

A duty to balance the gains and pains of free trade

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<http://thehill.com/blogs/congress-blog/labor/170463-a-duty-to-balance-the-gains-and-pains-of-free-trade>

Last week, Senate and House finance leaders finally hashed out a deal on a long-delayed trade pact with South Korea that included an agreement to reauthorize Trade Adjustment Assistance (TAA), which provides job training and income support to U.S. workers laid off due to trade. It was a rare opportunity to act on legislation with bipartisan support and the broad backing of voters, the U.S. Chamber of Commerce and worker advocates.

The deal quickly dissolved, however, when Republican opponents balked at TAA's inclusion, despite the fact that reauthorization would be paid for through other cost-cutting measures. On Thursday, the House Ways and Means Committee held a mock markup of pending trade agreements with South Korea, Columbia and Panama that do not include reauthorization. This is a mistake for the economy and runs counter to the longstanding bipartisan support for helping U.S. workers displaced by trade.

TAA started out as a program for manufacturing workers who, for decades, were the main victims of imbalanced federal policies that rewarded companies for shipping American jobs abroad. Today, service and information workers in once-secure fields like accounting, computer programming and healthcare are increasingly vulnerable to trade as more of these jobs move overseas.

Congress modernized the program in 2009 to address these shifts by extending TAA coverage to service workers and to those whose jobs were offshored to countries like China and India, where the United States does not have free trade agreements. At the time, Representative Dave Camp (R-MI), now the House Ways and Means chairman, characterized TAA as "a coherent, rational, accountable, and cost-effective system for training trade-affected workers and putting them back to work quickly and at better jobs."

Congress let these important modernizations expire in February, however, leaving huge holes: an estimated [170,000 workers](#) who were eligible for training under the expanded TAA program would not be covered if they lost their jobs today. The deal struck by Senate Finance Committee Chairman Max Baucus (D-MT) and House Ways and Means Committee Chairman Dave Camp (R-MI) last week would have reauthorized most of the important features through 2013, but ideologues are trying to hold it up – despite widespread support.

Praising last week's now-defunct deal, the U.S. Chamber of Commerce issued a statement offering "broad support for the pending trade agreements" and welcoming "the news that there is bipartisan agreement on the substance of legislation to renew Trade Adjustment Assistance." Meanwhile, a 2010 Pew [opinion poll](#) found that nearly two-thirds of Republicans who identify with the Tea Party believe that free trade agreements are bad for the United States. Like most Americans, Tea Party constituents don't want to export U.S. jobs abroad or expose small business owners to competition from low-cost imports.

With unemployment now at [9.2 percent](#), reauthorization of TAA is the least Congress can do to help balance the jobs lost to trade, particularly for the workers in [small towns](#) who need it most.

Compared to other unemployed workers, those eligible for TAA are often older, less educated and have higher earnings prior to job loss, likely due to the fact that they worked over 12 years in their previous positions. If they lose their jobs, they're likely to suffer a substantial and permanent loss of income. In fact, conservative estimates place the cost to individuals and communities of international trade at approximately [\\$50 billion](#) per year — or over 50 times the benefit derived from the proposed three-year TAA reauthorization. And the vulnerabilities persist: Princeton economist [Alan Blinder](#) estimates that between 28 million and 42 million service-sector workers may be susceptible to off-shoring.

But the TAA reemployment and training services have been proven to help displaced workers find good-paying jobs. Studies have shown that TAA training participants are [ten percent](#) more likely to find new employment than the general population of displaced workers. While likely suffering income losses, TAA participants who exited the program during the current labor market downturn earned on average the equivalent of [\\$29,000 a year](#). Over 80 percent remained employed a year after leaving the TAA program.

Contrary to some critics of the program, union and non-union workers alike benefit from the support of TAA. Just one-third of TAA-eligible workers belong to a union, and after going through TAA training, workers are likely to enter non-union occupations. Labor unions, along with other worker advocates, support the expansion of TAA to cover all workers because the program is essential to balance U.S. trade policies.

It is high time that ideologues in Congress stop holding up TAA reauthorization and resolve an issue that business interests, worker advocates and a bipartisan group of lawmakers have already come to an agreement on. Trade Adjustment Assistance is a modest program that represents the minimum we should be doing to mitigate the damage caused by free trade to the U.S. workforce.

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