



RONALD REAGAN

XL President of the United States: 1981-1989

Radio Address to the Nation on International Trade
June 28, 1986

My fellow Americans:

This coming week we'll celebrate the Fourth of July and the birthday of the Statue of Liberty, dedicated one century ago this year. Nancy and I will be in New York Harbor for the event, watching fireworks light the sky over the grand old lady who welcomes so many millions of immigrants to our shores. But I've often thought that Lady Liberty also represents another symbol of our openness to the rest of the world. With the ships plying the waters of New York Harbor beneath her, she reminds us of the enormous extent of our trade with other nations of the world.

Now, I know that if I were to ask most of you how you like to spend your Saturdays in the summertime, sitting down for a nice, long discussion of international trade wouldn't be at the top of the list. But believe me, none of us can or should be bored with this issue. Our nation's economic health, your well-being and that of your family's really is at stake. That's because international trade is one of those issues that politicians find an unending source of temptation. Like a 5-cent cigar or a chicken in every pot, demanding high tariffs or import restrictions is a familiar bit of flimflam in American politics. But cliches and demagoguery aside, the truth is these trade restrictions badly hurt economic growth. You see, trade barriers and protectionism only put off the inevitable. Sooner or later, economic reality intrudes, and industries protected by the Government face a new and unexpected form of competition. It may be a better product, a more efficient manufacturing technique, or a new foreign or domestic competitor.

By this time, of course, the protected industry is so listless and its competitive instincts so atrophied that it can't stand up to the competition. And that, my friends, is when the factories shut down and the unemployment lines start. We had an excellent example of this in our own history during the Great Depression. Most of you are too young to remember this, but not long after the stock market crash of 1929, the Congress passed something called the Smoot-Hawley tariff. Many economists believe it was one of the worst blows ever to our economy. By crippling free and fair trade with other nations, it internationalized the Depression. It also helped shut off America's export market, eliminating many jobs here at home and driving the Depression even deeper.

Well, since World War II, the nations of the world showed they learned at least part of their lesson. They organized the General Agreement on Tariffs and Trade, or GATT, to promote free trade. It hasn't all been easy going, however. Sometimes foreign governments adopt unfair tariffs or quotas and subsidize their own industries or take other actions that give firms an unfair competitive edge over our own businesses. On those occasions, it's been very important for the United States to respond effectively, and our administration hasn't hesitated to act quickly and decisively.

And in September, with more GATT talks coining up once again, it's going to be very important for the United States to make clear our commitment that unfair foreign competition cannot be allowed to put American workers in businesses at an unfair disadvantage. But I think you all know the inherent danger here. A foreign government raises an unfair barrier; the United States Government is forced to respond. Then the foreign government retaliates; then we respond, and so on. The pattern is exactly the one you see in those pie fights in the old Hollywood comedies: Everything and everybody just gets messier and messier. The difference here is that it's not funny. It's tragic. Protectionism becomes destructionism; it costs jobs.

And that's why I wanted to talk with you today about some legislation that the Congress now has before it that is a throwback to the old protectionist days. It greatly cuts down my flexibility as President to bargain with and pressure foreign governments into reducing trade barriers. While this legislation is still pending before the Senate, it has already passed the House of Representatives. So, the danger is approaching. Should this bill become law, foreign governments would respond, and soon a vicious cycle of trade barriers would be jeopardizing our hard-won economic prosperity. Yes, the politicians are back at it in Washington. And should this unacceptable legislation continue to move through the Congress, I'll need your help in sending them a message. So, please consider our talk today an early warning signal on free and fair trade, a jobs and growth alert. And stand by, I may need your help in resisting protectionist barriers that would hinder economic growth and cost America jobs.

Until next week, thanks for listening, and God bless you.

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Note: The President spoke at 9:06 a.m. from his ranch in Santa Barbara County, CA.