



# Trade and Prosperity in the 50 States: The Case of South Carolina

*Bryan Riley*

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# *Trade and Prosperity in the 50 States: The Case of South Carolina*

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**Abstract:** *When the United States was founded, South Carolina legislators were some of the country's most forceful advocates of free trade. By the 1980s, this record was reversed, as politicians attempted to protect the state's textile industry from international competition. But in recent years, South Carolina's congressional delegation has increasingly embraced the state's free trade roots. The benefits that international trade and investment bring to South Carolina are overwhelming. Over 100,000 South Carolinians owe their jobs to foreign direct investment; 113,800 people make goods destined for foreign markets; 6,800 people work at the state's ports; and 198,837 people work where foreign goods are sold. South Carolina's delegates can best represent the interests of their state by rejecting protectionist policies that reward special interests at the expense of everyone else.*

Economist Walter Williams once described the primary challenge facing free-traders: It is unreasonable to expect even principled politicians to vote for good economic policies if those votes amount to political suicide.<sup>1</sup> Opponents of increased trade have often convinced politicians that votes for free trade are career killers. But even in states where opposition to free trade has been the strongest, the benefits of trade have more than compensated for the costs. One such case is South Carolina.

When the United States of America was founded, South Carolina legislators were some of the country's most forceful advocates of free trade. By the 1970s and 1980s, this record was reversed, as politicians attempted to protect the state's textile industry from international competition. But in recent years, South Carolina's congressional delegation has increasingly embraced the state's free trade roots.

The benefits that international trade and investment bring to South Carolina are overwhelming. Over 100,000 South Carolinians owe their jobs to foreign direct investment; 113,800 people make goods destined for foreign markets; 6,800 people work at the state's ports; and 198,837 people work at places where foreign goods are

sold.<sup>2</sup> South Carolina's congressional representatives can best represent the interests of their state by rejecting protectionist policies that reward special interests at the expense of everyone else.

## **South Carolina's Free Trade Roots**

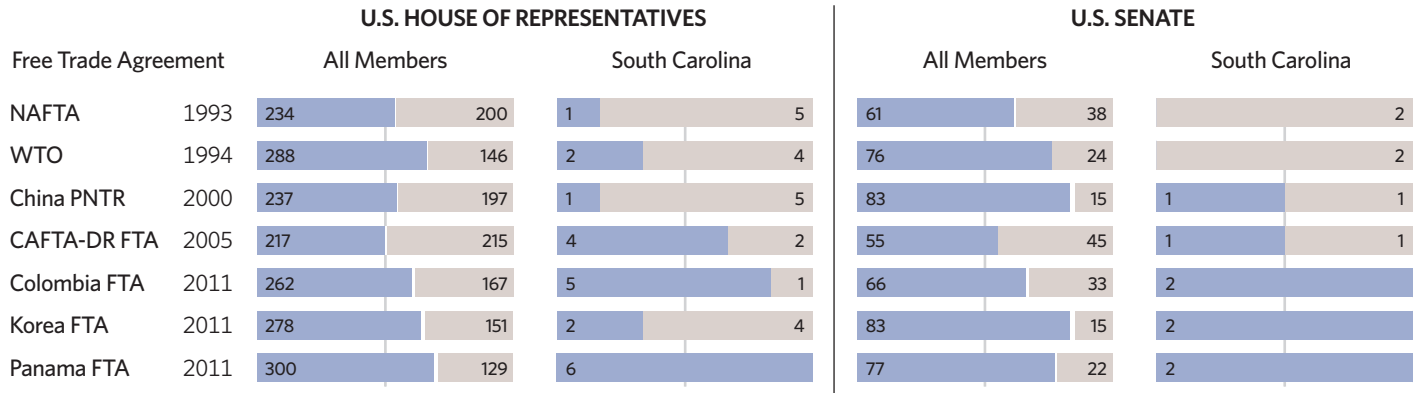
**Early Trade Policy.** In the early days of the United States, South Carolina strongly supported free trade. The state's farmers relied on foreign markets to sell their agricultural products. At that time, cotton, tobacco, and rice from North Carolina, South Carolina, and Virginia accounted for about two-thirds of all U.S. exports.<sup>3</sup> In addition to providing products for overseas markets, free trade allowed Southerners to buy low-cost imports.

As a result, South Carolina's legislators usually opposed high tariffs. The peak of opposition to protectionist policies occurred in 1828, when Congress passed the Tariff of Abominations, raising tariffs to unprecedented levels. The Tariff of Abominations was widely viewed as an unconstitutional abuse of federal power because it was intended not just to raise revenue for the federal government, but to protect certain industries


CHART 1

## South Carolina Votes on Free Trade Agreements

Votes For  Against 



Source: Govtrack.us, <http://www.govtrack.us/> (accessed January 29, 2013).

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from international competition. Vice President John Calhoun from South Carolina was the lead proponent of this position, and a constitutional crisis ensued when South Carolina’s legislature attempted to “nullify” the federal tariff.<sup>4</sup> Eventually, Congress modified the Tariff of Abominations and the crisis was resolved.

**Growing Competition.** Following the Civil War, textile manufacturers based in New England migrated to Southern states to take advantage of lower labor costs.<sup>5</sup> This trend continued even after World War II. Northern textile factories lost nearly 300,000 jobs between 1950 and 1970.<sup>6</sup>

Over time, textile and apparel manufacturers in South Carolina faced growing competition from

overseas imports, and adopted new technologies enabling their workers to be more productive. But, just as these industries had once moved from New England to the South, where wages were lower, the state’s textile and apparel manufacturers also increasingly moved jobs overseas. From 1973 to 2011, increasing imports and the productivity gains from technological changes reduced the number of South Carolina textile and apparel jobs by 185,213—an 89.5 percent drop. Although the decline in textile and apparel jobs received much attention in the headlines—and from politicians—during the same time frame, total South Carolina employment grew by 187 percent.<sup>7</sup>

1. Walter Williams, “Future Prospects for Economic Liberty,” *Imprimis*, September 2009, <http://www.hillsdale.edu/news/imprimis/archive/issue.asp?year=2009&month=09> (accessed December 27, 2012).
2. Thomas Anderson, “U.S. Affiliates of Foreign Companies: Operations in 2010,” Bureau of Economic Analysis *Survey of Current Business*, August 2012, [http://www.bea.gov/scb/pdf/2012/08%20August/0812\\_us\\_affiliate\\_operations.pdf](http://www.bea.gov/scb/pdf/2012/08%20August/0812_us_affiliate_operations.pdf) (accessed December 27, 2012); U.S. Department of Commerce, International Trade Administration, “Employment Figures by State by Industry (2009),” <http://tse.export.gov/JOBS/SelectReports.aspx?DATA=Jobs> (accessed December 14, 2012); and U.S. Bureau of Economic Analysis, “Regional Data: Annual State Personal Income and Employment,” <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1> (accessed December 14, 2012).
3. Douglas A. Irwin, “The Optimal Tax on Antebellum U.S. Cotton Exports,” National Bureau of Economic Research *Working Paper* No. 8689, December 2001, p. 3, <http://www.nber.org/papers/w8689.pdf> (accessed December 27, 2012).
4. Office of the Clerk of the U.S. House of Representatives, “The Tariff of Abominations: April 22, 1828,” <http://artandhistory.house.gov/highlights.aspx?action=view&intID=45> (accessed December 27, 2012).
5. Mary H. Blewett, “Textile Workers in the American Northeast and South: Shifting Landscapes of Class, Culture, Gender, Race, and Protest,” University of Massachusetts Lowell, January 1, 2005, p. 13.
6. John Gaventa and Barbara Ellen Smith, “The Deindustrialization of the Textile South: A Case Study,” in Jeffrey Leiter, Michael D. Schulman, and Rhoda Zingraff, eds., *Hanging by a Thread: Social Change in Southern Textiles* (Ithaca, NY: ILR Press Books, 1991), p. 182.
7. U.S. Bureau of Economic Analysis, “Annual State Personal Income and Employment: Total Full-Time and Part-Time Employment by Industry,” <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1> (accessed December 14, 2012).

## Exports, Foreign Investment, and South Carolina

- Agricultural exports have increased by 157 percent since 2000. Livestock exports were 2.7 times higher in 2011 than in 2000. Over 37 percent of the state's agricultural income is generated by exports.
- Exports are responsible for five times as many jobs in South Carolina as the entire textile industry.
- South Carolina's exports have increased by 188 percent since 2000, more than four times faster than overall state GDP growth.
- More than 210,000 people in South Carolina owe their jobs to foreign trade and investment.
- South Carolina has overtaken Michigan as the country's leading exporter of vehicles.

### From Fritz Hollings to Jim DeMint

During the 1970s and 1980s, job losses in the textile industry generated hostility to trade from many South Carolina legislators. This view was most prominently represented by Senator Ernest "Fritz" Hollings (D):

If the old game was called "Cold War," the new game is "trade war": it is a no-holds-barred struggle among nations for market share and standard of living in a largely zero-sum world marketplace. To date, not only is the United States losing this new contest, we still haven't the foggiest idea how the game is played. Like the Soviet Union in the Cold War, this time it is we who are cast in the role of dinosaur: outsmarted, unable to adapt to a changing environment, in thrall to a defunct 19th century Ideology ("free trade"), and targeted for extinction.<sup>8</sup>

When Senator Hollings retired in 2005, several people campaigned to replace him, including

then-Representative Jim DeMint (R). DeMint's promotion of free trade as part of his campaign agenda generated significant controversy. As one South Carolina voter commented: "Unfair trade agreements like NAFTA have cost South Carolina tens of thousands of jobs. Now the new Central American Free Trade Agreement threatens to do even more damage."<sup>9</sup> Representative DeMint, however, won his primary runoff, arguing that protectionist policies "would raise the cost of everything we buy as Americans—our clothes, our shoes, our TVs and DVDs, because this is going to start a trade war and it's going to put thousands of South Carolinians out of work at companies like BMW, Michelin, and General Electric, who depend on exports to keep their people employed here."<sup>10</sup>

DeMint overcame opposition from the textile industry to win the general election and become one of the country's leading opponents of special-interest politics. His election to the Senate launched a free trade turnaround in the state's congressional delegation, as demonstrated by recent trade votes.

### South Carolina's Recent Free Trade Votes

In 2011, Congress overwhelmingly approved free trade agreements (FTAs) with Colombia, Panama, and South Korea. The FTAs received support from 76 percent of the Senate, and from 65 percent of the House.

Support from the South Carolina delegation was even stronger than the national average. Every member of South Carolina's delegation voted "yes" for at least two of the three agreements. Notably, Tim Scott (R) voted for all three, as did Senators Jim DeMint and Lindsey Graham (R). Contrast this with North Carolina, where Senator Kay Hagan (D) voted against all three agreements and in the House of Representatives North Carolina's legislators voted "yes" just 36 percent of the time, with six of North Carolina's Representatives voting against all three agreements.

#### Trade Benefits South Carolina Businesses.

Recently implemented trade agreements have benefited businesses in South Carolina. For example, since the U.S.–Chile trade agreement entered into force in 2004, South

8. Ernest F. Hollings, "We're Winning the Cold War While Losing the Trade War," *The Baltimore Sun*, December 17, 1989, <http://digital.tcl.sc.edu/cdm/compoundobject/collection/how/id/634/show/632/rec/37> (accessed December 27, 2012).

9. Jake Hardison Jr., "DeMint's World More Like Fantasy Island," *The State*, October 25, 2004.

10. Ralph Bristol, "Word Transcript: Beasley v. Demint on Trade," Nashville's Morning News, June 17, 2004, <http://www.ralphbristol.com/article.asp?colid=1543> (accessed December 27, 2012).

TABLE 1

## South Carolina's Leading Export Markets and Industries

MARKETS		INDUSTRIES	
COUNTRY	2011 EXPORTS	INDUSTRY	2011 EXPORTS
Germany	\$3,998,743,143	Transportation Equipment	\$8,340,175,196
Canada	\$3,755,670,404	Machinery (excluding Electrical)	\$3,637,126,123
China	\$3,001,002,285	Chemicals	\$2,917,587,936
Mexico	\$1,761,449,904	Plastics and Rubber Products	\$2,418,851,758
United Kingdom	\$1,412,775,857	Computer and Electronic Products	\$1,399,099,634
Australia	\$758,114,421	Paper	\$1,296,994,268
India	\$619,485,506	Electrical Equipment, Appliances, and Components	\$896,789,955
Brazil	\$615,649,467	Fabricated Metal Products*	\$771,940,974
Japan	\$611,128,489	Textiles and Fabrics	\$651,274,734
Saudi Arabia	\$606,325,734	Food and Kindred Products	\$494,284,027
TOTAL, top 10 countries	\$17,140,345,210	TOTAL, top 10 exports	\$22,824,124,605
TOTAL, all countries	\$24,697,462,187	TOTAL, all exports	\$24,697,462,187

\* Not elsewhere specified or indicated.

Source: WISERTrade, U.S. State Exports by NAICS Industry, <https://www.wisertrade.org/naics/ftbegin> (accessed January 29, 2013).

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Carolina's exports to Chile have grown by 478 percent.<sup>11</sup> According to the U.S. Chamber of Commerce, total U.S. exports to countries with which the U.S. has FTAs grew three times faster than exports to non-FTA countries from 1998 to 2008.<sup>12</sup> Although nearly the entire South Carolina congressional delegation opposed the North American Free Trade Agreement (NAFTA), the Chamber of Commerce reports that trade with Canada and Mexico now supports nearly 200,000 jobs in the state.<sup>13</sup>

Since 2000, South Carolina's level of exports has increased by 188 percent, to \$24.7 billion.<sup>14</sup> Today, exports are responsible for more than five times as many jobs in South Carolina as the textile industry.<sup>15</sup>

### Trade Is Not Responsible for Job Losses.

Protectionists in Washington, D.C., claim that trade has reduced the number of jobs in South Carolina. Those claims are false. From 2001 to 2010, South Carolina employment *increased* by 207,565 jobs. And, since NAFTA took effect in 1994, the state has added 472,241 net new jobs.

Public Citizen, an organization that opposes free trade, claims that South Carolina has lost 120,971 manufacturing jobs since NAFTA took effect.<sup>16</sup> What Public Citizen fails to report is that South Carolina's manufacturing output is higher now than it was in 1994, even after adjusting for inflation. It is disingenuous to suggest that international trade is responsible for overall manufacturing job

11. U.S. Department of Commerce, International Trade Administration, "Benefits from the U.S.-Colombia Trade Promotion Agreement," August 2011, <http://trade.gov/fta/colombia/south-carolina.pdf> (accessed December 27, 2012).

12. U.S. Chamber of Commerce, "Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners," May 14, 2010, <http://www.uschamber.com/reports/opening-markets-creating-jobs-estimated-us-employment-effects-trade-fta-partners> (accessed December 27, 2012).

13. U.S. Chamber of Commerce, "NAFTA Triumphant: Assessing Two Decades of Gains in Trade, Growth, and Jobs," 2012, [http://www.uschamber.com/sites/default/files/reports/1112\\_INTL\\_NAFTA\\_20Years.pdf](http://www.uschamber.com/sites/default/files/reports/1112_INTL_NAFTA_20Years.pdf) (accessed December 27, 2012).

14. Wiser Trade, State Exports by NAICS Database, <http://www.wisertrade.org> (accessed January 2, 2012).

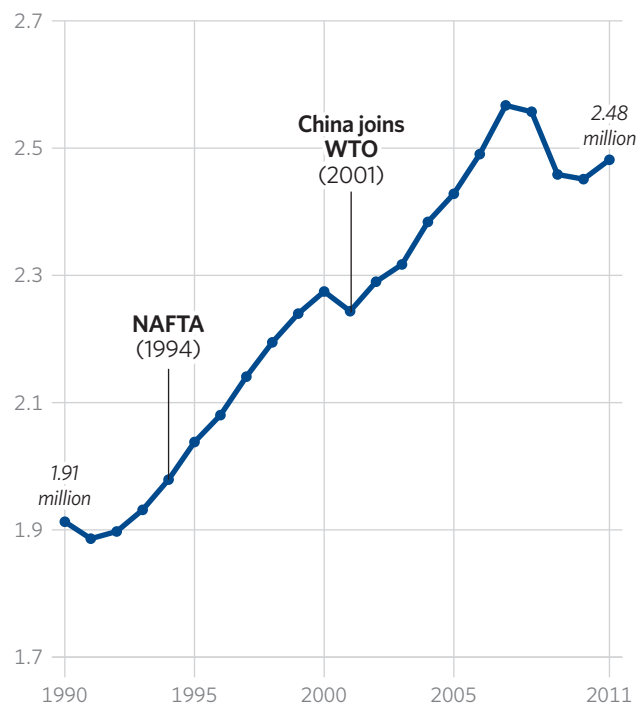
15. U.S. Bureau of Economic Analysis, "Total Full-Time and Part-Time Employment by Industry," [http://www.bea.gov/iTable/index\\_regional.cfm](http://www.bea.gov/iTable/index_regional.cfm) (accessed December 6, 2012).

16. Public Citizen, "South Carolina Job Loss During the NAFTA-WTO Period," <http://www.citizen.org/Page.aspx?pid=3431> (accessed December 27, 2012).

CHART 2

## Total Employment in South Carolina

IN MILLIONS



**Source:** U.S. Bureau of Economic Analysis, "Annual State Personal Income and Employment: Total Full-Time and Part-Time Employment by Industry," <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1> (accessed December 14, 2012).

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losses in South Carolina, since the state's manufacturing output has increased.

According to the South Carolina Department of Commerce, 28.7 percent of all manufacturing workers in

the state depend on exports for their jobs.<sup>17</sup> Commerce Secretary Bobby Hitt observed: "South Carolinians know how to make things—and we ship them the world over. Both Germany and Canada remain very important trade partners for South Carolina, and China is increasingly becoming a strong market for goods made in our state."<sup>18</sup>

**South Carolina's Ports Boost Trade and Employment.** A 2008 study found that South Carolina's ports support thousands of jobs, including 6,800 jobs at the state's ports. In addition to people working at the state's ports, another 81,900 jobs are supported by businesses that ship cargo through the ports of Charleston and Georgetown, South Carolina. The study found that imports through the ports are responsible for even more jobs than exports: 48,800 jobs were directly supported by imports entering through the state's ports, and 33,100 through exports. Including multiplier effects, South Carolina's ports support 260,800 jobs.<sup>19</sup>

**South Carolina Farmers and Ranchers Rely on Trade.** In 2011, U.S. agricultural exports were the highest in history.<sup>20</sup> In South Carolina, agricultural exports have increased by 157 percent since 2000, and livestock exports are 2.7 times higher than in 2000. In 2011, over 37 percent of the state's agricultural income was generated by exports.<sup>21</sup>

Economic growth in developing countries like India and China offers increasing opportunities for farmers and ranchers in South Carolina. Agriculture Commissioner Hugh Weathers (R) noted that exports are a "bright spot" for agriculture. Commenting on recent trade agreements with Colombia, Panama, and South Korea, he observed that South Korea in particular represents a great export opportunity for South Carolina beef producers. He said the agreements are "a real plus for everybody involved."<sup>22</sup>

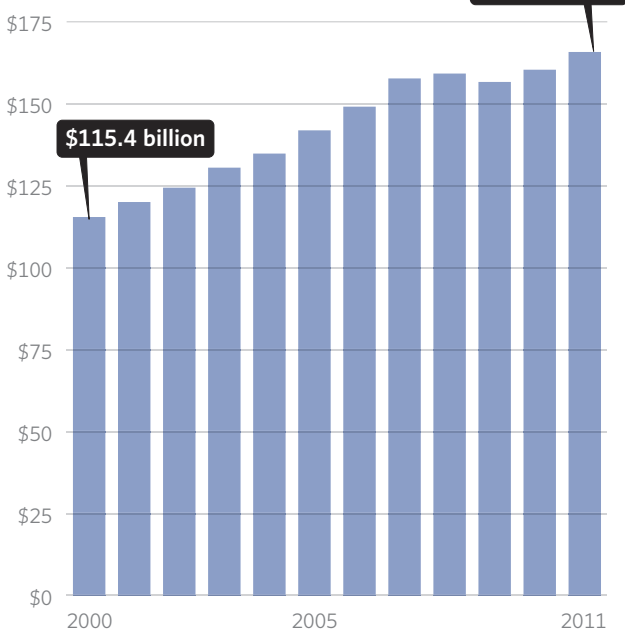
17. South Carolina Department of Commerce, "Export Services: South Carolina Export Facts," <http://sccommerce.com/sc-business-network/export-services> (accessed December 14, 2012).
18. Abbigail Kriebs, "Why South Carolina's Exports Jumped 21 Percent Last Year," *Industrial Distribution*, March 14, 2012, <http://www.inndist.com/articles/2012/03/why-south-carolinas-exports-jumped-21-percent-last-year> (accessed December 27, 2012).
19. Wilbur Smith Associates, Inc., "South Carolina State Ports Authority Economic Impact Study," October 2008, [http://www.port-of-charleston.com/About/statistics/Economic\\_Impact\\_2008.pdf](http://www.port-of-charleston.com/About/statistics/Economic_Impact_2008.pdf) (accessed December 27, 2012).
20. U.S. Department of Agriculture, Economic Research Service, "Value of U.S. Agricultural Trade, by Calendar Year," [http://www.ers.usda.gov/datafiles/Foreign\\_Agricultural\\_Trade\\_of\\_the\\_United\\_States\\_FATUS/Calendar\\_Year/By\\_Year/XMScy1935.xls](http://www.ers.usda.gov/datafiles/Foreign_Agricultural_Trade_of_the_United_States_FATUS/Calendar_Year/By_Year/XMScy1935.xls) (accessed December 27, 2012).
21. U.S. Department of Agriculture, Economic Research Service, "State Export Data," <http://www.ers.usda.gov/data-products/state-export-data.aspx> (accessed December 14, 2012), and "Farm Income and Wealth Statistics," <http://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics.aspx#27415> (accessed December 27, 2012).
22. South Carolina Department of Agriculture, "Free Trade Agreements and Agriculture," <http://agriculture.sc.gov/content.aspx?ContentID=4307> (accessed December 27, 2012).



CHART 3

## South Carolina GDP

IN BILLIONS OF CURRENT DOLLARS



Source: U.S. Bureau of Economic Analysis, Gross Domestic Product by State, <http://www.bea.gov/regional/> (accessed January 30, 2013).

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**Foreign Direct Investment and the Myth of Outsourcing.** Foreign direct investment is responsible for 7 percent of jobs in the state. This is nearly 50 percent higher than the national average.<sup>23</sup> South Carolina ranks in the top four states based on the percentage of the population who work for foreign companies.<sup>24</sup> More

than 104,000 people are employed by companies ranging from China's Au'Some Candy, which is building a \$6 million facility in Sumter that will employ 120 people, to Switzerland's Zurich Insurance Group.<sup>25</sup> A majority of the jobs created by foreign direct investment are in manufacturing.<sup>26</sup>

One of the most enduring myths in trade policy is that the United States is losing jobs as a result of outsourcing to low-wage countries. In fact, U.S. workers benefit significantly from international investment, and foreign investors continue to invest billions of dollars a year in the high-wage United States.

The poster child for foreign direct investment in South Carolina, and perhaps the entire United States, is BMW. Since its first South Carolina-produced car rolled off the assembly lines in Spartanburg on September 8, 1994, BMW has produced 2 million vehicles in the state.<sup>27</sup> Today South Carolina exports more vehicles than any other state, including Michigan.

But many other foreign-based companies create jobs in South Carolina. For example, more tires are exported from South Carolina than from any other state, thanks to tire manufacturers Bridgestone (from Japan), Michelin (from France), and Continental (from Germany).<sup>28</sup>

Foreign investment in South Carolina by these and other companies has created thousands of jobs and helped the state's economy grow by 43 percent since 2000. A recent study ranked South Carolina first in the country in attracting jobs through foreign direct investment.<sup>29</sup> According to Governor Nikki Haley,

It is exciting to see South Carolina once again recognized as the "it" place for business investment. Foreign firms have played and continue to play a key role in our state's economy. We have worked hard to show

23. Thomas Anderson, "U.S. Affiliates of Foreign Companies: Operations in 2010," Bureau of Economic Analysis *Survey of Current Business*, August 2012, [http://www.bea.gov/scb/pdf/2012/08%20August/0812\\_us\\_affiliate\\_operations.pdf](http://www.bea.gov/scb/pdf/2012/08%20August/0812_us_affiliate_operations.pdf) (accessed December 27, 2012).

24. Ibid.

25. Associated Press, "Chinese Candy Factory to Bring 120 Jobs to Sumter," January 5, 2011, <http://www.wncn.com/news/business/Chinese-candy-factory-to-bring-120-jobs-to-sumter-112930854.html> (accessed December 27, 2012).

26. Organization for International Investment, "South Carolina: Jobs at U.S. Subsidiaries of Global Companies," 2010, <http://www.ofii.org/jobs/sc> (accessed December 27, 2012).

27. BMW Manufacturing News Center, "Factory Milestones," <http://www.bmwusfactory.com/news-center/factory-milestones/> (accessed December 27, 2012).

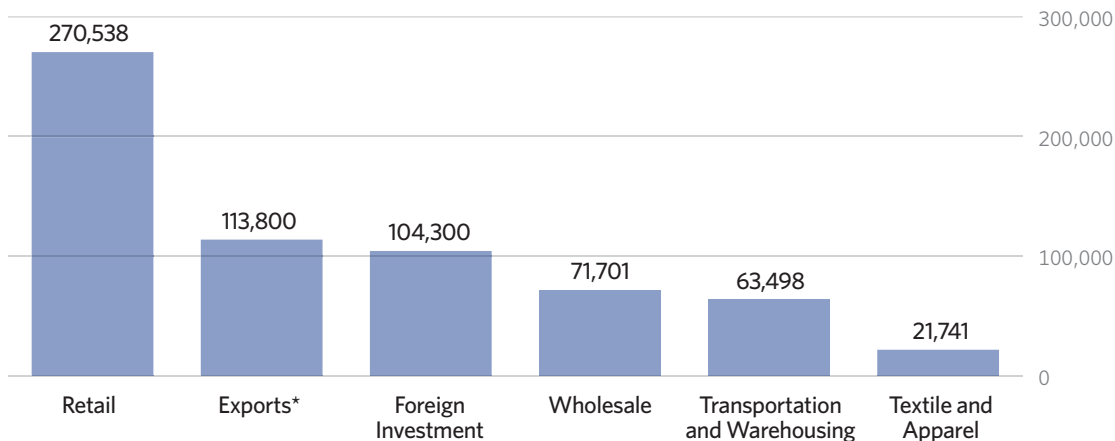
28. Jeff Wilkinson, "S.C. Is on Brink of Becoming Nation's Tire Capital," *The Charlotte Observer*, April 16, 2012, <http://www.charlotteobserver.com/2012/04/16/3176759/sc-is-on-brink-of-becoming-nations.html> (accessed December 27, 2012).

29. IBM Institute for Business Value, "Global Location Trends: 2012 Annual Report," <http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03537usen/GBE03537USEN.PDF> (accessed January 17, 2013).

CHART 4

## Jobs by Sector in South Carolina

TOTAL NUMBER OF WORKERS



\* Excluding agricultural.

Sources: U.S. Bureau of Economic Analysis, "Annual State Personal Income and Employment: Total Full-Time and Part-Time Employment by Industry," <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1> (accessed January 30, 2013), and International Trade Administration, "Export Figures for All States," <http://tse.export.gov/JOBS/SelectReports.aspx?DATA=Jobs> (accessed January 30, 2013).

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companies from around the globe that South Carolina is the place to put down roots and do business, and this ranking is another indication of our success.<sup>30</sup>

While some agencies have used government subsidies to attract investment, it is private investment based on the state's overall economic climate that provides the best opportunities for growth in South Carolina.<sup>31</sup>

**More Trade Means More Jobs.** International commerce supports hundreds of thousands of South Carolina jobs, including jobs in industries that export to foreign markets, those that rely on imported inputs, and in the retail, wholesale, and transportation industries. Employment in these industries has been aided by lower transportation costs, new technologies, and trade agreements that lowered U.S. and foreign trade barriers.

Foreign markets are increasingly important even to the textile and apparel industries. In 2010, exports of textiles and apparel accounted for about half of these

industries' contributions to state gross domestic product (GDP).<sup>32</sup>

### Protectionism: An Outdated and Failed Strategy

The textile and apparel industries are just about the only sectors of U.S. manufacturing that receive significant ongoing protection from foreign competition. Together, they account for less than half of 1 percent of U.S. GDP and employment. Textiles and apparel account for 4.7 percent of U.S. imports, yet duties on textiles and apparel generate 40 percent of U.S. tariff revenue.

In 2011 the average U.S. tariff rate for textile and apparel products was 11.1 percent, while the average tariff for all other products was just 1.3 percent.<sup>33</sup> In 2011, Americans paid \$11.6 billion in tariffs on textile and apparel products. These tariffs cost people in South Carolina \$425 million, or about \$91 for every man, woman, and child in the state.<sup>34</sup>

30. News release, "South Carolina Takes Top Spot for Jobs Linked to Foreign Investment," South Carolina Office of the Governor, January 17, 2013, <http://governor.sc.gov/News/Pages/RecentNews.aspx> (accessed January 17, 2013).

31. "Is the 'Incentives Game' Worth It?" South Carolina Policy Council, December 16, 2011, <http://www.scpolicycouncil.org/commentary/is-the-incentives-game-really-worth-it> (accessed January 25, 2013).

32. Data from U.S. Census Bureau, Foreign Trade Division, "State Exports by NAICS," <http://www.wisertrade.org> (accessed January 17, 2012).

33. Author calculations from U.S. International Trade Commission, Interactive Tariff and Trade DataWeb, <http://dataweb.usitc.gov/> (accessed January 16, 2012).

34. Ibid. (accessed December 14, 2012); U.S. Census Bureau, "State & County QuickFacts: North Carolina," <http://quickfacts.census.gov/qfd/states/37000.html> (accessed December 14, 2012); and U.S. Bureau of Economic Analysis, "Annual State Personal Income and Employment: Total Full-Time and Part-Time Employment by Industry."

These tariffs are especially harmful to poor consumers in South Carolina and across the country. Ed Gresser at Progressive Economy calls the U.S. tariff system “easily America’s most regressive tax.”<sup>35</sup> Americans are routinely penalized by higher prices resulting from double-digit tariffs on products like shoes and T-shirts.

### **Embracing South Carolina’s Free Trade Origins**

Those who argue that trade costs jobs are simply wrong. Just as Massachusetts benefited by transitioning from textile manufacturing to other industries in the early 20th century, South Carolina has benefited by

moving from textile production in the late 20th century to more high-tech industries today. South Carolina has gained 569,000 jobs since 1990. These job gains are due in large part to expanded international investment and trade, including both exports and imports.

In the 1800s, South Carolina’s congressional delegation strongly opposed protective tariffs as unconstitutional. In recent years, South Carolina’s representatives in Congress have shown an increasing willingness to encourage U.S. trade liberalization. By embracing the state’s free trade roots, South Carolina’s legislators can help bring greater prosperity to people in South Carolina and across the United States.

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35. Edward Gresser, “The Rebirth of Pro-Shopper Populism: Affordable Shoes, Outdoor Apparel, and the Case for Tariff Reform,” *Progressive Economy*, June 2011, p. 3, <http://www.globalworksfoundation.org/Documents/tariffs.taxation.final.pdf> (accessed December 27, 2012).



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