

Want to help American workers? NAFTA, not protectionism, is the way to go

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There are reasons to be optimistic this Labor Day. The unemployment rate is low, at 4.3 percent. Hundreds of thousands of new jobs are being created every month. Second-quarter GDP was revised up to 3 percent.

That said, economic anxiety still lingers. President Donald Trump, trying to ease that anxiety, talks tough about the North American Free Trade Agreement and the possibility of implementing tariffs. **While it sounds good — what American doesn't want to boost U.S. manufacturers? — Trump's plans could be counterproductive to the economic well-being of the country.**

Admittedly, NAFTA is now over 20 years old; it could stand some updates. But it would be easier to get Mexico and Canada to the table to discuss if Trump weren't so antagonistic. In a recent tweet, Trump called NAFTA the "worst trade deal" ever and said both Mexico and Canada are "being very difficult" and suggested terminating the agreement.

NAFTA unfairly bears the brunt of the blame for manufacturing job losses in the U.S. The reality is, manufacturing output in the U.S. has never been higher. Yes, the U.S. lost 5.6 million manufacturing jobs between 2000 and 2010. However, according to [a study by the Center for Business and Economic Research at Ball State University](#), 85 percent of those are attributable to technology, particularly automation.

Part of the problem appears to be a lack of understanding by Trump of trade deficits. Trump will say we're "losing" \$58 billion to Mexico, as if the U.S. is writing a check. The reality is, the U.S. is importing more from Mexico than Mexico is importing from the U.S., and so Mexico is buying U.S. Treasury bonds. Consumers in both countries still benefit, despite the trade deficit.

NAFTA has resulted in lower prices for consumers, particularly for gasoline and food. The people who benefit most are the working poor. It's one thing if you're doing your grocery shopping at Whole Foods and buying gifts at specialty shops. But for people who need do their shopping at stores such as Wal-Mart, NAFTA helps keep those prices low.

Trump's hints at protectionism — in the form of tariffs as offsets against trade deficits — hurt more than they would help, despite the rhetoric. Imposing tariffs would result in higher prices and leave the U.S. open to retaliatory measures, like tariffs on U.S. exports and complaints filed with the World Trade Organization.

"Studies repeatedly show that NAFTA has generated small but significant increases in U.S. jobs, wages, GDP and welfare, and has created a seamless North American market that has benefited

U.S. manufacturers, farmers and service providers," said Scott Lincicome, a Cato Institute adjunct scholar. "Protectionism, meanwhile, has over the last century not only imposed massive costs on U.S. consumers but also frequently failed to save protected American workers and industries and exposed U.S. exporters to foreign retaliation."

On this Labor Day, many of the working poor in this country won't be taking it easy at a backyard barbecue. They'll be laboring. They need a president who won't make their lives harder by enacting policies that sound good but will hurt the most vulnerable among us.