

The San Diego Union-Tribune.

Lying about trade

Ignore demagogues: NAFTA a success

August 16, 2007

If The New York Times is right, 2009 could go down in infamy as the year that America's leaders took a knowing step toward economic suicide. That's because a recent Times analysis piece declared that among Democratic presidential candidates, free trade had become a "third rail" issue. Support for trade deals is now considered beyond the pale.

If this is true, and Democrats take the White House next year while retaining control of Congress, fear for your country. Pundits' assertions that Sens. Hillary Clinton and Barack Obama and former Sen. John Edwards won't really follow through on their rhetoric ignores what congressional Democrats already have done on trade, blocking new pacts with Latin America and South Korea. It's plain that free-trade Democrats have been routed by those spouting union talking points.

So what if protectionism helped keep Europe stagnant for generations; so what if there is massive evidence that protecting jobs quickly becomes a drag on job growth; so what if U.S. trade policy has helped make us a much richer nation than ever. Democrats see votes to be won by lying about trade, and they're not going to let the facts get in their way.

Their maligning of the North American Free Trade Agreement is a perfect example. Its adoption in 1993 helped kick off one of the great periods of sustained economic health in U.S. history. The resulting explosion in trade with Canada and Mexico was crucial to the creation of more than 17 million new jobs, resulting in a five-year stretch in which the jobless rate was under 5 percent every year for only the second time since World War II.

Yet to hear Democrats tell the story, NAFTA has actually been catastrophic – especially for those with manufacturing jobs. In fact, economist Daniel Ikensen reports that in 2006, "the manufacturing sector achieved record output, record sales, record profits, record profit rates and record return on investment."

If that comes as a surprise, no wonder. Between economic insecurities in an era of globalization and years of politicians' and pundits' populist demagoguery, many myths about the supposed downside of trade are firmly entrenched in voters' heads.

What's particularly perverse about America's lurch toward economic know-nothingism is that it comes even as the rest of the world comes around to the wisdom of the free-market U.S. approach. After watching the United States create 10 times as many private sector jobs in the 1980s and 1990s – 40 million vs. 4 million – Europe now has similar job-creation numbers, thanks to its moves away from statism. Yet Democrats push to embrace Europe's failed approach even as Europe abandons it. So much for rational policy-making.

A final note: Fox News has earned vast enmity for the near-uniformity of its commentators' views. CNN deserves similar bile for giving so much air time to Lou Dobbs, lately seen ranting that all the economists who support free trade are "idiots." Perhaps CNN should send Dobbs on a paid vacation – to Europe.