

Business Rep., Economic Policy Institute: 'Free Trade' pacts hurt workers, firms

The chairman of one of the last U.S. glassware manufacturers—an union shop—and the head of the Economic Policy Institute told a top congressional committee that untrammelled "free trade" pacts without labor protections hurt U.S. workers and U.S. companies.

In the second of a series of hearings on the state of the U.S. economy, both Larry Mishel of EPI and John Meier of Toledo-based Libbey Inc., told the House Ways and Means Committee on Jan. 30 that the pacts must be rewritten to protect U.S. workers and jobs while still promoting trade.

Indeed, Meier, whose 3,000 workers are represented by the Glass, Molders, Pottery, Plastics and Allied Workers, the Steel Workers and IBEW, was so forceful about the negative impact of past trade treaties on his industry that one Democratic lawmaker kiddingly said Meier sounded like a labor leader.

"I'm not a labor leader, but I respect their position and their values," Meier responded of his union colleagues. "Moderation, rather than opening the floodgates, is better" in trade, he added. Even the most pro-free trade witness, McGraw-Hill CEO Harold McGraw III, admitted "we need to ensure those affected" by trade pacts "are not left behind."

The Ways and Means Committee handles taxes, trade, Social Security, Medicare and health care issues. It tackled trade and globalization in the second of a series of informational hearings on the state of the economy, and sought suggestions on solutions that would help workers, new chairman Charles Rangel (D-N.Y.) said.

But its hearing on trade also came just before anti-worker GOP President

George W. Bush asked lawmakers to renew his "fast-track" Trade Promotion Authority. TPA, which expires June 30, lets the president negotiate "free trade" pacts and send legislation implementing them to lawmakers for an up-or-down vote, with no amendments or conditions.

Bush and his predecessors used TPA to force lawmakers to vote on trade pacts, such as the jobs-losing NAFTA and CAFTA compacts and Chinese accession to the World Trade Organization, that have no labor rights. Bush is proposing similar pacts with Colombia, Peru, Bolivia and South Korea.

Such pacts cost jobs, Mishel and Meier said. Meier pointed out the impact has been so bad that "every major domestic competitor I have faced" in his 37-year career "is either out of business, in bankruptcy or up for sale." That cut the U.S. glass industry to 15,000 jobs, he said.

"The unfair trade practices of other countries, documented year after year" by the federal government, "puts my company and manufacturing concerns all across the country at a tremendous disadvantage," he added. That includes labor rights, he said.

While other nations can't match U.S. wages, "I want other countries to enforce" their own labor laws. "To be honest, all we really want is a level playing field" with subsidized foreign competitors, Meier added.

To start to achieve that level playing field, Mishel advanced EPI's idea of "a strategic pause" in trade pacts "until Congress and the president agree on a strategy to cut the trade deficit, increase U.S. competitiveness, prevent further erosion of wages and provide an effective

safety net" for U.S. workers. That safety net, Mishel told the committee, should include raising the minimum wage, and wage subsidies for workers who lose their jobs to trade, and health insurance, too.

And it must include "restoring the bargaining power of American workers who have been undercut by globalization, through... labor law reform that closes the enormous gap between workers' desires to join unions and their ability to do so," Mishel stated.

He also recommended renegotiating NAFTA to include "worker and social protections" in all three countries it affects: The U.S., Canada and Mexico.

Besides a safety net, the strategic pause EPI advocated also should give the U.S. a chance to institute "targeted investments in energy, education and new technologies aimed at expanding U.S. production," he added. The Steel Workers are pushing a 10-year \$300 billion investment in the "Apollo Alliance" to build factories employ-

ing high-paid U.S. industrial workers to manufacture such things as solar panels and hybrid cars.

Other witnesses told the panel trade pacts should ban certain foreign labor practices. "Using child labor and jailing union leaders is not acceptable competition," said Gene Sperling, former chair of Democratic President Clinton's Council of Economic Advisors.

"A \$7 minimum wage will not work in Africa," he explained. "But basic core International Labor Organization standards" for treatment of workers "are acceptable. If their workers are cheaper, that's a price advantage, but having a price advantage by exploiting people in child labor or sweatshops is unacceptable," Sperling stated. But that might not fly in the latest trade talks, he warned. Quoting unidentified sources "heavily engaged" in the latest—and broken-down—talks, called the Doha Round, Sperling said "they told me that if labor standards were included, India and Brazil would blow it up."