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Trans-Pacific trade agreement splits key Democrats, President Obama

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In a May 12 Senate floor speech opposing the proposed Trans-Pacific Partnership trade agreement, Sen. Bernie Sanders (I-Vt.) recited a litany of bogus claims by previous trade deal backers which turned out to be wildly inaccurate. The trade pact has divided key Democrats, including Sanders and Sen. Elizabeth Warren, from President Barack Obama.

Backers of the North American Free Trade Agreement, Permanent Normal Trade Relations with China and other business-backed trade deals claimed that they would generate jobs in the United States. In fact, economists now say, those pacts were a major reason why some 60,000 American factories closed since the turn of the century as manufacturers shifted jobs to low-wage nations overseas.

“These folks have been proven wrong time after time after time,” Sanders said.

President Bill Clinton, for example, claimed in 1993 that NAFTA would create 1 million jobs in the first five years. What really happened was that NAFTA led to the loss of more than 680,000 U.S. jobs, according to the Economic Policy Institute.

While Clinton was wrong, he wasn't alone. The Heritage Foundation claimed in 1993 that “virtually all economists agree that NAFTA will produce a net increase of U.S. jobs over the next decade.” Sen. Mitch McConnell (R-Ky.), now the Senate Republican leader, confidently but inaccurately predicted that “American firms will not move to Mexico just for lower wages.”

What happened? “It turns out they were dead wrong,” Sanders said. The year before NAFTA was implemented the United States had a trade surplus with Mexico of more than \$1.6 billion. Last year, the trade deficit with Mexico was \$53 billion.

Similar spurious claims were made in 1999 and 2000 by proponents of Permanent Normal Trade Relations with China about how that pact would open up the Asian market to American-made products. “[T]he agreement will create unprecedented opportunities for American farmers, workers and companies to compete successfully in China's market,” Clinton asserted. CATO Institute economists asserted that “the silliest argument against PNTR is that Chinese imports

would overwhelm U.S. industry. In fact ... PNTR would create far more export opportunities for America than the Chinese.”

What happened? The Economic Policy Institute says the trade agreement with China has led to the net loss of more than 2.7 million American jobs. The trade deficit with China has increased from \$83 billion in 2001 to a record-breaking \$342 billion in 2014.

Similar predictions were made by the U.S. Chamber of Commerce to tout a trade deal with South Korea that the chamber claimed would create some 280,000 U.S. jobs. In fact, according to the Economic Policy Institute, the deal led to the loss of some 75,000 jobs and the U.S. trade deficit with South Korea has gone from \$16.6 billion in 2012 to \$25 billion in 2014.

“And now ... the administration says trust us. Forget about those other trade agreements. The TPP is special. This time it will be different. This one really will create jobs, despite the fact that every major organization representing the working people of this country says the exact opposite,” Sanders said in the Senate speech. “The TPP would force American workers to compete against desperate workers in Vietnam who make 56 cents an hour. We have got to do better than that?”

After Sanders spoke, the Senate rejected legislative rules that would have granted an up-or-down vote, without amendments, on the controversial trade deal.