

China trade gap displaces 2.4 million jobs in U.S.

The growing trade deficit between the U.S. and China eliminated or displaced an estimated 38,600 jobs in Oregon and 44,300 jobs in Washington from 2001-08

Members of Congress, listen up: The nation's huge trade deficit, mainly with China, has cost jobs in every congressional district, according to a report issued by the Economic Policy Institute (EPI). Contrary to conventional wisdom, high-tech industries are losing jobs faster than any other sector of the economy.

Since 2001, some 2.4 million jobs have been lost or displaced in the U.S. as a result of the trade deficit with China, the report says. More than one-quarter — 26 percent or about 628,000 jobs — are in computer, electronic equipment and parts industries.

The U.S. trade deficit with China has grown from \$84 billion in 2001 — the year China entered the World Trade Organization — to \$270 billion in 2008, the report stated. Chinese exports to the United States in 2008 were more than five times greater than U.S. exports to China. Last year, China was responsible for more than 80 percent of the United States' total, non-oil trade deficit.

The hardest hit areas of the country were California and Texas. California and its Silicon Valley was hardest hit, shedding some 370,000 jobs. Next in line is Texas with 193,700 jobs lost.

In Oregon, where 38,600 jobs were lost during that timespan, an estimated 14,600 came in the 1st Congressional District, home of Intel, Hewlett-Packard, IBM, Tektronix and Xerox. The 1st District encompasses Clatsop, Columbia, Washington, and Yamhill counties, and part of Multnomah County.

Washington lost 44,300 jobs between 2001 and 2008, ranking 19th nationwide.

The report cites China's currency manipulation as a major cause of the trade deficit. Over the past decade, China has consistently undervalued its currency by an estimated 35 percent to 40 percent. As a result, while imports from China and U.S. trade deficits set records, American manufacturing employment has plummeted.

Other causes of the deficit include massive industrial subsidies in China, lax labor and environmental law enforcement, intellectual property theft and piracy and Chinese policies that block U.S. imports.

"This intervention makes the yuan [China's currency] artificially cheap and provides an effective subsidy on Chinese exports," said Robert Scott,

Top 25 net job loss due to growing trade deficits with China 2001-08, ranked by number of jobs displaced

California	370,000
Texas	193,700
New York	140,500
Illinois	105,500
Florida	101,600
Pennsylvania	95,700
North Carolina	95,100
Ohio	91,800
Georgia	78,100
Massachusetts	72,800
New Jersey	69,100
Michigan	68,300
Minnesota	58,800
Indiana	54,900
Wisconsin	52,300
Virginia	51,700
Tennessee	51,400
Colorado	45,200
Washington	44,300
Arizona	40,200
Alabama	39,300
Missouri	38,700
Oregon	38,600
South Carolina	38,400
Maryland	36,600

Source: EPI analysis of Census Bureau, ITC and BLS data.

EPI's director of international programs and author of the report, Unfair China Trade Costs Local Jobs. "Unless China raises the real value of the yuan by at least 40 percent and eliminates other trade distortions, the U.S. trade deficit and job losses will continue to grow rapidly."

Last month, more than a dozen U.S. senators introduced the Currency Exchange Rate Oversight Reform Act of 2010. The bill would change the U.S. Treasury Department's rules to make it easier to determine if a country is manipulating its currency. The bill also provides meaningful sanctions, including countervailing duties or tariffs, if negotiations to stop currency manipulation fail. Co-sponsoring the bill are U.S. Senators Charles Schumer (D-NY), Lindsey Graham (R-SC), Sam Brownback (R-KS), Sherrod Brown (D-OH), Olympia Snowe (R-ME), Evan Bayh (D-IN), Ben Cardin (D-MD), Robert Casey (D-PA), Russ Feingold (D-WI), Kirsten Gillibrand (D-NY), Carl Levin (D-MI), Jim Webb (D-VA), Arlen Specter (D-PA), Blanche Lincoln (D-AR), Debbie Stabenow (D-MI), and Susan Collins (R-ME).

"China's cheating is causing America to lose more than just the capacity to make widgets in the one-sided trade arrangements with China," said Scott Paul, executive director of the Alliance for American Manufacturing, a non-profit partnership that includes several large U.S. manufacturers and the

United Steelworkers. "Sophisticated electronics and high-tech products that once were made in the United States are increasingly being made in China instead. We are losing more and more of these good jobs."

Scott said the U.S. has "allowed the Chinese government to game the system for far too long, with serious consequences for the U.S. economy."

"The Treasury Department should publicly declare China to be a currency manipulator, and the Congress should authorize tariffs of at least 25 percent if China doesn't start playing by fair rules."

At a recent EPI forum, Nobel Prize-winning economist Paul Krugman said China's currency manipulation has reached unprecedented levels. "These surpluses do come at the expense of jobs," he said.

The EPI report also notes competition with low-wage workers from less-developed countries has driven down wages for U.S. workers in manufacturing and reduced the wages and bargaining power of essentially all production workers with less than a four-year college degree, roughly 80 percent of the private-sector workforce.

(Editor's Note: James Parks of AFL-CIO Now Blog contributed to this report.)



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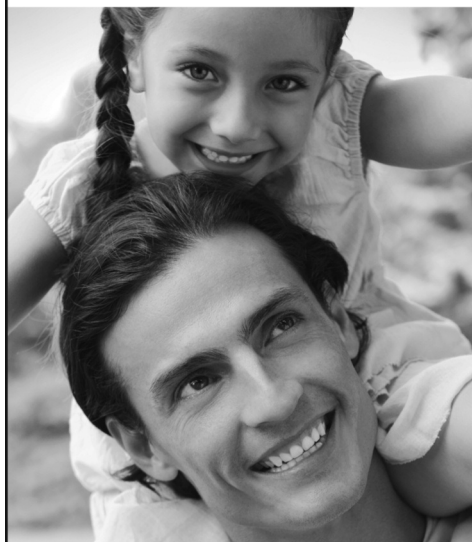
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