

Post Truth Politics and Open Global Trade an Op-Ed by Kenneth L. Wengrod, Co-Founder/ President of FTC Commercial Corp.



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“What is Post Truth Politics?”

Post-truth politics, also called as **post-factual politics** is a [political culture](#) in which a debate is framed largely by [appeals to emotion](#) disconnected from the details of [policy](#). It is carried out by the repeated assertion of [talking points](#) to which factual rebuttals are ignored.

Sounds familiar? This is not how we want to approach the Open Global Trade. We need to take a pragmatic and a less emotional view.

As Americans, we need to understand the Open Global Trade - "That which is hateful to you, do not do to your fellow" by Hillel, an ancient philosopher. This is the cornerstone of the Trans Pacific Partnership Agreement.

Although more than 70 percent of the world's purchasing power and nearly 95 percent of its consumers are located outside the United States, U.S. consumers still make up an extremely important segment of world trade and spending. If the United States initiates the increase of tariffs on certain imported goods, it would start a petty Trade War, and even worse, other Countries could retaliate and potentially go TIT for TAT.

For the last 30 years, the U.S. has been part of the Free Trade Agreements such as North American Free Trade Agreement "NAFTA", Central America Free Trade Agreement "CAFTA" and the FTA with Israel.

Take Asia for instance, the US and China are part of Asian-Pacific Economic Cooperation (APEC), which was formed back in 1989 to promote free trade among the countries in their group. Association of South East Asian Countries (ASEAN) and Trans-Pacific Partnership (TPP) also were later formed to promote free trade among the countries. If the U.S. ignores these rules and implement additional tariffs, we would be further isolated in the Global Community.

No Trade Agreement is perfect, but each agreement has ultimately benefitted the U.S. interests. Long before NAFTA enacted, U.S. Manufacturing Jobs were already in a steady decline beginning in the late 1970's. It declined almost 40% thru 2015.

Unions have been claiming that millions of jobs have been lost because of NAFTA. I would only partially agree with the Unions that the industries with one workforce such as the Automotive sectors in the Detroit area were largely effected by NAFTA, but a good percentage of the job loss they are claiming went to Asia for production and includes other industries as well. In the last 12 years, the annual average number of job loss was approx. 1 million, of which only approx. 30 % of the loss was attributed to foreign trade. Out of this small portion of job loss, over 80% of loss was due to the trade from China alone. Research during the last 15 years indicates the primary reason for loss of manufacturing jobs was due to technology and an increase in the efficiency of productivity. More autos are being produced in this country with fewer people. However, we still need to retrain our workers and better prepare them for the demands of the 21st Century.

Some Asian manufacturers still go through hidden channels to reduce labor costs and homework by hiring ghost workers. This still affects millions of women in

ASIA. Furthermore, a retail operation in the UK is selling jeans at approx. \$8.50 retail, while the factories in Asia are paying their workers 33 cents/hour - way below the minimum wage for that region. With the advent of supply chain mentality, the companies have been able to efficiently move their manufacturing to regions with the lowest labor prices and taxes and using near-shoring.

And the lower cost of imported goods have been a boon to U.S. consumers, who paid less for their merchandise. Open Global Trade has been extremely beneficial to our economy as a whole!!!

International commerce will continue to grow with or without United States involvement. If we want to maintain our leadership in the global economy and make sure our environmental, labor, and intellectual property standards are up to the world's standards, we need to lead the way on international trade deals, and level the playing field. We must leave the rhetoric behind and find ways to expand and compete in the global open market, especially when the U.S. is changing from a manufacturer to an IP and service giant.

Some U.S. politicians have even been talking about raising tariffs to protect U.S. interests.

Because the U.S. consumer is so important and exports are so vital to countries in Asia, even if the U.S. raises the tariff; foreign exporters can find other ways to reduce the impact of the raised tariffs by engaging near-shoring and transshipments. Their foreign countries can also use currency manipulations to ultimately devalue their currency, including monetary easements and negative interest rates that would make their exports less expensive to the end buyers.

If anything, U.S. Exporters will be negatively impacted the most. It could result in the U.S. exporters losing its grounds, particularly in our Aerospace, Medical Equipment, Pharmaceutical and Agriculture industries, even Apparel exports. Such negative impacts will lead to further potential decline in the U.S. manufacturing jobs.

Rules can always be broken, but should there be enough teeth in our trade agreements to protect the market? Current and past administration has actually been moving towards reducing all trade barriers including tariffs. The new Trans-Pacific Partnership (TPP) with countries in the Asia-Pacific region along with the Transatlantic Trade and Investment Partnership (T-TIP) with members of the European Union would cover 60 percent of American Exports and 84 percent of foreign direct investment.

TPP will:

- Reduce tariffs (over 18,000 in the TPP alone).
- Provide transparency - widely understood rules with a Publication of Laws, and Procedures.
- Introduce stronger IP protection
- Make it easier and less costly for businesses to do business abroad.
- Add strong language to protect the foreign factory workers, the environment, and IP.

Most importantly, once the TPP is approved by Congress it will restrict the U.S. from raising Tariffs among the 12 TPP countries.

To initiate a Tariff war has never historically worked in the past and won't be productive now. As I said cooler heads will prevail after the Presidential election is over. Protectionism would only aid larger U.S. firms and reduce their U.S competition.

We need to look inwardly, stop blaming outside influences and level the playing field at home. In the same manner the TPP has been developed to leveling the playing field abroad its foundation would also work to assist Small Medium Enterprises (SME)'s at home. Rekindling U.S. manufacturing starts with:

1. Intra Competition...Create an environment to support the SME's whereas they can effectively compete with the larger firms; by reducing bureaucratic red tape, and increasing availability of bank lines to support their growth. The SME's are driven by entrepreneurs who know how to run an agile operation with low overhead and figure out ways to make it work. They need the government to assist in leveling the playing field... in this case the S&P 500 companies especially with monopolies. Bigger is not always better. These companies have the resources to keep the competition out, meaning the U.S. SME's. The growth and strength of the SME sector will create jobs and competition within our borders. Large U.S companies have been experiencing great return of profits for their shareholders. The SME competition would force the larger U.S. companies to take notice and reexamine the landscape and find ways to regain their market share by reinvesting in the U.S. and lowering their prices to stay competitive.
2. The U.S. manufacturing sector needs to regroup and go back to cluster manufacturing that made us a giant of giants in manufacturing. This time, we can create mini-clusters, have the raw material, processing, finishing and manufacturing plants all near each other and retrain our workers to work with more modern and automated equipment
3. Lower corporate taxes to give companies incentives to come back to the U.S. and park their profits here.

We must look inwardly and stop blaming outside sources for our issues. We can't continue to be straddled by the old ways and rhetoric. We need to grasp new technology, effectively retrain our workers, and maximize the benefits to America. It is time to rejuvenate our U.S ingenuity and let it flourish.