

Policy Implications

The main purpose of this report has been to highlight the surprisingly large gains for Americans from further global integration that new research has found, and how commitments to imports and investment, as well as to exports, can rejuvenate firms, industries, workforces, and communities.

Policy plays a background role in almost all this research. But the broad policy implications of this research are fairly clear:

- *Policies that facilitate opportunity.* America needs policies to help its workers, firms, and communities look outward and choose to commit to more global integration. Such policies might include, for example, early education in world and cultural affairs; increased encouragement of second- and third-language skills; and community-to-community, school-to-school, and union-to-union exchange and cooperation programs with counterparts abroad.
- *Policies that promote social solidarity.* America needs new policies to diffuse the gains of globalization more evenly, and in particular, policies to ease burdens on workers, firms, and communities that cannot or will not embrace global integration. Fortunately, some new ideas for such policies are already being debated. These include government support for public-private earnings insurance;¹ for worker-

owned health and retirement insurance that would allow people to seize opportunities for better jobs, better employers, and better communities with less financial burden; and for rational downsizing and refocusing by firms or in sectors with less than best-practice technology, labor relations, and strategic planning.²

- *Policies that encourage global commitment.* Most fundamentally, America needs policies to encourage more Americans to make the global commitment—and this means across-the-board commitment, not just export opportunism or advantages for companies we identify as “ours.” The gains are also high from savvy importing and savvy reliance on foreign firms. The executive branch of the federal government needs trade promotion authority, to allow it to negotiate multilateral and regional arrangements, including arrangements in services, investment, and import encouragement. Trade promotion authority may or may not include new issues and rules that pull marginal communities into the negotiating process, but it promises significant gains either way. To remain on the current plateau of global integration seems to us to reject the opportunities for significant rejuvenation that the new research has revealed.

1. Kletzer and Litan (2001).

2. Graham and Richardson (1997) propose conditionally lower merger barriers, as well as other easier competition policy regulations, for such firms and sectors.