

'Free' Trade Too Costly For Workers at Home and Abroad

Free trade agreements like the North American Free Trade Agreement (NAFTA) and the agreements of the World Trade Organization (WTO) are hurting U.S. workers.

These agreements allow imports made under inhumane conditions to flood our market, undercutting U.S. jobs and wages. They encourage U.S. companies to scour the world looking for the lowest wages, the weakest labor laws and the most vulnerable workers. When the Republican-controlled House of Representatives approved Fast Track trade authority for President George W. Bush this year, it paved the way for more free trade agreements and more job loss. Flawed trade policies cost American jobs, put downward pressure on wages and working conditions and erode the ability of governments to protect the public interest.

■ **Lost Jobs:** Our trade deficit exploded after NAFTA and the WTO went into effect. **Last year we imported over \$400 billion more in goods than we exported, for a trade deficit of more than \$1 billion a day.** When we import more than we export, we lose American jobs. The Economic Policy Institute estimates that NAFTA and the WTO have cost U.S. workers more than 3 million actual and potential jobs since 1994.

■ **Destruction of the Industrial Base:** Our manufacturing sector—the engine of our economy—is suffering a deep and lasting crisis as a result of trade-related job loss. Since March 1998, we have lost more than 2.2 million manufacturing jobs. Today, the country has fewer manufacturing jobs than in 1963.

■ **A Race to the Bottom:** U.S. companies use their freedom to move production offshore to squelch union organizing drives and win bargaining concessions. A Cornell University study found that under NAFTA, employers are more likely to threaten to move to Mexico to intimidate workers trying to organize unions here. The tactic works: Fewer organizing drives succeed in firms that threaten to move. Free trade is lowering standards for workers in poor countries, too. In Mexico, wages are lower and poverty levels higher than before NAFTA.

■ **Public Laws Threatened:** NAFTA created new rights for private investors to challenge our laws before secret international tribunals. A Canadian company is suing the United States for \$90 million, claiming that “Buy American” requirements for steel used in federally funded highway projects violate NAFTA. When President Bill Clinton ordered the federal government to stop using taxpayer dollars to buy goods made with the worst forms of child labor, he had to exclude Mexico and Canada from the order because NAFTA rules bar such protections. Laws that U.S. workers fought hard to win are now under attack from multinational companies using free trade rules as their weapon.

The president and Congress should negotiate trade agreements that protect workers' rights and the environment, create good jobs and raise living standards for working families—not deals that enrich multi-national corporations while eroding protections and living standards for workers everywhere.

Sources: U.S. Department of Commerce, Economic Policy Institute, Bronfenbrenner Report Submitted to the Labor Secretariat of the North American Commission for Labor Cooperation (September 1996). (AFL-CIO Public Policy Department, 202-637-5172.)

Working Families Economic Indicators at a Glance

	Jobs Lost/Added (Aug. 2000 to Aug. 2002)		Unemployment (Aug. 2002) (March – Aug. 2002)		Workers Exhausting Unemployment Benefits Coverage*		Poverty, Income and Health Insurance			401(k) Losses and Personal Bankruptcy Filings	
	All Jobs (in thousands)	Manufacturing Jobs (in thousands)	# of Unemployed (in thousands)	Unemp. Rate	# of Workers Exhausting Regular Benefits	# of Workers Exhausting TEUC Benefits	Poverty Rate*	% Change in Median House- hold Income*	Uninsured Rate*	401(k) Losses Dec. 2000-2001 (in billions)	Personal Bankruptcy Filings (2nd Quarter 2002)
US	-631.0	-1,495.3	8,142	5.7	2,333,672	1,120,832	11.7	-2.2	14.6	175.75	390,991
AL	-35.9	-35.3	122.1	5.7	25,165	13,518	14.8	-4.5	13.2	2.69	10,140
AK	9.6	-0.5	24.4	7.3	10,887	3,505	7.9	2.5	17.7	0.37	336
AZ	-0.2	-23	144.1	5.7	26,048	13,199	12.9	4.2	18.4	2.42	7,603
AR	-10.2	-25.7	64.5	5.0	22,574	9,506	16.3	2.9	15.0	1.35	5,592
CA	100.7	-115.4	1,091.1	6.2	346,898	73,727	13.1	1.0	19.2	18.20	37,113
CO	-38.1	-20.3	121	5.1	32,547	16,808	9.0	-1.8	15.1	2.65	5,416
CT	-21.8	-25.5	67.9	4.0	28,013	15,890	7.4	-0.4	9.7	2.52	3,099
DE	-2.3	-5.2	15.8	3.8	4,992	2,348	8.5	0.1	9.5	0.55	816
DC	-3.3	-0.9	15.9	5.9	10,442	4,856	16.1	0.1	13.6		602
FL	107	-44.5	418.1	5.3	88,986	75,045	12.0	-2.1	17.8	7.17	23,534
GA	-107	-65.4	195.7	4.6	57,186	52,090	12.6	0.8	15.3	5.25	17,465
HI	-3.9	0.8	23.6	4.0	7,401	4,041	10.4	0.2	9.7	0.77	1,105
ID	1.3	-4.7	36.9	5.3	11,650	3,140	12.7	0.3	16.5	0.74	2,366
IL	-143.1	-69.6	390.2	6.2	108,938	71,037	10.2	-3.1	13.6	8.66	19,996
IN	-101.6	-69.8	164.6	5.2	47,184	26,057	7.9	-3.5	10.8	4.49	13,839
IA	-18	-18.2	60.5	3.7	17,713	10,096	7.7	-3.1	8.0	2.18	3,100
KS	18.3	-12.8	65.2	4.5	17,007	5,678	10.1	2.1	11.4	1.93	3,970
KY	13.2	-18.8	103.7	5.2	20,668	13,817	12.4	3.6	13.0	2.56	6,800
LA	13.5	-8.8	119.2	5.9	18,127	11,717	17.5	-2.1	19.7	2.23	6,665
ME	5.3	-10.3	27.2	4.0	7,064	3,579	10.3	-5.9	10.7	0.93	1,122
MD	-3.1	-5.7	124.3	4.3	24,947	16,111	7.3	-1.7	11.3	3.80	8,839
MA	-55.4	-32.2	173.9	5.2	72,932	24,890	10.2	5.8	8.7	4.27	4,581
MI	-146.9	-68.8	321.2	6.2	94,692	50,359	9.7	-4.1	9.9	7.67	13,475
MN	-38.5	-32.9	123.9	4.3	37,847	21,161	6.8	2.6	7.8	4.12	4,658
MS	-20.5	-36.5	79.1	6.1	14,968	12,800	16.8	-6.2	15.2	1.48	5,265
MO	-64.2	-38.8	138.8	4.7	37,765	22,336	10.2	-2.9	8.8	4.17	8,325
MT	6.7	-1.3	18.7	4.0	5,627	1,700	14.4	-1.3	16.0	0.52	1,206
NE	-5.1	-4.3	32.2	3.4	9,495	3,607	9.7	3.1	9.6	1.24	1,994
NV	32.9	2.1	53.0	5.1	22,917	11,267	9.0	1.5	17.2	1.08	5,240
NH	3.6	-7.4	33.6	4.7	4,594	1,774	6.2	2.4	9.0	0.94	978
NJ	0.1	-35.7	224.2	5.3	104,310	24,207	7.7	-1.0	12.5	5.56	10,719
NM	14.5	-1.5	52.7	6.1	8,534	3,571	18.8	-2.1	23.2	0.91	2,131
NY	-67.9	-90.9	526.6	5.8	197,698	134,992	14.1	-0.4	15.8	10.78	18,589
NC	-55.8	-70.7	248.6	6.3	71,083	36,531	12.9	-1.8	14.2	5.02	8,735
ND	1.7	1	10.6	3.2	3,233	1,317	12.4	1.5	10.9	0.46	492
OH	-130.4	-80.3	325.2	5.5	66,266	44,385	10.8	-0.2	10.8	8.27	19,787
OK	22.5	-8.2	71.0	4.2	14,870	9,434	14.3	1.3	17.9	1.79	6,215
OR	-29.5	-12.4	127.3	7.0	39,979	1,123	11.8	-2.2	13.1	2.19	6,194
PA	-49	-83.8	327.7	5.3	103,709	48,192	9.2	4.1	8.7	8.65	13,614
RI	5.8	-5.5	24.6	4.8	9,869	5,750	10.0	0.4	7.2	0.70	1,289
SC	-29.6	-26.5	108.6	5.4	32,015	22,128	12.7	-1.3	13.3	2.52	3,708
SD	3.6	-6.3	10.6	2.6	1,055	414	9.0	2.1	10.4	0.52	650
TN	-31.8	-41.3	131.5	4.6	46,361	36,233	13.2	-4.1	10.8	3.37	14,986
TX	-47.7	-82.5	653.1	6.1	191,530	94,212	15.2	-0.3	23.0	11.47	18,606
UT	-14.7	-12.8	56.9	5.0	15,198	7,647	8.0	-1.6	13.6	1.24	5,389
VT	-2.3	-3.8	14.7	4.2	3,285	1,281	9.8	-4.0	9.7	0.43	441
VA	-37.1	-37.2	153.7	4.1	30,496	19,178	8.0	1.8	11.9	4.87	10,937
WA	-76.4	-44.2	218.7	7.2	58,803	7,699	10.4	-6.3	13.5	3.90	9,804
WV	-1.9	-7.7	47.9	5.9	6,325	3,783	15.6	-2.4	14.2	0.97	2,443
WI	-3.5	-45.1	159.6	5.2	51,814	21,982	8.6	-3.3	8.5	4.40	6,677
WY	12.3	-0.2	9.8	3.6	1,933	1,115	10.3	0.2	15.6	0.32	617

Sources: U.S. Department of Labor; Center on Budget and Policy Priorities; Institute for America's Future; America Bankruptcy Institute; National Conference of State Legislatures; U.S. Census Bureau.

* To improve reliability, the Census Bureau uses two-year moving averages and three-year averages for some state data. For state data on health insurance coverage and poverty rates, the Census Bureau uses a three-year average (1999-2001). For changes in median household income by state, the Census Bureau compares a two-year moving average (1999-2000) with another two-year average (2000-2001). For U.S. data on poverty rates and health insurance coverage, the data are for 2001. For changes in U.S. median household income, the comparison years are 2000 and 2001.