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Why is Trade Freedom Important?

Recently the importance of agricultural trade for the United States was discussed which accounts for over one-third of U.S. gross farm income. However, the benefits of trade freedom or having less trade barriers go well beyond a specific industry or country as seen in the graph below. Countries are divided into three trade freedom groups, lowest, middle, and

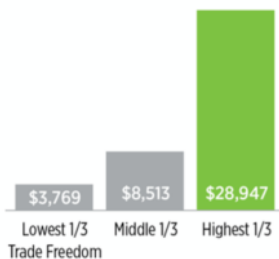
highest. The areas compared for each trade freedom group are higher average per capita national income, food security, political stability along with violence and terrorism, and the environment. Countries with more trade freedom have higher average per capita national income, \$28,947, compared to \$8,513 and \$3,769 for the middle and lowest trade freedom groups, respectively. Moreover, countries with higher trade freedom scored higher in terms of food security. This is an interesting point as some people believe that in order to have food security most of the food must be produced domestically, which is not necessarily the case. Countries should produce agricultural products in which they have comparative and competitive advantages and import the ones that they do not or cannot produce them year-round.

Countries with higher trade freedom experience more political stability and less violence and terrorism. Something very important for law-abiding citizens that just want a peaceful life for themselves and their families. Finally, countries with more trade freedom also have healthier environments and less polluted ecosystems. As in the area of food security, trade freedom allows countries to be more efficient in the use of their resources by producing those products that they are competitive and import the rest.

Nations with More Trade Freedom Also Have ...

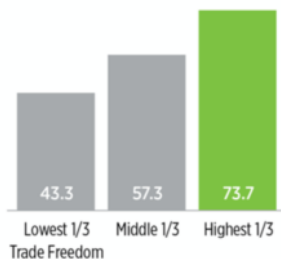
... Higher Average National Income

Average National Income



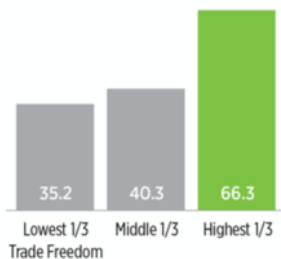
... More Food Security

Higher scores indicate more food security



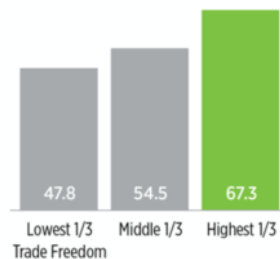
... More Political Stability and Less Violence and Terrorism

Higher scores indicate more political stability and less politically motivated violence and terrorism



... Healthier Environments and Less Polluted Ecosystems

Higher scores indicate better environmental protection



SOURCES: World Bank, The Economist Intelligence Unit, Yale University, and The Heritage Foundation's 2020 Index of Economic Freedom (forthcoming 2020).

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