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NAM CALLS EPI JOB LOSS REPORT ESTIMATES 'RUBBISH'

Huether: Underlying Data Bares No Resemblance to Actual History

WASHINGTON, D.C., November 9, 2001 – The National Association of Manufacturers today issued a response to a recent report by the Economic Policy Institute on purported trade-related job losses, calling it politically-motivated "rubbish" lacking statistical validity.

"It would be a blunder bordering on tragedy for our nation's elected leaders to base their votes on trade expansion on a report as fundamentally flawed and inaccurate as this one," said NAM Chief Economist David Huether. "The EPI's rhetoric makes for good sound bites, but the report's underlying data bares no resemblance to actual history."

The EPI report claims that that the rising trade deficits of the 1990s, spurred by the enactment of the North American Free Trade Agreement (NAFTA) in 1994, were responsible for the loss of 3 million "actual and potential jobs from the U.S. economy." The EPI also claims that the $36 billion growth in the U.S. trade deficit with Mexico between 1993 and 2000 "destroyed" 367,000 American jobs.

"Even setting aside the EPI's simplistic assumption that trade is somehow a zero-sum proposition, consider a handful of incontrovertible statistics," Huether said. "Right off the top, one-third of America's trade deficit with Mexico is due to oil imports. That's not 'destroying' any U.S. jobs. The rest is in manufacturing trade. But if you exclude motor vehicles, the United States actually runs a manufactured trade *surplus* with Mexico – $6.7 billion last year alone.

"So if NAFTA has cost jobs, by EPI's reasoning, they would have to have been in the U.S. auto sector," Huether said. "But this sector actually *gained* 176,000 jobs between 1993 and 2000. That's more than double the number of jobs created during the decade prior to NAFTA. So where, exactly, is the job loss? How are we supposed to take this report seriously?"

The National Association of Manufacturers – 18 million people who make things in America – is the nation's largest industrial trade association. The NAM represents 14,000 members (including 10,000 small and mid-sized companies) and 350 member associations serving manufacturers and employees in every industrial sector and all 50 states. Headquartered in Washington, D.C., the NAM has 10 additional offices across the country.

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