

THE OPPENHEIMER REPORT

Hillary, don't succumb to anti-trade lobby

The Miami Herald
Nov. 22, 2007

Now that Sen. Hillary Clinton has moved closer to accepting the U.S. labor movement's claim that the U.S.-Mexico-Canada free-trade agreement has been bad for America, let's set the record straight before such isolationist nonsense becomes an uncontested dogma in the Democratic presidential race.

Before we look at the figures showing why the North American Free Trade Agreement has been mostly good for all countries involved, let's take a quick look at what Clinton said at CNN's Nov. 15 Democratic debate in Nevada.

When Clinton was asked whether NAFTA, which her husband's White House put into effect in 1994, was a mistake -- a loaded question that in itself shows how effective the anti-trade propaganda has become -- Clinton answered, "NAFTA is a mistake to the extent it did not deliver what we hoped it would."

Asked whether she believes former candidate Ross Perot was right when he argued in a 1993 debate that NAFTA would create a "sucking sound" of U.S. jobs migrating to Mexico, Clinton said: "All I can remember from that is a bunch of charts."

To Clinton's credit, she recently voted for the U.S.-Peru free-trade deal. And her two main rivals in the Democratic race -- Barack Obama and John Edwards -- are even more wedded to the AFL-CIO labor federation's contention that NAFTA has hurt U.S. workers. Edwards is, by far, the most anti-trade of the three.

But is there evidence to claim that free trade has hurt the U.S. middle class? Or are the candidates simply pandering to the AFL-CIO, which together with its unions has promised to contribute \$200 million and more than 200,000 volunteers to help the Democrats win the 2008 election?

A recent study by the Center for Trade Policy Studies, which supports free trade, says that contrary to the daily claims by several Democratic presidential hopefuls and cable television isolationist-xenophobic crusaders, there is no statistical evidence to support the myth that free trade is killing the U.S. middle-class.

- Today's U.S. economy is at near-full employment, with 16.5 million more workers than a decade ago, the center's study says.
- After more than a decade of NAFTA, the average compensation to U.S. workers, including wages and benefits, increased by 22 percent. Claims that there has been a decline in U.S. real wages in recent decades are misleading because they don't take into account benefits, which have become a growing portion of workers' total compensation packages, it says.
- The median net worth of U.S. households jumped from \$70,800 in 1995, shortly after NAFTA's implementation, to \$93,100 in 2004.
- While there has been a net loss of 3.3 million manufacturing jobs in the past decade, such loss has been overwhelmingly overshadowed by a net gain of 11.6 million jobs in better-paying nonmanufacturing jobs, it says.

Globalization may cause the United States to lose its shoe industry, but it allows the country to expand its export share of pharmaceuticals, civil aircraft, financial services and other sectors in which Americans are more efficient than in selling shoes, the study says.

- Trade accounts for only 3 percent of U.S. dislocated workers' job losses. The vast majority of U.S. displaced workers lost their jobs because of technological advances, it says.

"The large majority of Americans, including the typical middle-class family, is measurably better off today after a decade of healthy trade expansion," said Daniel Griswold, the study's author.

My opinion: If it weren't for NAFTA, which has tripled trade between the three countries since 1994, Americans would be paying much more for their consumer goods and the U.S. economy would be much less competitive. And Mexico would be much poorer and unstable, which would significantly worsen the U.S. oil supply, border environment and immigration problems.

So next time, instead of bowing to the anti-trade propaganda, Sen. Clinton should remind Americans that, whatever NAFTA's shortcomings, U.S. exports to Mexico have grown from \$41.6 billion to \$134 billion since NAFTA, and that U.S. exports to Mexico nowadays surpass U.S. exports to China, Great Britain and France combined.

I, for one, would applaud her.