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## Fighting the Trade War for American Jobs

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One of the most amazing things about the trade war we are fighting is that the U. S. government often does not appear to know we are even in a war. But if you go to any manufacturing town in this country, and look at the empty storefronts and the broken down plants, talk to a taxi driver or a Dunkin Donut clerk who used to work in the local factory for triple his current wage, it is clear we are in a war and it is one we are losing.

First, let's be clear. It is not that manufacturing has left the planet earth. That is basically the line of the apologists for our failed trade policy -- that there is some kind of natural shift to a post-manufacturing economy. But that is simply not the case -- it is just that the jobs and the plants have left the United States. We have lost 8 million manufacturing jobs in the last several decades and are now at about 11.7 million. But China has over 100 million people employed in manufacturing. If we had a policy which resulted in recovering even a fraction of these jobs from China we would be showing long term manufacturing job growth, not decline. Similarly, our trade deficit in high technology goods is steadily growing. In 2009 we had a \$56 billion trade deficit in these goods, up from a \$37 billion deficit in 2006, and a positive balance of \$5 billion in 2000. It's not that these goods are not being manufactured any more, it's just that they are not being manufactured here.

The United States has by far the largest trade deficit of any country on earth, last year about \$375 billion. Meanwhile our major competitors all have strikingly positive balances of trade, China, plus \$297 billion, Japan, plus \$141 billion, Germany, plus \$135 billion, even Russia is at a positive \$50 billion. More and more Americans are sure we need a policy which will balance trade, not one based on failed economic theorizing.

The deficit is just the most blatant example of the war we are losing and the jobs we are exporting (on job exports we would have a positive balance!) But for those of us working in the trade law area, on the U. S. side of the battle line, there are other battles every day.

Example one: for the most part, the trade laws, such as the antidumping law which counters unfair pricing and the anti-subsidy (or countervailing duty) law which counters subsidization, are simply not being vigorously enforced. The Obama Administration has had in their hands the tool that could play a big role in turning around the trade problem with China. That would be to put on tariffs to off-set the amount of subsidies created by Chinese currency undervaluation. But they have not done this. This has resulted in increasingly strong calls from Senators Schumer, Brown, Graham and others to the Administration, demanding them to step up and take action.

Example two: the Congress is not entirely without fault. It has been 16 years since the Congress undertook a major rewrite of the trade laws. In those 16 years enormous changes have occurred in the

world of trade, not the least of which is that China became a member of the WTO and began running the largest sustained trade surplus with the United States of any country in our history. We cannot be left with 16 year-old tools.

Example three: even more aggravating is that in those instances where one can get a trade case order against Chinese or other foreign unfair imports, the orders are often violated through illegal circumvention or fraud. The mechanisms to counter this are expensive and need to be updated.

Against this unfortunate background of trade problems, it simply makes no sense to focus on one or two bright spots, such as a new plant making solar cells, or a successful trade mission to one small country. We need to revamp the whole trade system and start winning the war. The U. S. is not out of the running. We still have the largest manufacturing sector in the world (measured by gross output), but we are very far off the top of our game. We are like a great athletic franchise that has had twenty years of bad results and needs a new strategy to turn it around.

What will that strategy be? That is what the Committee to Support U. S. Trade Laws and other like minded organizations will discuss at our Conference on the Renaissance of American Manufacturing at the National Press Club in Washington, on September 28. Among other issues, we will look at how to reform the trade law system in a major way, and how to make it work for U. S. manufacturers. The Conference will also look at why manufacturers are losing the trade policy battle, and at what structural changes need to be made in the U. S. economy. Finally, we will discuss what Congress can and should do to fix this problem. It's high time we get some good news from the manufacturing sector and not an unending string of defeats, job losses, and plants moving overseas.