



On April 18<sup>th</sup> Sebastian Malaby hit the nail on the head when he wrote that free trade benefits economies as a whole, and that those sectors and individuals that do not benefit should be supported by policies that ease their transition into a free-market world. It is better that market forces determine which country manufactures what and at what price. Producers will naturally gravitate towards those sectors in which they have a competitive edge and away from those in which they cannot compete. Governments should not be in the business of choosing winners and losers by protecting certain market segments at the expense of others at home and in the developing world. Doing so only serves to distort the global market, waste resources, and drive up prices for consumers around the world.

At Consumers for World Trade, we have been making these points for many years. The extravagant waste symbolized by government subsidies and import restraints should have been done away with long ago; but perhaps now we are seeing the best chance of accomplishing true market liberalization. Government subsidies and import restraints (such as tariffs and quotas) delay the inevitable decline of certain sectors while offering false hope to workers in those sectors. Mr. Malaby states that poor countries have been hurt by the lifting of global quotas on textiles and apparel at the end of 2004. It is true they face stiff competition from China which benefits from better infrastructure and economies of scale. But what if our government had never created the quota system in the first place? What would less efficient producers in those sectors be doing now? Most likely they'd be engaged in activities that make better use of their resources.

While protecting vulnerable sectors from international competition might seem like the humane thing to do, it is counterproductive in the long run. Protection is hard to dismantle once it has been put in place because it fosters dependency on continued protection and creates a special interest whose primary goal is to keep the subsidies in place so that they never have to compete in the real world. Rather than keeping non-competitive sectors on life-support, it would be much more humane and farsighted of our government and governments around the world to allow uncompetitive sectors to disappear in an orderly process while providing transition assistance to those who work in these sectors. The U.S. is in a position to provide such assistance to its own workers as well as to those in the poorest countries.