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SEPTEMBER 2, 2015

Tell the truth about free trade

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Two of the leading contenders in the presidential race, Donald Trump and Bernie Sanders, disagree on almost every policy issue except one — trade. Both regard NAFTA and the proposed Trans-Pacific Partnership (TPP) as “disastrous.” Trump excoriates American companies for investing in Mexico and threatens hugely punitive taxes on their exports to the United States. Sanders claims TPP will benefit only big corporations and Wall Street.

South Floridians should be especially concerned about the candidates’ positions since trade is so vitally important to our economy. Any honest discussion of the impact of free-trade agreements will conclude that these accords produce *mutual* benefits.

Every nonpartisan assessment of NAFTA demonstrates convincingly that marginal benefits (output, employment) exceed marginal costs. The trilateral agreement (United States, Canada, Mexico) links a market of 450 million people and a collective GDP of \$21 trillion.

Both Trump and Sanders cite negative employment effects, runaway plants and trade imbalances as proof of the evils of trade agreements. They’re wrong. To begin with, trade agreements are not intended as job creators or job destroyers.

They are merely liberalizing accords that strip away the barriers to cross-border commerce, finance and investment so that companies and entrepreneurs can do business efficiently and allow consumer choice at affordable prices.

Technology, not trade agreements, is the principal source of labor reduction. While it is true that this country runs a \$53-billion deficit with Mexico in its \$534-billion trade relationship, this pertains to *merchandise* trade only (which includes oil). In services and agriculture, the United States produces surpluses with Mexico.

NAFTA-bashers should also note that 80 percent of Mexico’s imports come from the United States versus 20 percent of China’s, and that those imports are overwhelmingly high value-added manufactures, often produced by AFL-CIO members.

As for lower-value goods such as apparel, shoes and produce, poor people and those on fixed incomes are grateful beneficiaries of Mexican imports.

About jobs and factories moving to Mexico: Donald Trump constantly harangues Ford Motor Co., a firm with a long history of investment in that nation, but seems unaware that global automobile companies, including Nissan, Mazda, Kia, Mercedes-Benz and BMW, are serving the fast-growing Mexican market and European markets — not just the United States — given that Mexico has 40 free-trade agreements versus 20 for the United States. Most important, Mexican auto plants are mainly involved in assembly operations, with most inputs imported from the United States.

Let us not forget that *inward bound* foreign investment supports more than 6 million U.S. jobs, one-third in manufacturing; and average salaries are 33-percent higher than the national average.

Mexico's investment of over \$30 billion is led by manufacturing, banking and wholesale trade. Elektra, Alfa, Cemex, Bimbo, Gruma, Herdez, Bochoco, Mexichem and Cinépolis are among the leading Mexican multinational firms invested in the United States.

Messrs. Trump and Sanders need to be reminded that their states (New York and Vermont, respectively) continue to benefit from NAFTA. New York, the No. 4 exporter of U.S. goods to Mexico, sold nearly \$3 billion of manufactured products into that market last year — a 235-percent increase since the accord was implemented.

Vermont's exports have grown 454 percent since NAFTA, 63 percent of which consist of sophisticated manufactured goods. Florida has seen a 194-percent jump in exports to Mexico since 1994, the majority consisting of high-value manufactures.

As the tragicomedy of the 2015-2016 election season plays out, falsehoods, hyperbole and mean-spirited attacks among contenders will proliferate. The issue of trade (along with illegal immigration) will be the proverbial whipping boy in this contest.

While the contenders choose not to be fully informed of the facts, there is no excuse for individual citizens not to be.

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