Senegal to grow and package fruits and vegetables for export. Exports of these products have increased dramatically—from $24 million in 2010 to $59 million in 2014. The bulk of these products—primarily French beans, tomatoes, and mangoes—go to countries in the European Union. Not only has this development helped Senegal increase its exports, but it has also created jobs for many poor farmers who now work for the foreign companies.

Fishers in Senegal set out to sea. While most of the fish that are caught are consumed by the local population, in recent years, increasing amounts of certain fish are refrigerated or canned and exported to foreign markets. Fishers in Senegal have struggled as overfishing, both by local and foreign fishers, has greatly depleted local fish populations.



Patrick Chappatte. Reprinted with permission.

The United States

Since the end of the Great Recession in 2009, the U.S. economy as a whole has grown slowly. Many people in the United States believe that the employment security and stability of the past have been swept away by economic globalization. Wages for millions of U.S. workers are held down by the international labor market. The demands of global financial institutions and markets often dictate national economic policy and personal economic choices.

Trade policy is not the only reason for the economic changes in U.S. society. Technological advances, especially the automation of manufacturing, have also affected the U.S. economy. Nonetheless, trade issues have become a lightning rod for the larger debate on the United States' economic direction.

What is outsourcing?

While U.S. trade opportunities have expanded and new consumer goods have entered the market, most U.S. manufacturing workers have not welcomed competition on a worldwide scale. They fear that free trade threatens their jobs because it has led to outsourcing. Outsourcing is a way that companies can transfer some work to other companies for benefits such as lower costs, higher quality, or increased efficiency.

In the last three decades, U.S. firms increasingly have outsourced work to companies overseas, mainly in low and middle income countries. For example, U.S. clothing and textile companies have outsourced production to companies in countries like Mexico and the Philippines. U.S. companies in the service sector have outsourced jobs to places such as India, where college-educated and English-speaking workers are much less expensive than their U.S. counterparts. Frequently, people in the United States who call computer help desks, or doctors looking for medical transcription services are being connected to India. Corporations are becoming more likely to shift increasingly sophisticated services, such as software programming, overseas.

Many U.S. workers perceive outsourcing to be a major threat. A poll conducted in 2012 found that more than 86 percent of U.S. voters believed that outsourcing jobs hurt the U.S. economy. But while some layoffs by U.S. companies are a result of outsourcing, experts point to other changes, like automation and the use of new machinery, as major contributors to the loss of U.S. jobs. Others argue that although jobs have been lost as a result of increased global trade, new jobs have been created in other sectors. Others note that "insourcing," in which foreign companies invest in businesses in the United States, has created more jobs than have been lost to outsourcing.

"I used to have a really good job, and I liked the people I worked with—until it got overtaken by a machine, and then I was let go."

—Robert Stillwell, age thirty-five of Evansville, Indiana reflecting on the loss of his auto parts manufacturing job, December 26, 2016

How has growth in trade affected people in the United States?

Today, a growing share of U.S. exports are generated by the service sector, which employs U.S. workers in industries ranging from business insurance to computer software to international hotel management. U.S. workers have recorded strong gains in productivity too. The opening of new markets in developing countries has benefitted many U.S. businesses. Most business executives, especially those in export-oriented areas, are optimistic regarding the United States' ability to compete globally.

The growth in trade also has given U.S. consumers a wider range of products to buy. Increased competition has forced producers to improve quality and hold down prices. Poor people, who spend a larger share of their money on consumer goods, have been among the prime beneficiaries of lower prices.

At the same time, U.S. workers have had a mixed experience over the last thirty years. In the 1990s and early 2000s, U.S. incomes fluctuated, growing some years but falling in others. The gap between the rich and the poor in the United States has widened as well. As the share of workers with health and pension benefits declines, some economists calculate that people in the labor force under the age of thirty will earn less than their parents earned in their lifetimes.

Today, many people across the United States are concerned about the globalized economy. While many of the economic changes experienced by people in the United States and around the world cannot be solely attributed to international trade, trade policy is one tool that governments can use to navigate the international economy. Should trade policy be used to address concerns about poverty and inequality? Do economic globalization and free trade offer benefits or perpetuate inequality and poverty? How important are the concerns of U.S. workers? U.S. businesses? People around the world? How should these concerns affect the direction of U.S. trade policy?

You will have an opportunity in the coming days to consider these questions and a range of alternatives for U.S. trade policy. Each of the four options that you will explore is based on a distinct set of values and beliefs.

After you have considered the four options, you will be asked to create an option that reflects your own beliefs and opinions about where U.S. policy should be heading. You may borrow heavily from one option, combine ideas from two or three options, or take a new approach altogether.

Name:____

Study Guide—Part II

Vocabulary: Be sure that you understand these key terms from Part II of your reading. Mark ones that you do not know.

environmental standards
standard of living
coalition
capital
infrastructure
per capita income
rural
outsourcing
insourcing

Questions:

1. What do you think is the strongest argument in favor of free trade? Why?

2. What do you think is the strongest argument against free trade? Why?

3. Why is providing food aid to poorer countries a popular policy in the United States?

4. List three reasons why some countries benefit more from trade than others.
   a.
   b.
   c.

5. How has international trade affected India's automobile industry?

Name:____

6. Most people in Senegal are employed in agriculture. How has joining the WTO changed the business of agriculture in Senegal?

7. In addition to trade, what other factors have affected the U.S. economy? List three.
   a.

   b.

   c.

8. In the United States, which types of jobs are most commonly "outsourced" to other countries?

9. In the 1990s and early 2000s, U.S. ________________________ fluctuated, growing some years but falling in others. The gap between the _______________ and the ________________ in the United States has ______________________ as well.

10. List three ways that growth in international trade has affected U.S. citizens.
   a.

   b.

   c.

Name:____

Advanced Study Guide—Part II

1. Supporters and opponents of free trade have different understandings about how trade affects people in the United States and around the world. Using the reading, explain what you believe is the strongest argument from each perspective.

2. What role does the question of standards play in arguments about free trade?

3. Is India a success story for free trade? Why or why not?

4. Senegal's agricultural industry has changed in recent years. What benefits and risks do you see in these changes?

5. Why do some countries benefit more from trade than others?

Name:____

The Effects of Trade

Instructions: Fill out the chart below. Identify who is affected and how, and then decide whether each effect of trade is positive, negative, or both. Challenge yourself—see if you can identify both positive and negative consequences for each effect. At the bottom of the chart, add any additional effects that you can think of.

Effect	Who is affected and how?	Positive, Negative, or Both?
Example: Businesses have access to new markets.	Businesses trading internationally have more opportunities. Local businesses must compete with international companies.	Both
Countries tend to focus on producing goods in which they have a comparative advantage.		
Consumers have access to a wider variety of less expensive goods.		
Businesses may move factories to other countries for cheaper labor (outsourcing/insourcing).		
Countries are more dependent on each other.		
Consumers can buy goods that were produced in countries with different worker, safety, and environmental standards.		
There is competition among businesses from countries with different trade policies (e.g. subsidies vs. no subsidies).		
Increased competition forces producers to improve quality.		
Employment opportunities for workers change.		

Name:____

Share of World Manufacturing Exports: Regions and Selected Countries

Instructions: With your group, examine this chart and answer the questions that accompany it. Be prepared to share your findings with the rest of the class.

	1948	1953	1963	1973	1983	1993	2003	2015
World manufacturing exports in billions of 2016 dollars	59	84	157	579	1838	3688	7380	15985
World *(percent share of exports)*	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
North America	**28.1**	**24.8**	**19.9**	**17.3**	**16.8**	**17.9**	**15.8**	**14.4**
United States	21.6	14.6	14.3	12.2	11.2	12.6	9.8	9.4
Canada	5.5	5.2	4.3	4.6	4.2	3.9	3.7	2.6
Mexico	0.9	0.7	0.6	0.4	1.4	1.4	2.2	2.4
South and Central America	**21.6**	**14.6**	**14.3**	**12.2**	**11.2**	**12.6**	**9.8**	**9.4**
Brazil	5.5	5.2	4.3	4.6	4.2	3.9	3.7	2.6
Argentina	0.9	0.7	0.6	0.4	1.4	1.4	2.2	2.4
Europe	**35.1**	**39.4**	**47.8**	**50.9**	**43.5**	**45.3**	**45.9**	**37.3**
Germany [a]	1.4	5.3	9.3	11.7	9.2	10.3	10.2	8.3
France	2.0	3.0	3.6	4.7	3.5	3.8	4.0	3.5
Italy	3.4	4.8	5.2	6.3	5.2	6.0	5.3	3.2
United Kingdom	11.3	9.0	7.8	5.1	5.0	4.9	4.1	2.9
Commonwealth of Independent States (CIS) [b]	-	-	-	-	-	1.7	2.6	3.1
Soviet Union	2.2	3.5	4.6	3.7	5.0			
Africa	**7.3**	**6.5**	**5.7**	**4.8**	**4.5**	**2.5**	**2.4**	**2.4**
South Africa [c]	2.0	1.6	1.5	1.0	1.0	0.7	0.5	0.5
Middle East	**2.0**	**2.7**	**3.2**	**4.1**	**6.7**	**3.5**	**4.1**	**5.3**
Asia	**14.0**	**13.4**	**12.5**	**14.9**	**19.1**	**26.0**	**26.1**	**34.2**
China	0.9	1.2	1.3	1.0	1.2	2.5	5.9	14.2
Japan	0.4	1.5	3.5	6.4	8.0	9.8	6.4	3.9
India	2.2	1.3	1.0	0.5	0.5	0.6	0.8	1.7
Australia and New Zealand	3.7	3.2	2.4	2.1	1.4	1.4	1.2	1.2
GATT/WTO Members	**63.4**	**69.6**	**75.0**	**84.1**	**77.0**	**89.0**	**94.3**	**98.3**

Data from *International Trade Statistics Database*, WTO. Accessed January 25, 2017.

a Figures refer to the Federal Republic of Germany from 1948 through 1983.
b Former Soviet Union minus the Baltic States. Figures are significantly affected by i) changes in the country composition of the region and major adjustment in trade conversion factors between 1983 and 1993; and ii) including the trade flows between the Baltic States and the CIS between 1993 and 2003.
c Beginning in 1998, figures refer to South Africa only and no longer to the Southern African Customs Union.

Name:____________________

Questions

1. List the top three regions and countries for manufacturing exports in 1948.

Top Regions in 1948	Top Countries in 1948
a.	a.
b.	b.
c.	c.

2. List the top three regions and countries for manufacturing exports in 2015.

Top Regions in 2015	Top Countries in 2015
a.	a.
b.	b.
c.	c.

3. Which country and which region had the greatest increase in the share of manufacturing exports between 1948 and 2015?

Region	Country
a.	a.
b. Percent increase?	b. Percent increase?

4. Which country and which region had the greatest decrease in the share of manufacturing exports between 1948 and 2015?

Region	Country
a.	a.
b. Percent decrease?	b. Percent decrease?

Name:____

5. Use the data provided to graph the United States' share of manufacturing exports over time. Focus on general trends, not precisely graphing the numbers. Be sure to label the x-axis with the years and the y-axis with percentages.

Percent of world manufacturing exports

Year

6. Calculate the dollar value of the United States' manufacturing exports for each year.

	1948	1953	1963	1973	1983	1993	2003	2015
World manufacturing exports in billions of dollars	59	84	157	579	1838	3688	7380	15985
United States share of exports (percentage)	21.6	14.6	14.3	12.2	11.2	12.6	9.8	9.4
Dollar value (multiply dollars by percentage and divide by 100)								

7. Use the data provided to graph the dollar value of U.S. manufacturing exports. Focus on general trends, not precisely graphing the numbers. Be sure to label the x-axis with the years and the y-axis with the dollar values.

Dollar value of U.S. manufacturing exports

Year

Name:____

Trade "Quiz"

Instructions: Circle True or False for each question.

1. TRUE / FALSE — The United States exports more goods than it imports.

2. TRUE / FALSE — A total of $412 million worth of goods comes into and out of the United States every day.

3. TRUE / FALSE — The top U.S. trading partners are China and Japan.

4. TRUE / FALSE — The United States is the world leader in the export of services (industries such as telecommunications, banking, insurance).

5. TRUE / FALSE — The United States imports over 50 percent of the oil that it uses.

6. TRUE / FALSE — The United States does not produce DVD players; instead, it imports them.

Name:____

Options: Graphic Organizer

	According to this option, what should be the top priority of U.S. trade policy?	According to this option, do economic globalization and free trade offer benefits or perpetuate inequality and poverty?	According to this option, should U.S. trade policy be used to promote human rights and other foreign policy goals?	What are this option's views on NAFTA and the WTO?	Does this option prioritize the concerns of U.S. businesses? U.S. workers? People around the world?
Option 1: Keep the U.S. Economy on Top					
Option 2: Protect U.S. Workers					
Option 3: Put Values First					
Option 4: Work for Free and Fair Trade					

Options in Brief

Option 1: Keep the U.S. Economy on Top

Since the end of World War II, the United States and many of its chief trading partners have enjoyed unprecedented prosperity and economic growth. Free trade gives all countries a stake in protecting international peace and prosperity, because the economic health of one country depends on so many others. Although many barriers to trade remain, progress in lowering tariffs has produced positive results. World trade has soared, living standards have risen, and poverty has been reduced. To back away now from the top position in the global economy would leave the playing field open to U.S. rivals and remove a key pillar of international stability. Now more than ever, the United States is in a position to reap the benefits of international trade.

Option 2: Protect U.S. Workers

For too long, U.S. trade policy has served the interests of a small, selfish elite while the rest of the country has watched from the sidelines. The United States has produced multi-millionaires at a record rate while millions of hard-working people struggle to support their families on shrinking paychecks. U.S. trade policy must put the needs of U.S. workers above the heartless laws of free trade. The U.S. economy cannot be strong if it is constantly shedding jobs. U.S. trade policy must focus on stemming the flow of jobs overseas and protecting U.S. industries from unfair foreign competition. The forces of economic globalization must not be allowed to trample the lives of the men and women who built the country's economy.

Option 3: Put Values First

The United States should put its values before its wallet. There are issues that are more important to society than the benefits of free trade or the protection of U.S. workers. In today's world, trade policy is one of the most effective tools for addressing a range of global concerns such as human rights violations, environmental degradation, and the exploitation of child labor. The strong desire of other countries to have a trading relationship with the United States means that the United States has the opportunity to help promote broadly-accepted international values. The United States should be prepared to lead the way by imposing sanctions or trade embargoes on countries that do not agree about the importance of these issues. U.S. trade policy should reflect U.S. values.

Option 4: Work for Free and Fair Trade

The current system of trade has not produced greater wealth for all, but clear winners and losers. So-called "free trade" is highly unfair. The current trade system serves the interests of large companies from the United States and elsewhere. Current U.S. trade policies give these businesses a competitive edge while doing nothing to help those hurt the most by free trade. The United States must take a leadership role in making the WTO more fair and effective in serving all countries—rich or poor. Fair trade means providing fair prices for goods and fair wages for workers around the world. In the long run fair trade will promote greater productivity and more high-skilled jobs in the United States. In the short term it will improve the international opinion of the United States.

Option 1: Keep the U.S. Economy on Top

After World War II, the United States took the lead in creating an international economic system that recognized the critical importance of free trade and the free market. Since then, the United States and many of its chief trading partners have enjoyed unprecedented prosperity and economic growth. The United States helped the countries of Western Europe and Japan get back on their feet because it understood that the economic health of U.S. trading partners was vital to U.S. well-being. Although many barriers to trade remain, progress in lowering tariffs has produced positive results. World trade has soared, living standards have risen, and poverty has been reduced. More open trade has provided U.S. consumers with better products at lower prices. The growth of trade has cemented U.S. alliances with Western Europe and Japan and built bridges across the lines of politics and culture. Free trade gives all countries a stake in protecting international peace and prosperity because the economic health of one country depends on so many others.

Now more than ever, the United States is in a position to reap the benefits of international trade. U.S. technological expertise has given the United States the lead in many promising industries, including biotechnology and computer software. U.S. ingenuity continues to produce cutting-edge technology. To back away now from the top position in the global economy would leave the playing field open to U.S. rivals and remove a key pillar of international stability. The economic success of the United States must be our top priority. To tie a list of international issues like human rights and other concerns to trade discussions would take away from expanding U.S. markets and undermine the overall efficiency of the U.S. economy. With its cultural diversity, outstanding universities, and forward-looking industries, the United States can compete successfully with any country in the world.

Option 1 is based on the following beliefs

• U.S. leaders must base the country's trade policy on promoting the overall health of the U.S. economy.

• As participants in the world's most productive, innovative economy, the great majority of people in the United States benefit from the expansion of free trade.

• U.S. leadership in promoting free trade is essential to maintaining the United States' position as an economic superpower.

What policies should we pursue?

• The United States should reject foreign policy measures that interfere with U.S. trade interests, especially with respect to China and other key trading partners.

• The United States should press for the expansion of NAFTA and the WTO, and promote the creation of a Pacific Rim trade agreement.

• The United States should use foreign aid and trade benefits to reward poorer countries that follow free-trade policies.

Arguments for

• Increased trade will spur greater economic growth, improve the overall standard of living, and provide U.S. consumers with better products.

• Free trade will give rise to an international system in which all countries have an interest in maintaining peace, stability, and worldwide economic growth.

• Promoting more open trade with Mexico and other U.S. neighbors to the south will reduce poverty in Latin America, ease the flow of immigrants into the United States, and expand the market for U.S. goods.

• The free, open competition of the marketplace will sharpen the efficiency of U.S. industry and encourage innovation.

Arguments against

• Free trade policies will result in the transfer of millions of U.S. jobs abroad.

• Free trade will lead to a weakening of worker safety and environmental standards.

• The blind pursuit of free trade will leave U.S. industries and workers at a disadvantage in competing against companies overseas that use child labor or that have low safety and environmental standards.

• Free trade without fairness protects big businesses in the United States at the expense of workers in the United States.

Option 2: Protect U.S. Workers

For too long, U.S. trade policy has served the interests of a small, selfish elite while the rest of the country has faced rising inequality. Corporate presidents claim that free trade is the road to economic prosperity for all. Top policy makers have tried to convince the U.S. public that the WTO, NAFTA, and other trade pacts are the glue holding together the international system. But people in the United States are finally waking up to the truth. NAFTA and the WTO have hurt U.S. workers. In reality, U.S. trade policy has been crafted for the benefit of the few at the expense of the many. The United States has produced multi-millionaires at a record rate while millions of hard-working people struggle to support their families on shrinking paychecks. U.S. trade negotiators have opened the doors to imported goods, and other countries protect their industries with high tariffs and subsidies. The result is that the United States has lost millions of jobs since the 1980s. These were jobs that allowed U.S. workers to provide their families with a decent standard of living and to buy cars, clothes, and computers made by people in the United States.

U.S. trade policy must put the needs of U.S. workers above the heartless laws of free trade. The U.S. economy cannot be strong if it is constantly shedding jobs. More than any other group, workers have suffered from misguided U.S. trade policy. U.S. trade policy must focus on reducing the flow of jobs overseas and protecting U.S. industries from unfair foreign competition. At home, the United States must help workers adjust to the changing economic environment through expanded government retraining programs. The forces of economic globalization must not be allowed to trample the lives of the men and women who built the country's economy.

Option 2 is based on the following beliefs

• Most of the benefits of free trade are reaped by wealthy investors, while the majority of U.S. workers suffer from lower wages and greater job insecurity.

• Protecting good paying jobs for U.S. workers should be the top priority of U.S. trade policy. Environmental concerns and labor rights in other countries are less important.

• Many successful economies have largely ignored the principles of free trade in order to protect their local businesses. The United States should too.

What policies should we pursue?

• The United States should renegotiate more favorable terms under the WTO and NAFTA so that it can protect U.S. businesses and workers.

• The United States should substantially expand programs designed to retrain U.S. workers hurt by trade.

• The United States should use tax policy to discourage U.S. companies from transferring manufacturing jobs abroad and to encourage foreign companies to base their factories in the United States.

Arguments for

• Raising some barriers to trade will boost U.S. businesses and keep them from transferring jobs overseas.

• By taking control of the pace of economic change, the United States will ease the disruptive effects of change on workers and slow the widening gap between rich and poor.

• By investing in the retraining of U.S. workers, the United States will strengthen the overall competitiveness of the U.S. economy.

• Ensuring that good jobs stay in the United States will protect U.S. workers and contribute to the overall strength of the economy.

Arguments against

• Raising U.S. trade barriers will push other countries to raise their own trade barriers, which could reduce exports worldwide and tip the global economy into a depression.

• Creating barriers against outside competition will deprive U.S. consumers of a wide selection of affordable goods and drive up prices.

• There is no need to raise barriers to protect jobs when so many new jobs can be created through free trade.

• Imposing restrictions on U.S. businesses will lead to lower corporate profits and falling returns for tens of millions of ordinary U.S. investors.

Option 3: Put Values First

The United States should put its values before its wallet. The United States must recognize that there are issues that are more important to society than the benefits of free trade. A trade policy without values will increase poverty and inequality around the world and in the United States. In today's world, trade policy is one of the most effective tools for addressing a range of global concerns such as human rights violations, environmental degradation, and the exploitation of child labor. Addressing these international concerns is not just idealistic; it makes good economic and political sense. Societies that are torn apart by economic strife and the lack of respect for human rights are unstable. Instability can increase the number of immigrants and refugees, pushing people across borders to escape suffering, poverty, and injustice. Instability can also weaken governments so that they are unable to monitor the business practices of the companies in their countries. Businesses that use child labor or exploit their workers have an unfair advantage over businesses that follow fair regulations. Environmental pollution spills over borders and affects vulnerable populations around the world.

U.S. trade policy should promote the democratic values that are important to people in the United States. The strong desire of other countries to have a trading relationship with the United States means that the United States has the opportunity to help promote its values. With its economic strength, the United States can promote human rights, safe working conditions, and a clean environment as conditions of trade. The United States should be prepared to lead the way by imposing sanctions or trade embargoes on countries that do not agree about the importance of these issues. U.S. trade policy should reflect U.S. values.

Option 3 is based on the following beliefs

• While economic interests are important, the United States cannot separate those interests from its concerns for justice, human rights, and democracy.

• Government policy on trade should reflect a commitment to protecting the environment.

• The world's long-term economic health and the stability of the international system are linked to the growth of human rights and the rule of law worldwide.

What policies should we pursue?

• The United States should not have normal trading relations with countries that do not share the same concerns for human rights and labor standards. The United States should lead the way in imposing trade embargoes and economic sanctions on countries that violate human rights.

• The United States should insist that all trade agreements, including NAFTA and the WTO, provide safeguards that further the values of human rights, poverty reduction, and environmental safety.

• The United States should press its lower income trading partners to raise wages and worker safety standards as their economies grow. U.S. companies operating in these countries around world should be prodded to lead the way.

Arguments for

• Promoting human rights helps promote international stability and is vital to global security.

• Linking trade policy with other issues gives the United States greater leverage in dealing with concerns that will ultimately affect the world community.

• The U.S. public will support trade policies overseas that reflect the values it supports at home.

• As economic conditions in poor countries improve, business there will be forced to compete fairly with businesses in the United States and elsewhere.

Arguments against

• Tying trade policy to a list of other international issues will hurt U.S. efforts to expand trade and will weaken the U.S. economy.

• By concentrating on the issues of other countries, the United States could overlook the economic hardships faced by U.S. workers.

• By promoting strict regulations, the United States would put additional burdens on countries working to grow their economies and possibly foster resentment towards the United States among people in those countries.

• By forcing industries in lower income countries to adopt costly labor, safety, and environmental standards, the United States may contribute to companies cutting costs by laying off workers.

• Trade embargoes and sanctions often harm the very people the policies intend to help.

Option 4: Work For Free and Fair Trade

Many U.S. leaders mindlessly repeat the idea that all gain from free trade. In reality, the current system of trade has not produced greater wealth for all, but clear winners and losers. So-called "free trade" is highly unfair. If the United States is to promote free trade around the world, it must practice what it preaches. A free and fair trading system can help improve the lives of people everywhere. The current trade system serves the interests of large companies from the United States and elsewhere. Large businesses have an edge over small producers around the world because of their size and ability to set up shop anywhere. Many people in the United States and around the world have been put out of work because of competition from these businesses. Many of these businesses, particularly in agriculture, receive large subsidies from their governments. This allows them to sell their products at artificially low prices. Current U.S. trade policies give these businesses a competitive edge while doing nothing to help those hurt the most by free trade. Our trade policies should offer help to workers, not just large businesses.

The United States plays a leading role in the WTO, which promotes freer trade. But the United States does not fully follow the WTO's principles. The United States should eliminate its subsidies and tariff barriers. In addition, the United States should lead discussions about an international minimum wage to ensure that workers around the world earn enough money to afford food, clothing, and shelter. Fair trade means providing fair prices for goods and fair wages for workers around the world. These are basic human rights that all people deserve. The United States must take a leadership role in making the WTO more fair and effective in serving all countries—rich or poor. In the long run, fair trade will promote greater productivity and more high-skilled jobs in the United States. In the short term, it will improve the international reputation of the United States and set higher global standards.

Option 4 is based on the following beliefs

• People in the United States and around the world deserve the opportunity to earn a living on which they can survive.

• Creating a system of fair and just trade is more important than continuing a system that only profits wealthy businesses in the United States and elsewhere.

• As one of the most economically powerful countries in the world, the United States has a responsibility to improve economic, social, and political conditions wherever it can. Free and fair trade is one way to achieve these goals.

What policies should we pursue?

• The United States should reduce or eliminate subsidies to agricultural producers and reduce tariffs on imported goods.

• The United States should push for the further reduction of trade barriers and take a leading role in making the WTO more fair.

• The United States should encourage U.S. corporations to provide livable wages to their workers overseas.

• The United States should provide job training for U.S. workers who lose their jobs due to trade, automation of manufacturing, and technological advances.

Arguments for

• Taking a lead in fair trade will improve international opinion of the United States.

• Reducing trade barriers will promote greater competition and therefore greater productivity and growth in the U.S. economy in the long run.

• The United States will be poised to take a lead in new industries, particularly in high-tech sectors. This will replace many lower skilled jobs in manufacturing, for example, with higher skilled and higher paying jobs.

• Fair trade will most benefit poor people in poorer countries around world, which may greatly reduce the amount of money the United States devotes to foreign aid.

Arguments against

• U.S. jobs will be lost.

• Once protective trade policies such as subsidies are ended, more businesses will move overseas. The United States will be forced to import more and more agricultural and manufactured goods while its exports from those sectors decline.

• U.S. companies will face steeper competition around the world without protective trade policies.

• Cutting into corporate profits would open the playing field for another great economic power to emerge and challenge the U.S. global position.

Name:____

Focusing Your Thoughts

Instructions

You have had an opportunity to consider four options on U.S. trade policy. Now it is your turn to look at each of the options from your own perspective. Try each one on for size. Think about how the options address your concerns and hopes. You will find that each has its own risks and trade-offs, advantages and disadvantages. After you complete this worksheet, you will be asked to develop your own option on this issue.

Ranking the Options

Which of the options below do you prefer? Rank the options, with "1" being the best option for the United States to follow.

____ Option 1: Keep the U.S. Economy on Top

____ Option 2: Protect U.S. Workers

____ Option 3: Put Values First

____ Option 4: Work for Free and Fair Trade

Beliefs

Considering the statements below will help you answer the first three questions of "Your Own Option." Rate each of them according to your personal beliefs:

1 = Strongly Support   2 = Support   3 = Oppose   4 = Strongly Oppose   5 = Undecided

____ U.S. trade policy should take into account its effects on people around the world.

____ In the global economy, one country's gain is usually another country's loss.

____ The government should not sacrifice U.S. values for economic prosperity.

____ Promoting human rights and protecting the global environment are important tasks for the United States.

____ The success or failure of trade policy should be judged by how it affects U.S. workers.

____ The main economic goal of U.S. policy should be promoting the overall growth of the U.S. economy.

____ The United States' leadership role in upholding the international economic system has contributed to peace and prosperity at home and abroad.

____ U.S. trading partners have taken advantage of U.S. policies to enrich themselves at the expense of the United States.

____ A major goal of global trade policy should be to help people living in poverty.

Name:____

Your Own Option

Instructions: In this exercise, you will offer your own recommendations for U.S. trade policy. You may borrow heavily from one option, or you may combine ideas from two or three options. Or you may take a new approach altogether. You should create an option that is logical, persuasive, and that reflects your personal beliefs. Your responses to "Focusing Your Thoughts" and your deliberations with your classmates will help you identify the guiding principles of your proposal.

Title of Your Own Option: ______________________________

1. What values and interests should guide U.S. trade policy?

2. What current trade issue is most important for your option?

3. What specific policies should the United States follow with regards to trade? (Use the "What policies should we pursue?" section featured in the options as a guide.)

4. How might your option affect people in the United States? In other countries?

5. What are the two strongest arguments opposing your option?
   a.

   b.

6. What are the two strongest arguments supporting your option?
   a.

   b.