

The Nightly Business Report
Trade and Jobs – A Critical Time
February 10, 2009

Trade makes an important contribution to U.S. economic growth and job creation. U.S. exports – manufactured goods, services, and agriculture products – account for 13% of U.S. GDP and support an estimated 10 million American jobs.

We are painfully aware of the recession and the layoffs which have pushed the unemployment rate to 7.6%, the highest in sixteen years. Some states – for example, Michigan and California -- which have the highest unemployment rates are also among the largest exporting states. It would be tragic if those states, among many others, were to lose even more jobs.

But this is precisely what could happen if the “Buy American” provisions of the stimulus package being debated by Congress are enacted into law. President Obama has spoken against these provisions but the Congress should get rid of them before the final bill hits the President’s desk. Some of our trading partners have also complained about this protectionism -- notably, Canada, our largest trading partner, and the European Union.

If the U.S. restricts trade, other countries will retaliate, and this could trigger a broader trade war. That would do great damage to every country, prolong the global recession, and lose many more jobs here in the U.S.

The Congress and the President simply cannot allow this to happen. The stakes are too high. We must resist the impulse to turn inward.

I’m Barbara Hackman Franklin