



## Using Phony Job and Export Claims to Push TPP Fast Track

The Peterson Institute for International Economics (PIIE) has discredited itself repeatedly with promised benefits from NAFTA and other free trade agreements that failed spectacularly, but it is back with more of the same to promote the Trans-Pacific Partnership. And the media continue to lap it up and regurgitate it uncritically.



A typical example of this media complicity is a March 23 article in the Dodge City, Kansas, *High Plains Journal* entitled, "[Senate struggles to advance Obama's trade promotion authority.](#)"

The *Journal* article, which is tilted to support Trade Promotion Authority (TPA, also known as Fast Track) and the [Trans-Pacific Partnership](#) (TPP), says, "According to an analysis supported by the Peterson Institute, a TPP agreement provides global income benefits of an estimated \$223 billion per year by 2025." "Real income benefits to the United States are an estimated \$77 billion per year," the PIIE continues. "The TPP could generate an estimated \$305 billion in additional world exports per year, by 2025, including an additional \$123.5 billion in U.S. exports."

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### More PIIE in the sky

Sounds great, doesn't it? Simply rush the TPP pact through on the TPA Fast Track and America will be rolling in green in no time. Well, as the common wisdom advises, if it sounds too good to be true — it probably is. Especially if the carnival barker making the pitch is the same fast-talking fellow who last year tricked you into signing a contract without reading the fine print obligating you to indentured servitude for life! In case you didn't notice, the PIIE "experts" promoting TPP are the same carnival barkers that made the same types of promises for NAFTA, CAFTA, the WTO, and other trade agreements.

Back at the time of the great battle over NAFTA, for instance, NAFTA supporters regularly cited studies by PIIE economists Gary Hufbauer and Jeffrey Schott to show that NAFTA would provide a huge boost to U.S. jobs and exports. In their influential 1993 PIIE paper, "NAFTA: An Assessment," they predicted that under NAFTA "U.S. exports to Mexico will continue to outstrip Mexican exports to the United States, leading to a U.S. trade surplus with Mexico of about \$7 [billion] to \$9 billion annually by 1995." Moreover, they said that the U.S. trade surplus with Mexico would rise to \$12 billion annually between 2000 and 2010.

That was the PIIE promise, but what was the reality? In 1993, the year before NAFTA went into effect, the United States had a \$1.66 billion trade surplus with Mexico; by 1995, the first year after NAFTA had entered into force, that changed to a \$15.8 billion deficit. The deficits have escalated ever since, soaring to \$24.5 billion in 2000, \$49.8 billion in 2005, and \$74.7 billion in 2007. From 2010 on, the



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deficits have been running in the \$60+ billion range annually.

Instead of hundreds of billions of dollars surplus, we've gotten more than half a trillion dollars in trade *deficit* with Mexico. As we have reported previously:

In 1993, the year before NAFTA, we imported around 225,000 cars and trucks from Mexico. By 2005, our imports of Mexican-made vehicles had tripled to 700,000 vehicles annually, and in 2012 Mexico's export of vehicles to the United States surpassed 1.4 million. Chrysler, Ford, and GM transferred major production facilities (and jobs) from the United States to Mexico.

The record with Canada, our other NAFTA partner, is similar. In 1993, our annual trade deficit with Canada was \$10.7 billion; by 1995 it had ballooned to \$17.1 billion, and by 2005 to \$78.4 billion.

So how does the PIIIE come up with its rosy statistical predictions for the TPP? The same they way they came up with their bogus NAFTA numbers, most likely. They simply invent them. The "prestigious" PIIIE's repetitive spectacular failures calls to mind the quip popularized by Mark Twain: "There are three kinds of lies: lies, damned lies, and statistics."

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