The Strategic Logic of Trade

New Rules of the Road for the Global Market

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For much of the twentieth century, leaders and policymakers around the world viewed the strategic importance of trade, and of international economic policy more generally, largely through the lens of military strength. They believed that the role of a strong economy was to act as an enabler, supporting a strong military, which they saw as the best way to project power and influence. But in recent decades, leaders have come to see the economic clout that trade produces as more than merely a purse for military prowess: they now understand prosperity to be a principal means by which countries measure and exercise power.

The strategic importance of trade is not new, but it has grown in recent years and strongly reinforces the economic case for expanding trade. Over 40 years ago, the economist Thomas Schelling observed, “Broadly defined to include investment, shipping, tourism, and the management of enterprises, trade is what most of international relations are about. For that reason trade policy is national security policy.” In a world where markets can have as much influence as militaries, any tension between the United States’ national security priorities and its economic goals is more apparent than real. Still, in considering new trade agreements, Washington must first and foremost evaluate their economic merits. Trade deals must promote U.S. economic growth, support jobs, and strengthen the middle class.

Trade’s contribution to the U.S. economy has never been more significant than it is today. Trade supports higher-paying jobs, spurs economic growth, and enhances the competitiveness of the U.S. economy. Last year, the United States exported a record $2.3 trillion in goods and services, which in turn supported around 11.3 million American jobs. Over the last five years, the increase in U.S. exports has accounted for nearly a third of total U.S. economic growth and, during the past four years, has supported 1.6 million additional jobs. Better yet, those jobs typically pay somewhere between 13 and 18 percent more than jobs unrelated to exports.

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