Import-bashing candidates miss value of globalization

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Monday's presidential debate gave each candidate yet another opportunity to complain that we don't make enough things in the United States. Donald Trump constantly says we're getting killed on trade and has singled out iPhones and cars as products that will be made in America after he becomes president. Hillary Clinton has accused Trump of hypocrisy for selling imported clothes and has said "you can't make America great if you don't make things in America."

These demands may be good politics but they're not good economics. The truth is that American manufacturing is thriving, the United States is a great place for companies to invest, and the ability to import from abroad is vital to keeping it that way. When politicians perpetuate and pander to myths about trade, they have to pretend that globalization hasn't been an incredible force for good in our economy.

Trump's iPhone complaint is an excellent example. No doubt Trump is picking on Apple because the iPhone is a popular consumer product that voters are familiar with. But it's also a great example of how economic globalization has contributed to the U.S. economy.

Although the iPhone is assembled in China, the parts that go into making it are manufactured in countries all around the world. A study of Apple's supply chains in 2011 showed that final assembly — the activity that's done in China — of an iPhone or an iPad constitutes**about 2 percent** of the device's value. In other words, assembling iPhones doesn't create a lot of wealth for China.

Apple's contributions to the U.S. economy, on the other hand, are quite extensive. The company directly employs over 65,000 people in the United States. These jobs are in design,

programming, marketing and retail. There are hundreds of thousands more U.S. jobs that rely on the existence of Apple devices running countless apps.

Trump's demand that more Americans be employed snapping pieces of plastic together completely misses the point of economic growth. Disrupting Apple's supply chain to divert some low paying jobs to the United States would harm both consumers and businesses that benefit immensely from Apple's ability to efficiently produce electronic devices.

Trump has also vilified Ford Motor Company for investing in manufacturing in Mexico and called for a 35 percent tariff to be imposed on any Ford imports. Most recently, Trump pounced on the company for announcing it would move all its small car manufacturing activity to Mexico.

But as Ford CEO Mark Fields noted in his **response** to Trump's criticism, the U.S. factories now making small cars will be retooled and those workers will instead be making higher-value trucks. Investing abroad enables companies to grow, and growing companies invest more at home.

It's not even clear these days which companies should count as domestic auto manufacturers. According to the 2016 Cars.com**American-Made Index**, the five automobile models with the highest levels of U.S. content are made by Toyota and Honda. Foreign brands employ **one-third** of all U.S. auto workers, and that's if you ignore Italian-owned Fiat Chrysler.

Foreign investment and increased specialization have led to real growth in the U.S. auto industry even as domestic companies expand their operations around the world.

There's an excellent opportunity here for Clinton to call out Trump's plans as harmfully simplistic economic nationalism. Instead, the Clinton campaign has decided simply to accuse Trump of hypocrisy. They've produced a series of ads highlighting the **embarrassing** fact that Trump's own businesses rely on imports.

In one **advertisement,** the Clinton campaign points out that Trump brand shirts, ties and suits are made in Bangladesh, China and Mexico. This fact could be used by Clinton's team to show how vital imports are to all manner of U.S. businesses, but that's not where they went with it. "In fact, the real Donald Trump outsourced his products and jobs to 12 different countries," the ad says, "You can't make America great again if you don't make things in America."

The message is that America would be a better place if we manufactured more clothes here. It's true that the U.S. garment industry is much smaller than it used to be both in terms of output and employment. But that's actually a sign of our economic success, because making clothes is not a very good job. Garment manufacturing requires lots of workers to make relatively low-

value products, and Americans, by and large, enjoy better work opportunities. Trade enables relatively poor Americans to have affordable clothing and desperately poor foreigners to have steady jobs.

The Clinton ad uses Trump's iconic "Make America Great Again" hats as a prop by replacing "America" with the names of countries where Trump's clothes are made. Making clothes is indeed really great for countries like Bangladesh that are in the early stages of industrialization. But these are not at all the kinds of places the United States should be trying to emulate economically.

It's easy to convince voters that U.S. manufacturing is in decline because Americans don't make very many cheap consumer products. Instead, we manufacture chemicals, heavy machinery and complex electronics. To make those things, U.S. manufacturers rely extensively on imported materials. Because of proximity to consumers, relatively predictable regulation, strong rule of law, a steady workforce and access to imports, U.S. manufacturing output is greater today than it's ever been.

In calling for more assembly lines and sewing tables, Trump and Clinton are both ignoring the important role globalization has played in America's economic success. Their protectionist promises will only serve to deny Americans the full benefits of a robust and dynamic 21st century economy.

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