

Trade deficit with China costs over 2 million U.S. jobs

WASHINGTON, D.C. — The dramatic rise in the U.S. trade deficit with China over the last decade has cost the United States more than 2 million jobs, according to a new report by the Economic Policy Institute (EPI).

Every state has been impacted, but none harder than the West Coast, led by California with an estimated 269,300 lost jobs. According to the EPI report, 25,700 jobs were lost in Oregon and 27,000 jobs were lost in Washington.

In the report, "Costly Trade With China," EPI economist Robert Scott says the trade deficit with China — now at \$235 billion — has displaced production that supported 2,166,000 U.S. jobs.

To make matters worse, this year's first-quarter \$46.4 billion deficit is twice as large as in the same period last year.

Scott says the vast bulk of the job displacement (1.8 million) has come since China entered the World Trade Organization in 2001.

"China's entry into the WTO was supposed to require that it open its markets to imports from the United States and other nations," Scott said. "Instead, it has further tilted the international economic playing field against domestic workers and firms, and in favor of multinationals."

Scott said this has accelerated "the global race to the bottom" in wages and environmental quality and has caused the closing of thousands of U.S. factories.

The manufacturing sector has been hardest hit, Scott reported. He said that more than one-third of workers displaced from manufacturing drop out of the labor force. Those who do find re-employment



saw their wages drop by 11 to 13 percent.

Specifically: between 1997 and 2001, growing trade deficits displaced an average of 101,000 jobs per year, or slightly more than the total employment in Manchester, New Hampshire.

Since China entered the WTO in 2001, job losses increased to an average of 441,000 per year — more than the total employment in greater Dayton Ohio. Between 2001 and 2006, jobs were displaced in every state and the District of Columbia. Nearly three-quarters of the jobs displaced were in manufacturing industries.

"But you wouldn't know anything is wrong if you listened to the Bush Administration," writes Tula Connell of the national AFL-CIO.

Siting a May 3, USA Today report, Connell said U.S. Treasury Secretary Henry Paulson insists that Bush Administration initiatives are spurring China to quicken its economic reforms.

"We've made a lot of progress," he told the newspaper.

Responds Connell, "Paulson has traveled to China multiple times since he became treasury secretary last year, but so far, all his nice talk with Chinese officials has failed to convince China to lower its trade barriers and bring its laws and regulations into compliance with international standards."

As economist Thomas Palley noted: "In retrospect, the 2000 U.S. decision to permanently open its markets to

China seems poorly conceived. That decision was driven by manic optimism about globalization that pushed a biased benefit — cost calculus that ignored economic and political reality.

"Opponents claim that the trade deficit stems from lack of U.S. saving, not exchange rates. This argument misunderstands market economics. Reducing the trade deficit requires increasing exports and decreasing imports. That requires inducing foreigners to buy more U.S. made goods, and inducing Americans to 'switch' their spending from imports to domestic made goods. Market economies accomplish this through changed relative prices. That calls for exchange rate adjustment that makes foreign goods more expensive for U.S. consumers and U.S. goods cheaper for foreign consumers."

At the International Economic Summit in Butte, Montana two weeks ago, political writer and journalist David Sirota noted how easily the business-backed participants — such as Federal Reserve Chairman Ben Bernanke and Harold McGraw, head of McGraw-Hill Cos. — were selling out America's middle class. "They are attacking as 'isolationists' those who want our trade policies reformed and are demanding Congress continue passing lobbyist-written trade policies that crush ordinary Americans," he wrote.

In the American Prospect, former Labor Secretary Robert Reich described how America's largest corporations have "decoupled from the United States."

"Their overseas subsidiaries are booming even as their American operations stagnate. General Electric expects more than half its revenue this year to come from outside the United States for the first time. More than half of Boeing's new orders are from overseas. Ford is struggling in America but doing well in Europe.

"In other words, the president's supply-side tax cuts are great for America's global investors, who have been investing their extra money around the world — either in foreign companies or in global American-based ones."

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GE Workers Say: 'Screw That (Made in China) Bulb'

How many U.S. workers does it take to make a light bulb? If General Electric has its way, the answer is none. GE, the company that was built on Thomas Edison's light bulbs, is putting workers and consumers in a position of having to choose whether they want to save the environment or save U.S. jobs.

GE is promoting new, energy-saving bulbs known as compact fluorescents, or CFLs, which are made in China. These bulbs last longer and use less energy than the typical incandescent bulbs found in most U.S. homes — but they can cost up to 10 times as much.

If GE has its way, it will no longer manufacture light bulbs in the United States. Since 1980, employment in GE lighting plants in this country has dropped by 68 percent. If everyone switched to the Chinese-made CFL

bulbs, all U.S. plants would close.

Instead of letting GE make all the profits and send jobs to China, GE's workers, who are represented by 13 unions, have launched a "Screw That Bulb" campaign. They are mobilizing to save the environment and their jobs.

Environmentally sustainable technology was supposed to stimulate our economy, not lead to more jobs in China, they say. But GE is refusing to invest in the advanced technology needed to produce the bulbs here so U.S. workers can have a future.

You can take action and help save U.S. jobs and the environment. Go to www.ScrewThatBulb.org and sign the petition asking GE to manufacture green bulbs in U.S. plants. Workers and consumers shouldn't have to choose between a green environment or a pink slip for America's workers.