Post Truth Politics and Open Global Trade

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"What is Post Truth Politics?
Post-truth politics, also known as ***post-factual politics***, is a political culture where 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 and factual rebuttals are ignored.

Sounds familiar? This is not how we want to approach the Open Global Trade. We need to take a pragmatic view and be less emotional. As Americans, we need to take the high road on the Open Global Trade.

Some politicians and regulators have even been talking about raising tariffs to protect the interest of the U.S. Would it really protect the U.S.? Although more than 70% of the world's purchasing power and nearly 95% of its consumers are located outside the U.S., the U.S. consumers still make up an extremely important segment of world trade and spending. If the U.S. 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. A tariff war has never worked in the past, and it won't work now. Protectionism would aid only the larger U.S. firms, not the industry as a whole. Higher tariff can also cause the U.S. exporters to lose its grounds, particularly in Aerospace, Medical Equipment, Pharmaceutical and Agriculture industries, even in Apparel. It will have a ripple effect to further the decline of manufacturing jobs, and only isolates us more from the global community.

For the last 30 years, the U.S. has been part of many Free Trade Agreements such as North American Free Trade Agreement (NAFTA), Central America Free Trade Agreement (CAFTA), and Asian-Pacific Economic Cooperation (APEC). Association of South East Asian Countries (ASEAN) and Trans-Pacific Partnership (TPP) were later formed to promote further Global Trade. No Free Trade Agreement is perfect, but each agreement has ultimately benefitted the U.S. interests. The lower costs of imported goods have been a boon to U.S. consumers, who can pay less for their merchandise. The truth is, the international commerce will continue to grow with or without the U.S. 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 must lead international trade deals and level the playing field. The U.S. is no longer a manufacturer; it is changing into an IP and service giant. We must leave the rhetoric behind and find ways to expand and compete in the already competitive global open market.

Unions have been claiming that millions of jobs have been lost because of NAFTA. The industries with one workforce such as the automotive sector were largely affected by NAFTA. However, a 15-year research shows that the primary reason for the U.S. jobs loss in manufacturing was due to advanced technology and an increase in the efficiency of productivity – not NAFTA. More autos are being produced in the U.S. with fewer people. Long before NAFTA was enacted, the U.S. manufacturing jobs were already in a steady decline beginning in the late 1970's. It has declined almost 40% thru 2015.

In the last 12 years, the average job loss was approx. 1 million annually, of which only approx. 30% of the loss was attributed to foreign trade. Over 80% of foreign trade loss was due to the trade from China alone. Some Asian manufacturers still go through hidden channels to reduce labor costs and homework by hiring ghost workers. This still affects millions of workers in Asia. Retail operations in the U.K. is selling jeans at approx. $8.50 retail, while the factories in Asia are paying their workers only 33 cents per hour - way below the minimum wage for that region. With the advent of supply chain mentality, the manufacturers have been efficiently moving their production to regions with the lowest labor prices, taxes, and nearshoring. The massive U.S consumption is still very important to Asian countries because their exports are so vital. Even if the U.S. raises the tariff, foreign exporters will find other ways to reduce the impact of the raised tariffs by engaging nearshoring and transshipments. They can also use currency manipulations to ultimately devalue their currency, including monetary easements and negative interest rates that would reduce the cost of exports and the price for the buyers.

Rules can always be broken, but should there be enough teeth in our trade agreements to protect the market? Current and past administrations have 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% of American exports and 84% of foreign direct investment. These new rules will make it easier and less costly for companies to do business abroad with reduced tariffs and more transparent procedures. They also will introduce stronger protections for IP, the foreign factory workers, and the environment. Most importantly, when Congress approves TPP it will restrict the U.S. from raising tariffs against 12 other TPP countries.

The foundation of TPP should also be implemented to support the Small Medium Enterprises (SME) in the U.S. - within our own field. To rekindle the U.S. manufacturing, we will need:

1. Intra Competition. Reducing bureaucratic red tape and increasing availability of bank lines would create an environment for SME to effectively compete against large firms. Large firms have been experiencing great return of profits for their shareholders. They also have been keeping SME out of the competition with their effective resources. Yet, the growth and strength of the SME sector will create more jobs and competition within our borders. 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. The SME competitors would force the larger U.S. companies to take notice and reexamine the landscape. The entire industry would need to find more ways to regain their own market shares by reinvesting within the U.S. and lowering their prices to stay competitive.

2. Mini-clusters. 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 Taxes. Lower corporate taxes would give companies incentives to come back to the U.S. and park their profits here.

Let's not be emotional and reconnect to the purpose of these policies. We need to look inwardly, stop blaming outside influences and level the playing field at home. We need to grasp new technology, effectively retrain our workers, and maximize the benefits in America. It is time to rejuvenate our U.S ingenuity and let it flourish.