

# New York Job Losses Since NAFTA And The Impact the Korea Trade Deal Will Have If Passed

On December 3, 2010, President Obama decided to take ownership of South Korea free trade agreement, which had originally been negotiated by President George W. Bush. Although he had promised to make major fixes on the Korea trade deal, Obama's administration merely tweaked the "cars and cows" market access, leaving in tact a trade deal embodying the NAFTA template. If Congress decides to pass the Korea trade deal, New York and the rest of the country will once again risk job losses and a major trade deficit.

**JOBS VULNERABLE TO KOREA TRADE DEAL** – According to the U.S. International Trade Commission, workers in well-paying manufacturing sectors may be harmed by the Korea trade deal, including the motor vehicle and electronic equipment industries. In **New York** alone, there are **147,435** workers employed in **8,007** establishments in the textile, metal, electronic and motor vehicles equipment industries that are at risk if the Korea trade deal is passed.

**LOSS OF MANUFACTURING JOBS**- The state of New York lost about **378,913** manufacturing jobs and the country as a whole lost about 5 million manufacturing jobs during the NAFTA-WTO period (1994-2009).

**TRADE DEFICIT DESTROYS JOBS NATIONWIDE** – The ballooning trade deficit – both with NAFTA countries and the world at large – during the NAFTA-WTO period also represents millions in lost manufacturing jobs. Since the U.S. began implementing

NAFTA-style trade pacts in 1994, the country has **lost 4.9 million manufacturing jobs**. The Economic Policy Institute predicts that the Korea trade deal will increase the annual U.S. trade deficit with Korea by \$13.9 billion over the next seven years. This predicted rise in the deficit would lead to the displacement of **159,000 net U.S jobs**.

**CERTIFIED JOBS DISPLACED DUE TO IMPORTS/OUTSOURCING** – As certified by the Department of Labor's Trade Adjustment Assistance program, **94,932** workers in the New York have lost their jobs due to imports or outsourcing since the implementation of NAFTA.

**TRADE POLICY HOLDS DOWN WAGES** – While these job losses greatly affect many of American and New York families, *all* families are affected by the stagnation of wages brought on by our trade policy. Taking a longer view of trade policy dating back to the initial Fast Track – conceived by President Nixon in 1973 as a way to grab Congress' constitutional authority over trade policy – **U.S. wages for the median worker are only a nickel higher today relative to then, despite a near doubling of productivity**. When the direct costs of our trade policy are combined with indirect costs – such as corporations' threats to relocate to avoid wage increases demanded by unions – **our trade policy is clearly a net negative for workers in New York and across the United States**.

## Suffering of many continues to serve the greed of others

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Since the United States entered into the North American Free Trade Agreement and the World Trade Organization in the 1990s, more than 42,000 factories have been closed. The automobiles, appliances, furniture, computers, clothing and other products formerly made in those factories are now being made by workers in low-wage countries like China, Mexico and Indonesia – then shipped in huge containers over thousands of miles of land and sea to the U.S. This great upheaval in the way business has been conducted in the U.S., this contrary approach of manufacturing daily necessities thousands of miles from where they are purchased and used, has ravaged communities and families all over our country.

In Newton, Iowa, the manufacture of Maytag washing machines had dominated life for generations. When the factory was closed in 2007, 1,800 jobs were eliminated from a town population of 16,000. The town of Greenville, Mich., offered to build a new refrigerator factory for the Electrolux Group if they would stay, but Electrolux continued with its plans to relocate. Twenty-seven hundred jobs were wrenched from a community of 8,000 as a result. Both companies moved to Mexico to obtain \$1.50-an-hour labor. In the late 1990s, Reading, Pa., invested public funds to attract an Agere telecommunications equipment factory that provided 3,000 new jobs. A few years later, Agere moved part of the operation outside the country and the rest to another Agere site in the U.S. Reading was left with an empty factory, a \$500,000 shortfall in property taxes and a drop in annual average salaries from \$42,000 to \$31,000.

U.S. multinational leaders have embraced moving their manufacturing to low-wage countries (outsourcing) as if it were a

sound, long-term strategy. However, as authors Ron Hira and Anil Hira point out in "Outsourcing America," it is not sustainable. "Outsourcing signals that even hardworking, well-educated and highly skilled American workers may no longer be able to achieve success. Despite the effort of many young and middle-aged people to make a new life by retraining, there can be no retraining for positions that do not exist. "When large numbers of jobs are lost, the effects are felt not just by a few families whom economists assume will find their way. Opportunities for gainful employment provide the very lifeblood and social fabric for whole neighborhoods," they add. "With the loss of key jobs, public services and tax bases are affected and more than economics is at stake. For example, how are the benefits of lower prices from outsourcing going to be reaped, if no one has a job to pay for these services?" They conclude with this important warning: "But perhaps the most devastating impact is felt by the next generation, who will enter the job market with few clear prospects for gainful employment. What motivation can they find if the most high-paying and technically skilled jobs are following the wave of manufacturing jobs lost earlier?"

Looking back on the last 20 years, should we not question whether it was rational and ethical to have given 9 million American jobs to workers in low-wage countries? Should we not adopt as policy that as long as there is no shortage of workers, American citizens deserve the right to make most of the products found in their neighborhood stores? And should we not insist that our political leaders in Washington break their greedy ties with the multinational leaders, change our destructive trade laws and move back to balanced trade – so we the people again have the opportunity to work?

**What You Can Do:** Call, write, fax, and email your Senators and Representatives and urge them to vote against the job-killing Panama, Colombia, and South Korea Free Trade Agreements. Find their contact info at <http://www.congressmerge.com/onlinedb>

**Additional Info:** Tradejustice NY Metro <http://tradejustice.net> Email: [info@tradejustice.net](mailto:info@tradejustice.net) Phone: (718) 880-7979

**Other Sites of Interest:** <http://www.americanjobsalliance.com/> \* <http://tradewatch.org> \* <http://citizenstrade.org>