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Chad Ivan Brooker

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Changing
Constituencies
and International
Trade: The Role
of Organized
Labor on the
Trade Platform of
the Democratic
Party



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Political Science, Public
Policy and Economics

Abstract

Problem:

There has been much talk over the past 50 years of the role of American labor in a changing American industrial market. As the world has become increasingly connected, American workers who tout high levels of labor rights, high wages, and safe working conditions have been hard pressed to compete with emerging economies that often share little of these same principles or legal decrees.

The debate over American competitiveness in the world has been fought on the picket lines, on the streets, in back rooms and most importantly in the stolid, white, columned halls of Congress. While liberalized trade was supported in Congressional platforms in the post-war period, this stance has undergone a dramatic change toward protectionism. With changing constituencies and increased globalization, the question remains as to what course on trade the American government will support, and in particular if the Democratic Party will continue down a path toward protectionism.

Methodology:

This study is the culmination of more than a year of research which began during my internship with the American Enterprise Institute in Washington, DC. I have sought to use a wide variety of sources and types of media, ranging from websites and working papers to interviews and textbooks. My goal was to present an impartial presentation of the Democratic Party's change in support on trade starting in the 1930s and progressing throughout the century. I separated the work into sections which isolate the most interesting and dynamic periods in international trade.

A large majority of the information which is presented in this paper is derived from I.M. Destler's book, American Trade Politics, which is widely considered to be one of the most comprehensive and well-written books on the history of trade and trade policy.

Argument:

My argument in this paper is that the Democratic Party has undergone a dramatic change on trade policy, from supporting a liberalized framework to being an incubator of protectionist sentiment, based on the influence of certain trade industries and, most importantly, labor unions.

Conclusion:

The Democratic Party has been influenced by changing constituencies into supporting a more protectionist platform. While Democrats had a stronghold in the South, the movement of the party to the Northern states forced Democrats to support trade which protected American manufacturing. The effects of the 2006 and 2008 elections have built a Democratic platform that is increasingly protectionist and supportive of Fair Trade and labor rights. I have shown that this change is due to labor union pressure and the increasing vulnerability of American manufacturing.

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Changing Constituencies and International Trade: The Role of Organized Labor on the Trade Platform of the Democratic Party

By Chad Brooker

I. Introduction

There has been much talk over the past 50 years about the role of American labor in a changing American industrial market, specifically in trade competitiveness and increasing labor rights. As the world has become increasingly connected, American workers, who tout high levels of labor rights, high wages, and safer working conditions than the majority of workers in the world's other countries, have been hard pressed to compete with emerging economies that often share little of these same principles or legal foundations of support. Workers rights have become an increasingly important topic for American labor since the birth of the movement in the early 1900s¹. The debate over American competitiveness has been fought on the picket lines, on the streets, in backrooms and most importantly, in the stolid, white columned halls of Congress. Liberalized trade has always been a tough sell within Congress and the public, however, the prosperity and American Exceptionalism that it fostered for much of the 20th Century allowed it to be championed in Congressional platforms throughout and just prior to the post-war period. However, this stance has suffered a slow degradation during the second half of the century as the once untouchable American manufacturing

¹ While the workers' rights movement began far earlier and in some cases and in some industries reaches back to the 1600s and early 1700s, the real growth in reform and true amendments to the legal foundations of labor right did not fully develop until the late 1800s and early 1900s. This era is marked by literary works such as Upton Sinclair's *The Jungle* and other progressive pieces of literature which shed light on the poor, dangerous and unclean conditions in many of America's factories.

began to face increasingly strong foreign competition—the pace of this rebirth of mainstream-supported protectionism rapidly quickened as the century came to a close.

Since the late 1970s, labor unions have become increasingly vocal about the welfare of their members in relation to increasing global competition. While these unions represent a fraction of the workforce that they once did, they learned that with decreasing membership, they needed to speak louder to be heard. The percentage of the workforce that is under labor union representation has dropped to increasingly smaller levels. Between 1962 and 2009, labor union representation fell from 35% of all full time employees in the United States to a staggeringly low of 15%; the rate falls to 13.6% when analyzing union membership.²³ When the values for private sector employees versus public sector membership is included, it becomes clearer that while public sector union membership has slipped more slowly, private sector membership has plummeted. According to the Bureau of Labor Statistics’ “Current Population Survey”, only 7.2% of private sector employees are members of unions, compared with 37.4% of public sector membership.⁴

However, with the increasing trade, political and legal roles that labor unions play in the American system, the unions have successfully hidden their sliding number of members. Starting in the 1960s with skepticism about the effects of the Kennedy Round, labor unions laid their foundations of opposition to free trade and became proponents of “Fair Trade” legislation.

² Bureau of Labor Statistics, 2010

³ Barenburg, 2009

⁴ Kleiner, 2001; BLS. 2010

This opposition led to the first wave of worker compensation benefits, known as Trade Adjustment Assistance (TAA), ushering in a new wave of protectionist policies in select industries. The labor union battles quickened pace in the 1970s and 1980s as international competition began to truly threaten the livelihoods of millions of American manufacturers. With the birth of the 1990s, organized labor would be a formidable force in international trade legislation. By this time, unions were capable of not only influencing policy, but of controlling legislators and even constructing the means to heavily influence elections and the electoral platforms of primarily Democrats, but, as will be seen in the 2006 and 2008 electoral cycles, Republicans as well. The North American Free Trade Agreement (NAFTA) debates in the early 90s, and increasingly over the course of this decade with the Bush FTAs, labor has turned up the bullhorn and the speed on the printing press as they churn out propaganda and campaign pressure on both incumbents and challengers. The pressure from labor unions and manufacturing state representatives has kept the “fair trade” vs. “free trade” debate at the forefront of every legislature.

With the 2006 and 2008 elections, the slowing economy eventually leading to the great collapse starting in late 2007, and the rapidly declining employment in American manufacturing caused international trade and labor laws to become not just an important factor in the elections. In some races it was a central issue. International labor rights and organized labor in America have found central allies in legislators, particularly those from the Democratic

Party, building from the dissatisfaction in and around the NAFTA movement and continuing through the “dark years” of Republican governmental control.

II. The Players: The Cases for Organized Labor and Free Traders

Labor unions have long been vilified by business interests.

Organizations such as the US Chamber of Commerce and United Association of Manufacturers, and many other pro-business outfits across the country have claimed that organized labor is mucking up the works and is defending inefficient, non-competitive employment as a protectionist way to stop outsourcing and protect the American jobs which form their ranks. While speaking from a purely economic stance, this may have some merit in terms of being non-competitive in some industrial sectors, however much of their wishes to maintain competitiveness emerge from the true levels of efficiency and productivity. In order to understand labor’s argument and why business groups feel otherwise, it is important to look at each side and break down the complex economic and political connotations that are providing the foundation for this heated debate — a debate which is not uncommon across the highly developed world.

A. The Case for Organized Labor

American labor is well known for its quality, its efficiency, and its unparalleled productivity. However, as a group, it has been slipping in both power and size due to the emergence of an increasingly globalized world. It is difficult for American labor to be able to compete with what is often called a global “race to the bottom” where profit-seeking companies are willing to

move operations around the globe in an effort to minimize production costs and offer cheaper and cheaper goods to voracious world consumers. As will be seen when analyzing the Stolper-Samuelson model, the constantly increasing power of outsourcing, the vast growth in international trade, and the almost liquid international capital mobility⁵, is almost ubiquitously helping highly-educated, white-collar workers while eroding American manufacturing. Due to the unequal effects of trade, the complaints of American labor are justified.

In order to analyze the case for labor, it is important to understand the major reasons why labor unions have been so adamant about their inclusion in all current and future trade agreements. The main reasons seem to be more than obvious, as the economic situation of the American blue-collar worker has slipped down an increasingly steep slope. However, there are many factors, some less connected to economics than others.

Increased international trade has not only threatened American worker's pockets, but has put them at a disadvantage in terms of crude manufacturing to much of the developing world. "U.S. exports to China in 2001 supported 166,200 jobs, but U.S. imports displaced production that would have supported 1,188,200 jobs. Therefore, the \$84 billion trade deficit in 2001 displaced 1,022,000 jobs in that year. Job displacement rose to

⁵ It should be noted that there is strong if not almost total capital mobility in the current era under normal economic periods in a positive business cycles, when the world's economies are experiencing strong positive growth, as was the case for the majority of the past decade, save the recession in 2001 and the global crisis to end the decade. The past three years since the official start of the global economic recession in late 2007 has shown global financial outfits that capital liquidity is not a guarantee in the modern world.

3,349,300 jobs in 2007 and 3,440,700 jobs in 2008.”⁶ Organized labor is quick to point out that more must be done to protect their place in the American labor market.

Consumers in developed countries stand willing to pay a little more for their goods if there could be a guarantee that the goods were produced under fair labor conditions. This is a beacon of hope for the unions who struggle to show the well lined pockets of Congress that labor rights are a popular idea. While politicians have consistently selected from American-made products such as hats, shirts and other campaign memorabilia, the mainstream consumer has long been assumed to only be interested in minimizing costs and care little about the processes and production but only about the price versus the quality perceived. Unions have long tried to show politicians that extending labor rights to trading partners is more than a wish to protect the American consumer but is in fact marketable, both on the product shelves and on the campaign trail.

A number of surveys have been conducted that ask consumers if they were willing to pay more to guarantee safe working environments and fair labor standards for the workers who produced the good. Marymount University’s Center for Ethical Concerns, the University of Maryland, and the National Bureau of Economic Research produced three major surveys in 1999 (Marymount conducted the same survey in 1995 and 1996 as well) looking into consumer opinions relating to purchasing ethically produced goods. In the Marymount survey, it asked “Would you avoid shopping at a retailer that sold

⁶ “Unfair China Trade Costs Local Jobs” Robert E. Scott. March 23, 2010. EPI

garments made in a sweatshop?” to which, 78%, 79% and 75% of respondents answered in the affirmative against the sweatshops in 1995, 1996, and 1999 respectively. In terms of compensation, 84%, 83% and 86% respectively were willing to, “pay \$1 more for a \$20 garment guaranteed made under good conditions.”⁷

Respondents to the University of Maryland’s questions were even more generous, with 76% of respondents saying that they were “willing to pay \$25 for a \$20 garment that is certified to have not been made in a sweatshop.” Eighty-two percent in the same survey responded that they “Do not expect workers in foreign countries to make U.S. wages, but expect countries to permit wages to rise by allowing unions and/or stopping child labor.”⁸

All of these responses were corroborated in the survey conducted by the National Bureau of Economic Research which asked fewer closed-ended questions. It found that consumers were willing to pay \$2.80 on a \$10 item and \$15 on a \$100 item if it was made under fair working conditions. In addition, it discovered that consumers would expect a decreased price if they were going to purchase a shirt made under poor conditions, demanding on average a \$4.30 discount for the shirt.⁹ However, with all of these responses, it still remains easier to elicit positive ideas toward extending labor rights when referencing child labor than when speaking about union violence and blockades.

⁷ Marymount University Center for Ethical Concerns, 1999

⁸ University of Maryland, 2000; Elliot, 2003, p. 31

⁹ National Bureau of Economic Research, 2000; Eliot, 2003, p.31

While the vast majority of Americans benefit from trade, those who lose out are more often than not those can least afford to be effected, are the most disadvantaged, least educated, and often among the lower income brackets. The disproportionate effects have been catastrophic on equality and especially the already growing income gap. The income gap in the United States has grown exponentially over this century, the most prominent increases since the 1920s coming within the past 30 years.

The issue has never been worse than today though. Currently, in the United States, the top 1% of Americans has an average income of \$1.27 million and represents 23% of the nation's income. The top 10% makes up a monumental 49% of all national income.¹⁰ More worrisome is the effect on the lower classes over the past three decades. In the last 25 years, the income share of the bottom 80% of the population has been depressed by 7%, meaning that the income share of the poorest Americans — those most likely to be working in highly labor intensive industries like manufacturing and industrial — has dropped relative to the higher classes.¹¹ Labor unions, activists, and “fair trade” legislators alike are thus supported in their disgust that in the most wealthy country in the world, 36.5 million people live in poverty and another 57 million have family incomes between \$27,000 and \$47,000, putting them in the “near poor” category.¹²

This is occurring at the same time as workers bargaining power is being eroded though the reduction in union involvement. When compared to

¹⁰Bivens, 2007

¹¹Barenburg, 2009.

¹² United States Census Bureau, 2010

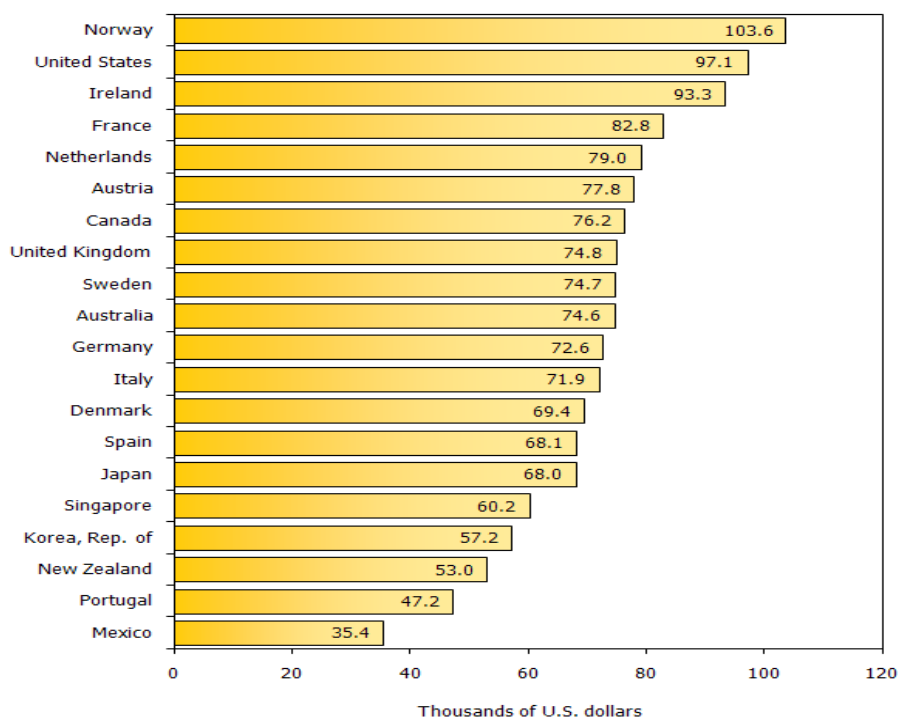
national income, corporate profits reached a 56-year high and average wage has barely risen and income for a male worker in their 30s has dropped. The median hourly inflation adjusted wage rose very little — from \$13.90 per hour in 1973 to \$15.11 in 2007. At the same time, the average annual inflation adjusted income fell from \$40,210 twenty-five years ago to \$35,010 in 2009.¹³ This means that Americans today, on average, feel poorer than they did over a quarter century ago due to this meager wage increase simultaneous to inflation being a constant factor. Using the inflation figures from the U.S. Bureau of Labor Statistics and the average wage figures from above, it can be calculated that between 1975 and 2007 the average wage increased by \$.05/hour per year at the same time as the positive inflation devalued this wage by an outstanding \$.61/hour per year.¹⁴ This means that the forces of inflation pulling down on the value of the wages of the average American worker has been over twelve times as powerful as the forces, such as labor unions, that apply upward pressure on the wage.

¹³ US Census Bureau, 2010; Bivens, 2007

¹⁴ Bureau of Labor Statistics, 2010; Bivens, 2007

Organized labor is even more worried about the declining ratio

Gross Domestic Product Per Employed Person, 2008



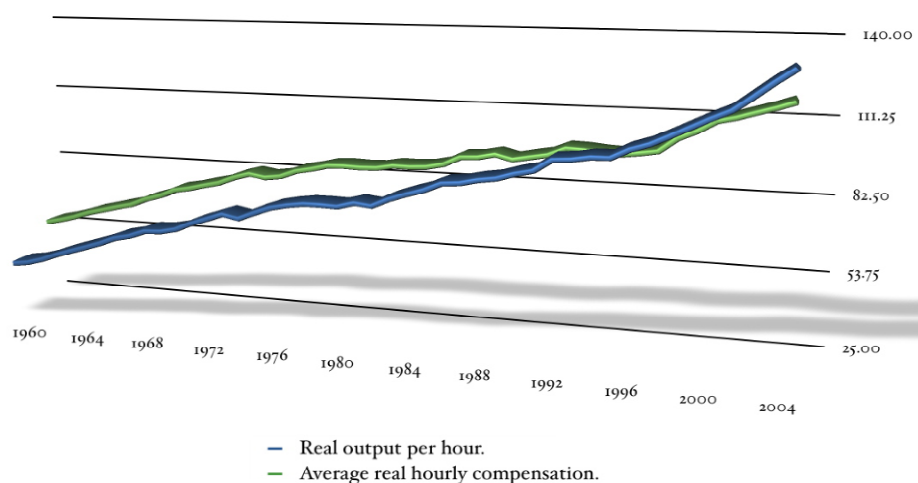
between labor productivity and wages. The American worker has long been considered the most productive unit in the world, and even to this day, it is not uncommon to find statistics showing that American labor productivity supersedes all other countries. Shown below is the labor productivity in 2008 among the Organization for Economic Cooperation and Development (OECD) countries as provided by the Bureau of Labor Statistics, Organization for Economic Cooperation and Development, and The World Bank.¹⁵ In economic terms, labor productivity is defined as a country's GDP divided by the aggregate number of persons employed. With this in mind, it makes the fact that the United States is number two even more important since the United States boasts the third largest population in the world. According to the

¹⁵ Bureau of Labor Statistics, 2010b

U.S. Bureau of Labor Statistics, as of May 2010, there were 139.42 million Americans employed, representing 58.7% of the national population.¹⁶

Americans have for much of the past century, particularly in the post Second World War period, enjoyed a level of compensation which not only kept pace with labor productivity, but in fact as can be seen in Figure 6.1, but outpaced labor productivity until the early 1990s. This change took place at a time when labor productivity was increasing at an unparalleled rate, nothing truly comparable in the past 60 years. The increase in labor productivity likely emerged from the increased use of technology in the workplace and the benefits that come with it. The use of technology has drastically reduced production times and increased output. Looking back at the equation for labor productivity, it is easy to see that a large increase in output and an increase in GDP, which is not met with an increase in income or other compensation variable, will serve to deplete the wage per output value.

Figure 6.1: Output per hour and real hourly compensation.



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¹⁶ Bureau of Labor Statistics, 2010c

Source: *Economic Report of the President 2006*, Table B-49¹⁸

It is natural then to question whether the emergence of increased international trade, globalization, and the stagnation in wages are related. In particular, unionists and manufacturing employees question whether globalization caused the stagnation in wages, and the backward slide in incomes of low-wage workers. Many observers answer in the affirmative – an answer that is full of implications for policy. Organized labor and other labor groups have been quick to point to this depletion in wage/output spreads and have blamed much of the decrease on the effects of international trade and the unequal labor conditions that exist in the major trading partners of the United States. Union leaders and critics are quick to call on the familiar cord of the “race to the bottom” as a way to not only cement the blame of the transition on the lack of a strong international labor body and ubiquitous international labor statutes which would allow the United States to more easily compete for international markets. The role of a labor union is to protect and increase the salaries of the workers which they represent. The declining salary share has eaten into this spread causing unions to become defensive as they are increasingly facing identity crises.¹⁹

It is fair and entirely necessary to point out that labor unionization is most prevalent among low-skilled or skilled, but low-educated workers. Unionization is most common in the trade fields (mechanics, electricians,

¹⁷ McLaren, 2011

¹⁸ Mishel, Bernstein, and Allegretto, 2007

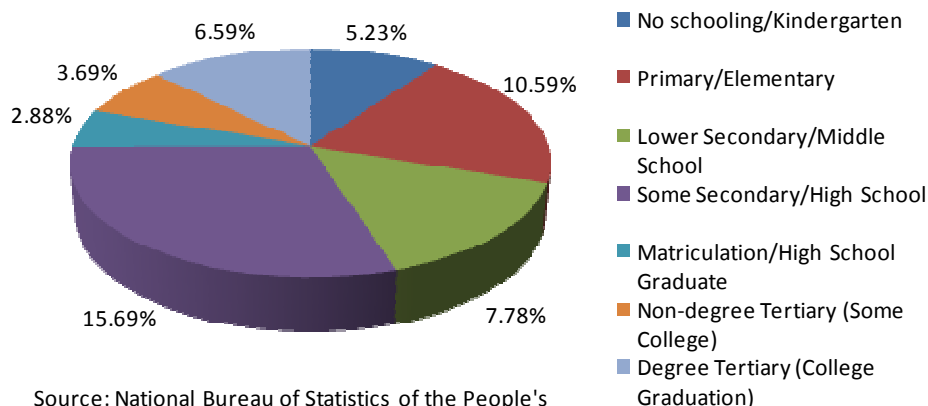
¹⁹ McLaren, 2011

construction, and plumbing just to name a few) and among low-skilled workers in manufacturing and farming. There are exceptions to this rule of course as there are professional unions as well as many positions in public service that have union representation but are professional careers. However, these remain exceptions as the overarching rule remains true. Educational attainment is most often correlated with union representation; low-education, low- skilled workers tend to have a higher propensity for union membership.

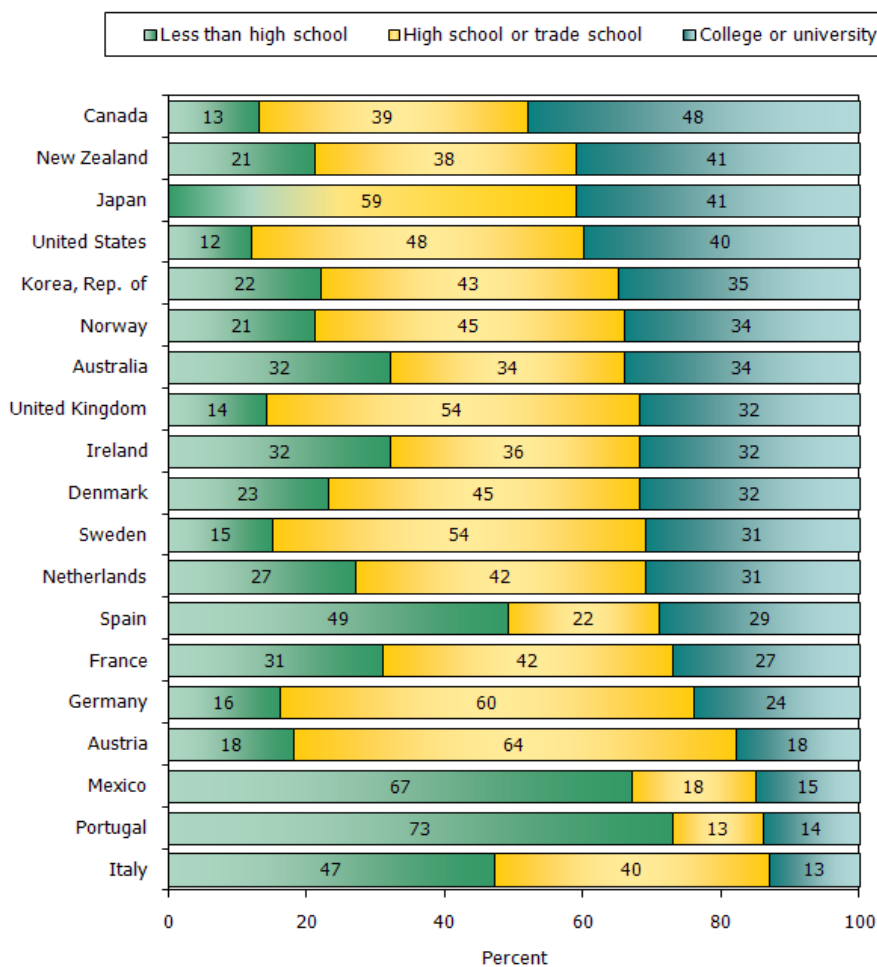
The United States ranks highly among fellow industrialized countries in terms of educational attainment. Shown in the chart below is the educational attainment for the OECD (Organization for Economic Cooperation and Development) countries in 2007. Educational attainment is defined as the highest level of education completed by an individual and is an important indicator of the prevalence of skilled or unskilled labor available to the workforce in a specific country. As can be seen, the United States ranks third on this list with 40% of the adult population having earned a university degree and another 48% having completed a high school education. While only having a high school education is often considered to be representative of unskilled labor, in many nations that the United States trades with, (see Mexico, Portugal, Germany, Austria, and Italy who all have over that 75% of the adult population only having completed a high school education) the vast majority of the population does not have a university degree. Moving outside of the OECD reveals an even more stark reality, making the United States a skilled labor abundant country when compared to the vast majority of the

world, especially China. The skilled labor abundant status of the United States is important for wage and labor analysis, most easily shown in the use of the Stolper-Samuelson theorem of international trade.

Highest Level of Education Attained in China Aged 15 yrs and Older, 2005



Source: National Bureau of Statistics of the People's Republic of China, 2005 Household Survey



²⁰ Bureau of Labor Statistics, 2010b

The Stolper-Samuelson theory and the Heckscher-Ohlin model²¹ on which it depends are two of the most well-known theories in international trade and labor mobility. The Stolper-Samuelson theory has a profound effect on income distribution and world commodity and labor prices. The effect is often used to explain the profound losses that American unskilled labor²² has experienced in the last half decade, in both employment numbers and wages. Both models depend on the factor endowments that each country in the trade relationship processes, in this case the relative proportions of skilled and unskilled labor. It is important to note that in an age of increased globalization and labor mobility, the labor proportions (skilled vs. unskilled) are more likely to change due to legal and illegal immigration. However, both of these economic ideas depend on fixed-factor endowments that are mobile across domestic industries, yielding a set number of skilled and unskilled workers and a defined wage for each group in each economy. In a forthcoming book, John McLaren provides a comprehensive example of this effect using a hypothetical situation involving trade between China and the United States which uses accurate characteristics and fabricated numbers.

While McLaren provides an in-depth setup for his explanation of the theorem, it can be simplified for the purposes of this research. He assumes

²¹ Description of the Stoper-Samuelson and Hecksher Olin models derived from John McLaren, forthcoming, 2011. For more on the model and its various empirical applications, see Feenstra, 2004, pp.4-29 and Chapters 2 and 3.

²² For the purposed of this discussion, “unskilled labor” will be defined as those having an educational attainment of a high school education or less. However, education is not the only way to attain skilled labor attributes so a more accurate term would be, as John McLaren suggests, “blue-collar” instead of unskilled and “white-collar” instead of skilled.

that there are two goods produced in the two countries - plastics and apparel - and that apparel is a unskilled labor intensive good, meaning it takes more units of unskilled labor to produce than skilled labor, and plastics is the opposite - a skilled labor intensive good. He also accurately assumes that China is an unskilled labor abundant country and that the United States is a skilled labor abundant country (see charts above for actual figures).

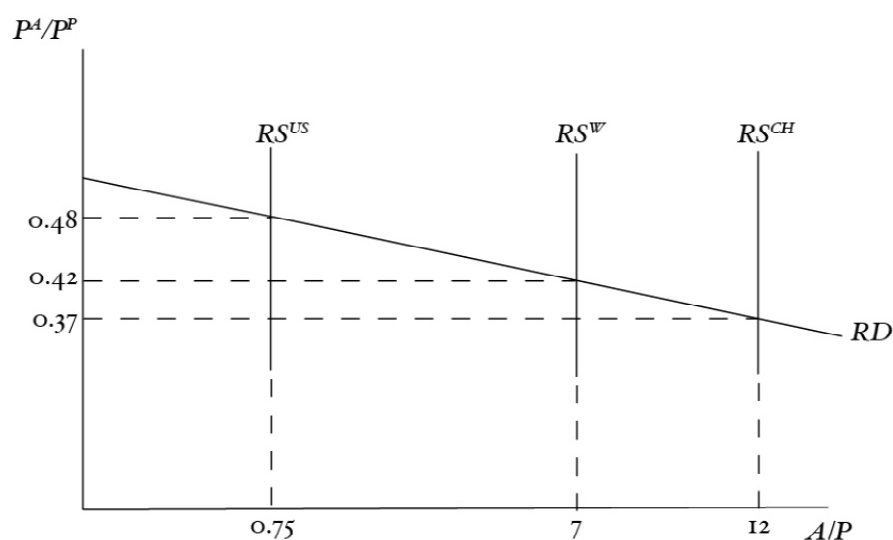


Figure 6.6: Relative supply, relative demand, and equilibrium.

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Looking at the graph, we can analyze the factor endowments for the U.S. and China and the effect that this has on prices and output. A/P is defined as the relative output of apparel (quantity apparel/quantity plastics), and P^A/P^P is the relative price of plastics (price apparel/price plastic). RS^{CH} , RS^{US} , and RS^W are the relative supplies in China, the United States and the world (with trade) respectively, and RD is the relative demand in the market for goods,

²³ McLaren, 2011

assumed to be a constant, negative linear equation. This graph shows that the RS^{US} is lower than both RS^W and RS^{CH} meaning that in the United States, there is a higher proportion of plastics produced when compared to the production of apparel and in China there is just the opposite — a higher proportion of apparel with respect to plastic production. These characteristics are due to the fact that there is more skilled labor in the United States; hence, workers specialize more heavily in plastic production than in China where there is an abundance of unskilled labor and therefore a higher apparel production. Due to the greater production of plastics in the United States, the price of apparel relative to plastic is higher and the opposite is true in China where greater apparel production causes a lower relative price.

When these two countries come together to trade with the world, relative supply lies closer to the production in China before trade due to China's immense population. This means that the price of plastics in the United States will increase as the Chinese market is opened up to American export and the price of apparel in the United States will decrease due to the fact that the large apparel production in China will flood the U.S. markets with cheaper apparel. The opposite is true in China where the price of plastics will decrease and the price of apparel will increase. The effect alone, *ceteris paribus*, has a negative impact on the wages of labor intensive, low-education employment in the United States due to Chinese competition and has a positive income effect on highly-educated employment in the U.S. due to the opening of the Chinese market. The effect can best be described as assisting

the abundant labor resource in each country, meaning that the income gap in the United States will increase and the income gap in China will decrease.²⁴

This is seconded by Kim Elliot who writes, “It is also natural that increase trade with low-wage LDCs (low developed countries), and increased capital mobility, should concern workers and trade unions in advanced countries.

Low-wage workers in advanced countries lose relative to high-wage workers and capital when trade and capital flows increase between their country and LDCs.”²⁵ With this result, it is obvious why organized labor in developed countries like the United States, whose members are largely made up of “unskilled” or blue-collar workers, would oppose globalization without guarantees of protection and increased pressure to include labor laws and requirements in all liberalizing trading agreements.

B. The Case for Globalization Enthusiasts

It is undeniable that Americans as a group benefit greatly from free liberalized trade. Globalization enthusiasts are eager to point out that the increasingly pervasive forces of globalization stand ready to make America even more prosperous, allowing the United States to arguably remain the

²⁴ However it is important to point out that the theory of LDC-DC trade reducing inequality in developing countries is not without critics, like most economic theories. In an extensive study into the Stoper-Samuelson effect and post trade inequality in developing countries, Dollar and Kraay (2001) have found that the results are inclusive to prove this reduction in inequality. In their report they found that while, on average, poor people did in fact gain proportionately from growth, that it did not always reduce inequality. In the 23 globalizing countries that they studied, inequality (measured by Gini coefficients) increase in 10 of the 23 countries, remained constant in 4 and did in fact fall in 9 of the 23 countries. Most notably they discovered that China and Chile, two of the better known and researched developing countries, actually had large increases in equality. However after carefully looking at their studies they did not accurately handle the rural China workers who have been largely left out of globalization. This stands to reason that the ballooning middle class and growing upper class in China will of course result in growing inequality with the rural poor who have been neglected and whose economic situation has largely have remained unchanged.

²⁵ Elliot, 2003

global hegemon, only this time as the world's consumption center – that is if they can hold at bay the protectionist forces of organized labor and the proponents of expanding international labor rights. Globalization enthusiasts are not just corporations and multinationals looking to expand their profits by taking advantage of third-world workers and weak foreign governments. These globalization enthusiasts are academics, politicians, businessmen, multinationals, and scientists to name a few. Globalization may be a scary thought - opening up to the rest of the world and allowing a freer flow of goods, ideas, and people - but if you are able to see past the work of globalization fear mongers like the late Samuel Huntington, it isn't hard to realize the great economic advances that are capable from globalization, and that putting blocks, such as strong labor standards in the way of this growth, could be detrimental to the process.

However, it is entirely necessary to point out that unions and trade advocates are not two diametrically opposed sides in this argument. In fact, it should be pointed out that throughout the first half of the 20th century and until the 1960s, manufacturing and business was deeply rooted in the protectionist camp as they vigorously fought for trade restrictions in order to give themselves a comparative advantage. I.M. Destler explains it best in his book *American Trade Politics* when he writes, "Through much of U.S. history, it was manufacturers who led the charge for high tariffs. In the decades following 1934, it was protection-seeking firms and sectors whose efforts needed to be resisted or deflected in order for trade liberalization to

proceed. By the dawn of the 21st century business was clearly identified with trade expansion, by critics and advocates alike.”²⁶ While the position of American industrialists and corporations has undergone an almost complete 180 degree change one would be hard to find a globalization enthusiast who supports child labor and is more than okay with compulsory labor. “Labor and other human rights are fine, in their view, but should not get in the way of promoting growth through free trade and markets.”²⁷ In fact most enthusiasts agree with organized labor in support of a majority of the “core” labor standards, they are more afraid of the efforts that are in place to instill “cash standards” which will negatively affect the comparative advantage of developing countries, cheap labor.

Before moving on it is important to distinguish cash standards and core standards from each other. Cash standards represent increases to labor standards which involve the compensation of the worker or the time period over which an employee is allowed to work. These standards include minimum wage, benefits (such as retirement, health care, worker’s compensation, and any other cash-based employer provided benefits), number of hours per day and per week regulations, safety regulations and codes, and a number of other regulations. While some activists and many organized labor organizations often include one or more of these standards in their ideas of core standards (often a minimum wage, hours allowed and workplace safety concerns), the International Labor Organization (ILO) defines core labor

²⁶ Destler. 2005, p. 249.

²⁷ Elliot, 2003

standards more specifically. They have four core standards which include: 1) freedom from forced labor; 2) nondiscrimination in the workplace; 3) effective abolition of child labor; and 4) freedom of association and the right to organize and bargain collectively.²⁸

While the current debate in the global stage is over primarily these core labor standards, organized labor consistently pushes the adoption [or at least a commitment to forward, of at least some of the cash standards]. Globalists and businesses alike point out the fact that it is these cash standards that would be detrimental to growth and commerce. These cash standards also represent a dangerous intervention of one government into the business and social laws of another developing-nation - a main reason why Republican lawmakers have, over the past 40 years, made a transition toward siding with business against the idea of instituting labor regulations into present and future trading agreements and international organizational codes.

It seems hard to imagine that the labor side of the debate would be able to effect policy in the ways and to the extent that they do, seemingly pitted against a well-funded and well-connected behemoth that is reminiscent of a David and Goliath reference. But who are these Goliaths and what do they really stand for. As Kim Elliot puts it, “The policymakers that promote globalization, by contrast, have government, international, and corporate resources behind them. They have the authority to develop trade policies and to administer the structural adjustment and financial stabilization programs that they view as in the world’s interest. They are powerful figures in the

²⁸ International Labor Organization, 1998

global economy, with billions of dollars to leverage their policy prescriptions.”²⁹

As we look into the globalist’s stance on labor rights, it is important to focus on the reasons why they have presented an obstacle to international labor standards. The first of such concerns is the effects that these standards will have on the growth potential of international business and most importantly of developing countries. The second concern is that organized labor is putting too much emphasis on the loss of American manufacturing jobs while the U.S. remains the top global manufacturer - American manufacturing represents far less of a fraction of national GDP as it once did and manufacturing employment is tied to technological substitution. The third and most important reason behind blocking expansive international labor standards lies with the foreign workers who could be hurt by expanding standards; while the individual workers may benefit, in the long run, the workers lose out to potential opportunities as well as freedom to institute their rights as they see fit.

Do strong labor standards spell a drastic recall to international growth, specifically in the Asian nations which have posted unthinkable growth based on their cheap labor and production capabilities? Asian countries are the only examples of successful development since World War II. Countries such as South Korea have gone from utter destruction and decimation to having the 15th largest GDP in the world at almost \$1 trillion.³⁰ East Asia’s development

²⁹ Elliot, 2003, p.8

³⁰ International Monetary Fund, 2009

has been widely called the “Asian miracle” and billions of the world’s people are being lifted out of poverty as countries like China have expanded. However, increasing labor standards may bring this drastic growth under arrest and globalists are crying foul that it is the intention of organized labor to reel in this growth and create a more equal playing field for American workers. In 1994, Mahathir bin Mohammad accused developed countries’ governments of trying to use standards as a weapon against developing-country growth, writing that “Western governments openly propose to eliminate the competitive edge of East Asia.... The professed concern about workers welfare is motivated by selfish interest... to put as many obstacles as possible in the way of anyone attempting to catch up and compete in the West.”³¹ It is this growth which may eventually lead to the domestic imposition of labor standards in many of these developing countries, allowing the people to have a say in which standards, if any at all, that they see as necessary. The fight for labor rights in each individual developing market will be a more stable and efficient process given the fact that not all markets will require the same rights. This will allow the governments to focus on the rights which are necessary, expediting the process and avoiding unneeded rights which can be burdensome to business and restricting on GDP growth.

The truth is that the imposition of labor rights, and the work of labor unions, does have a negative impact on the GDP of countries, especially in the developed world where unions are both powerful and have been able to instill numerous standards. As can be witnessed in the below graph, the United

³¹Muhammad, 1994, p.6

States does not depend as much on trade as a component of its GDP. Among the countries presented, the United States ranks last in dependence and prevalence of trade in GDP. This is not to say that the United States is not a heavy trading partner. In fact it has the largest aggregate value of imports and exports in the world, but due to the fact that the United States has a GDP of \$14.26 trillion, according to the 2009 CIA estimate, the total value of trade cannot compare to this economic power.

This GDP could be even higher in the absence of strict rules imposed on companies through the actions of Western governments and organized

labor. According

to a major study

done by Richard

Vedder and

Lowell Gallaway

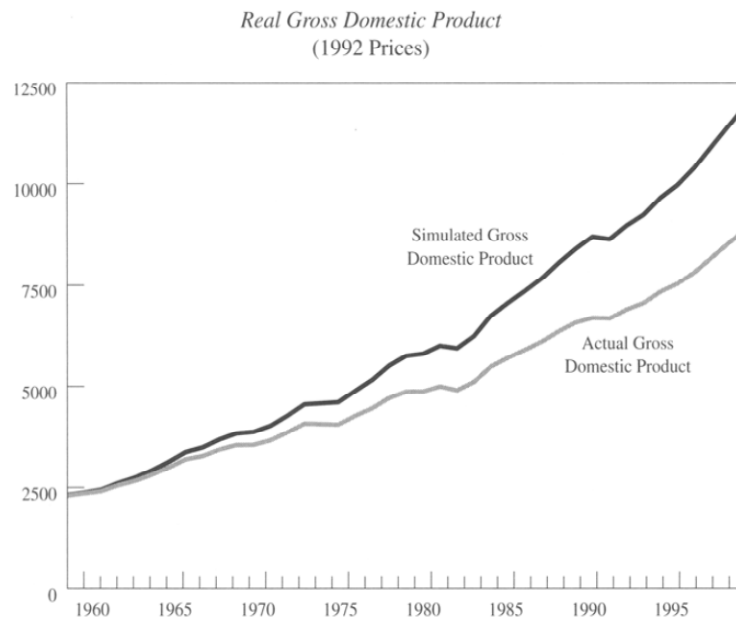
in 2005, they

found that over the

54-year period

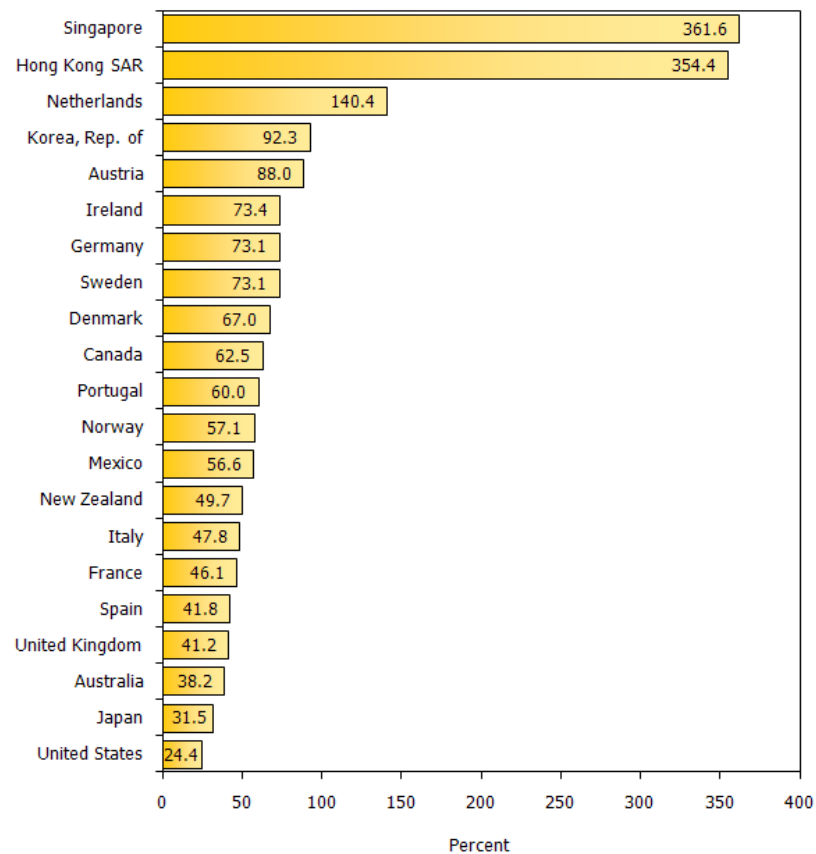
they studied

(1947-2000) the



total aggregate negative effect of unionization in America by 1992 - in terms of lost income and competition based wage differentials - exceeded \$50 trillion. This is a staggering amount seeing that current economic estimates of the total cost of the projected deficit in Medicaid amounts to approximately

the same figure, meaning that if we were able to recover the losses due to unionization, we could theoretically use that amount to completely fix one of this nation's greatest looming problems, deficits in the Medicaid program. The effects on developing countries would be much more drastic. The future prosperity and industrialization of these countries depends on the success of this period of economic expansion; anything that may affect this delicate scenario could permanently rob the country of both potential growth and trillions of dollars in future GDP.³²

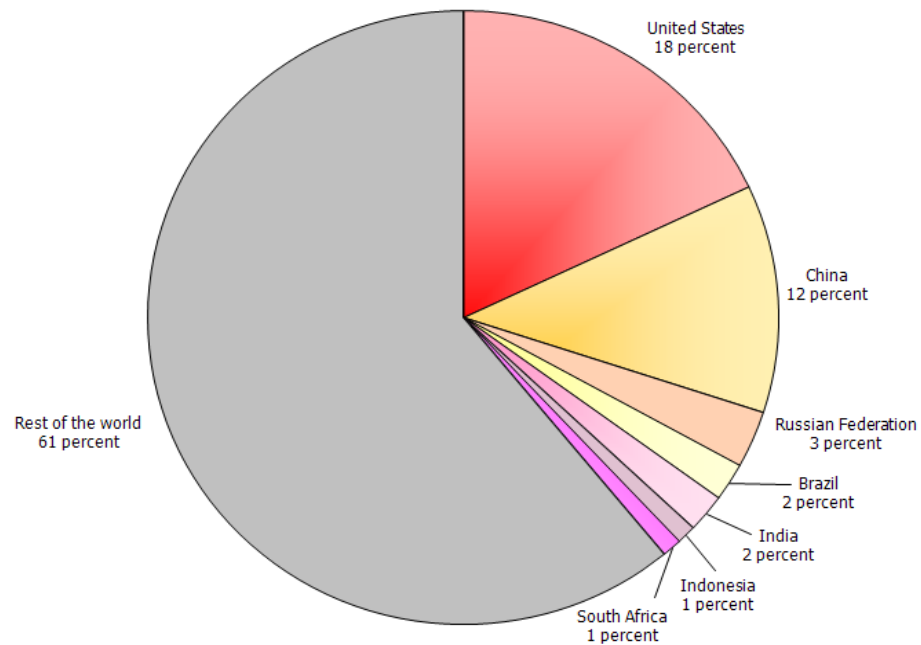


³² Vedder, et al., 2005, p. 11

³³ Bureau of Trade Statistics, 2010b

Even though employment in the manufacturing sector in the United States has declined over the past half century, America remains the world's largest producer of manufactured goods. It is fair to point out that many more jobs have been lost due to technological substitution as they have been due to low-cost foreign competition. As can be seen in the pie chart below, the United States produces 18% of the total global manufacturing output, leading all of the world's countries and only being eclipsed by the combined output of the European Union which sits at 24.5%.³⁴ This should be taken as evidence of the fact that although the United States has witnessed huge losses in manufacturing employment the United States has not given up its long held role of being both the leading producer and the consumer of the world's manufactured goods.

³⁴ According to the United Nations who provided this data, manufacturing is defined as mining, manufacturing, construction, and public utilities. This chart was chosen due to the fact that manufacturing outsourcing concerns are primarily directed at developing Asia and the BRIC (Brazil, Russia, India, and China) countries.



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An important concept surrounding the losses in manufacturing employment that combats the organized labor argument that free trade has caused the downsizing is technological substitution. Globalization supporters are quick to point out that technological substitution has played a pivotal role in the advancement and expansion of American manufacturing into the 21st century, allowing the U.S. to stay competitive even when it was losing its manufacturing edge in some industries. It is important to note that while organized labor points to the jobs which have been lost as detrimental to our society, globalizers believe that this downsizing has been met with an expansion to labor productivity and capital investment, allowing the United States to remain at the top of global manufacturing and break into the high-tech fields of the future. This technological innovation and substitution does

³⁵ Manufacturing figures from United Nations data and from US Bureau of Labor Statistics.

come at a cost to the workers who used to be employed in these industries. But, organized labor must look at the issue intellectually and objectively and acknowledge that many of the jobs that have been lost are in industries that are no longer competitive in the United States. Supporting noncompetitive industries such as American low-skilled manufacturing (textiles and shoes) is not only holding back American workers from potentially more lucrative and more advanced careers, but as shown before, presents an enormous drain on resources which could be better allocated and pulls down GDP due to dead-weight loss.

Strong labor standards in international trade that are meant to level the playing field between American manufacturing workers and developing world employment have the most drastic effects on the workers themselves, and most directly, on international workers. Organized labor admittedly does in fact protect American workers and goes a long way to increase wages and defend the vital standards that keep American workers safe in their workplaces. However, this was not always the case and the current standards situation is the product of over 100 years of back and forth arguments to reach an agreement over standards. However, organized labor and standards advocates now seek to force the more than a century of trial and error in labor regulations that developed countries have undergone on our trading partners, regardless of whether it truly is helpful to them and appreciated by them. Increasing standards has and will continue to have the most direct effect on the workers themselves, reducing potential employment in all union-protected

sectors and taking away from developing-country workers the chance to work toward the American dream, which is enjoyed by so many Americans today.

Strong, pervasive labor standards have made America's workers safer

Actual and Counterfactual Personal Income Per Capita by State, 1999

State	Actual 1999 Income	Counterfactual Income	% Income Lost
Alabama	\$22,987	\$24,135	4.99%
Alaska	28,577	32,773	14.68
Arizona	25,189	26,295	4.39
Arkansas	22,244	23,073	3.73
California	29,910	33,995	13.66
Colorado	31,546	33,330	5.65
Connecticut	39,300	43,020	9.47
Delaware	30,778	33,633	9.27
District of Columbia	39,858	42,781	7.33
Florida	27,780	28,553	2.67
Georgia	27,340	28,065	2.65
Hawaii	27,544	30,946	12.35
Idaho	22,835	24,096	5.52
Illinois	31,145	35,800	14.95
Indiana	26,143	29,752	13.81
Iowa	25,615	27,700	8.14
Kansas	26,824	28,318	5.57
Kentucky	23,237	25,029	7.71
Louisiana	22,847	23,925	4.67
Maine	24,603	26,403	7.32
Maryland	32,465	35,012	7.84
Michigan	28,113	34,084	21.24
Minnesota	30,793	34,243	11.20
Mississippi	20,688	21,152	2.24
Missouri	26,376	29,835	13.12
Montana	22,019	25,025	13.65
Nebraska	27,049	28,415	5.05
Nevada	31,022	35,448	14.27
New Hampshire	31,114	32,735	5.21
New Jersey	35,551	39,906	12.25
New Mexico	21,853	22,822	4.44
New York	33,890	39,547	16.69
North Carolina	26,003	26,003	0.00
North Dakota	23,313	24,208	3.84
Ohio	27,152	31,071	14.43
Oklahoma	22,953	23,903	4.14
Oregon	27,023	30,382	12.43
Pennsylvania	28,605	32,556	13.81
Rhode Island	29,377	32,511	10.67
South Carolina	23,545	23,562	0.07
South Dakota	25,045	25,385	1.36
Tennessee	25,574	26,592	3.98
Texas	26,858	27,572	2.66
Utah	23,288	24,335	4.49
Vermont	25,889	27,165	4.93
Virginia	29,789	30,685	3.01
Washington	30,392	35,310	16.18
West Virginia	20,966	24,166	15.27
Wisconsin	27,390	30,819	12.51
Wyoming	26,396	27,852	5.52

but they also negatively affect workers. Pushing these standards on our trading partners will hurt American workers and foreign workers. The expansion of global labor rights won't have such a direct and drastic effect on American workers, but they will assuredly be

affected. Labor unions were shown to have a negative effect on U.S. GDP and this reduction serves to reduce the earnings potential of workers as well. In the same study by Vedder and Gallaway, they used quantitative analysis to show that strong organized labor has led to the overall decrease in the wages that could have been earned on a state average per capita basis. This is likely due

to the fact that as organized labor forces wages rise, the wages of those people who are unprotected remain constant, or in other words, fall relative to union employment.

It is also a well know concept that unionization has and will continue to cause a decrease in employment. “Presumably, the union presence in (a) sector will lead to wages among union members rising above the competitive standard. This will reduce employment in the union sector....”³⁶As the incomes that companies must pay rise, there is less money to spend on the hiring of new employees. In some cases, in the wake of the increase there is not enough money to maintain current workforce numbers absent an increase in corporate profits. Therefore, while the purpose of unions is to increase wages and attempt to guarantee safer and more secure employment for the workers they represent, unions, by their nature and role alone, have the capacity and have in actuality, cost the jobs of a number of Americans in an attempt to secure others. This represents a troubling situation for developing countries that are finally attaining employment growth and can see prosperity on the horizon.

The American worker is assisted beyond a reasonable doubt by the international expansion of labor rights as it allows them to gain some of the low-skill manufacturing competitive edge that has shifted to low-wage developing-nations, allowing for the market to support some jobs in the

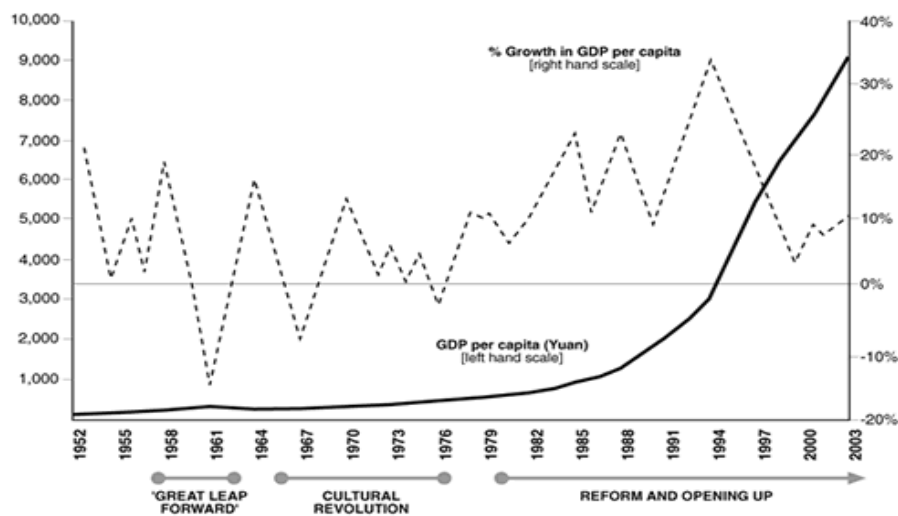
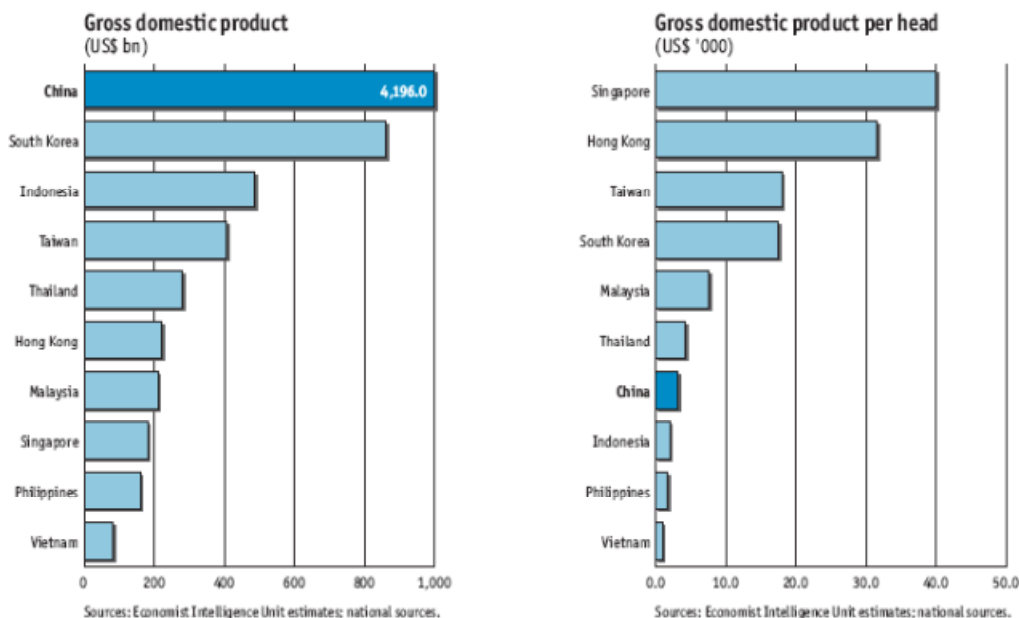
³⁶ Vedder, Richard, and Lowell Gallaway. (March, 2002). “The economic effects of labor unions revisited” *Journal of Labor Research*. Vol. 23 #1

United States which would have been outsourced *ceteris paribus*.³⁷ However, this is not to say that these same workers in the United States who are benefitting are not also being hurt by the extension of these rights. These workers are not likely to see their incomes rise after standards expansion despite the fact that the goods they purchase are guaranteed to rise. The American consumer, and global consumers in general, have claimed a preference for large quantities of cheaper goods and based on the success of brands such as Wal-Mart and Target, there is clearly a market for cheap goods contrary to the survey results presented in Kimberly Eliot's work. It is primarily the low-skilled, low-wage workers who are most likely to take advantage of low-cost big box stores in order to save money and provide for themselves and their families. A rise in global standards will mean that developing-world workers will have to be paid more or will at the very least require more money to maintain production under the new guidelines. This means increased export good prices and low-wage consumers in developed nations will suffer a relative decrease in purchasing power. In addition, the companies who hire them might also have operations in these developing countries. Once their bottom lines are raised by international standards, profits will suffer and so will employment, and the least cost-effective workers will be let go, leading to American layoffs.

³⁷ *Ceteris paribus* is a Latin phrase which is used often in economics to mean "holding all other things constant." It is used in order to avoid the well known and pervasive problem that economics and market activity is almost never the result of one thing, and is usually a combination of factors. The term *ceteris paribus* allows its user to isolate and speak about one specific cause's impact on the market or economic situation.

Developing-nation workers who maintain their jobs stand to gain the most from expanding international labor standards. However in the aggregate, it is these workers who will suffer the most detrimental side effects. Globalists and corporations alike have been quick to point out the fact that expanding these rights too quickly will lead to a negative impact on the very people that these standards are allegedly designed to protect. The most detrimental aspect will assuredly be a drop in developing-country employment. Shown in the charts below are the GDP and GDP per capita for the South East Asian nations for 2008. It should be noted that the South East Asian nations have undergone tremendous growth over the past two decades. The growth is most easily represented in the meteoric rise of China and most drastically since 1995 when China entered into the World Trade Organization (WTO). Adopting strong labor standards would place this growth at risk when the peoples of these countries are just beginning to rise out of abject poverty and become real players in the global economy. The second graph clearly shows this rise on a per capita basis - the nearly vertical line after the late 1990s and throughout the 2000s. Globalists know that accepting these standards will put a halt on the rise of the developing middle class.

Comparative economic indicators, 2008



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Labor standards have a negative impact on aggregate employment.

The developing-nations of Asia, in particular, have notoriously had issues with employing their often ballooning populations and increasing the cost that

³⁸ Sachs, 2005

firms will face entering into a more strict market. This will only lead to these same companies adding fewer jobs or downsizing the current number of positions in order save money amid the increased costs. While the jobs that they may be working may not be on par with the quality and standards in the developed world, the positions that these globalizing corporations offer are often unfathomably better than the ones that were available prior to the economic growth – documentaries often show workers in these developing-nations picking through garbage to find scrap metal or doing similarly unsafe and poor quality jobs. Globalization supporters claim that organized labor has failed to provide options for the third-world workers who are displaced by increasing standards. In the large urban cities of the developing world where many of these jobs are located, there are often no alternative jobs for these workers to fall back on, especially in China where many workers have come into these urban centers from the rural farming areas. It would be a shame to rob them of the economic growth potential that lies within globalization and the opening of free markets.

As a secondary detriment to the people in the developing world, forcing labor standards on foreign governments and workers does not allow them to have the rights to control their own security and safety. In a country so in tune with its own limitations under the Federalist system, globalists cry foul that the United States is attempting to impose labor standards on developing-nations. It should be noted that the United States did not begin to institute labor rights until the turn of the 20th century and only after both

significant legal efforts and after the United States had industrialized to the point where the labor rights were in strong demand. There is strong evidence to prove that with the growing middle class in China and other developing-world countries citizens too will begin to demand increased labor rights. As long as a forum to discuss and fight for these rights is present or at least feasible in these countries, it is fair to assume that workers in the developing world will too begin to demand labor standards, regardless of developed-nation pressures.

III. Changing Constituencies and Changing votes: A recent history of American Trade policy

There has been a drastic change within the Democratic Party over the past century in dealing with free trade. Since 1962 the Democratic Party has been marching in lockstep down a path toward decidedly more rigorous and specific regulations being attached to Free (or Regional) Trading Agreements (FTAs). In the 2006 and 2008 elections, more than ever before in the past 50 years, issues of free trade took hold over the election and became a central piece of not only voting patterns, but campaign attention and advertisements. Millions of dollars were spent and many of the most hotly contested battles in Ohio, Michigan, New York, Pennsylvania, and in many other old manufacturing-based states in the Northeast and Midwest were built upon opposition to the recent free trade agreements negotiated under President Bush and to NAFTA passed by President Clinton.

With the economy in the grips of the worst recession since the Great Depression, rising unemployment in the United States, especially within manufacturing, protecting the interests of American workers is even more important. Protecting these interests by curbing the “freeness” of FTAs has become a winning formula for the Democratic Party which had operated under the idea that Free Trade Agreements would always benefit the American worker and allow Americans to prosper amid increasing globalization. The Democratic Party no longer prescribes in large numbers to this logic as the world has advanced beyond a point where the power of

emerging economies to change the fabric of international commerce can be ignored.

The Democrats in Congress won big in 2006 and 2008 by promoting the ideas that protectionism is a good thing for the United States and in their individual states and districts. Protectionism safeguards the manufacturing jobs in the U.S. that have been hit hardest over the last 20 years. However, the question lies as to whether the protectionist case of instituting worker rights provisions in any and all future trade agreements does in fact help American workers or hurt them. Democrats and their growing base of people who have been adversely affected by trading agreements and globalization are promoting the idea that agreements on labor rights and laws should have and must have a place in trading agreements negotiations. The idea of factor mobility explains the basis of why the Democrats have made this switch toward protectionist policies, and why they will continue to champion the cause of labor rights as having a critical place in protecting the future wellbeing of not only hard-working blue-collar Americans, but for the future of American businesses and competitiveness in the face of growing world powers like China, who have a seemingly unlimited supply of workers willing to work in poorer conditions for very little wages.

However, the issue of competing with developing world powers, like China, goes deeper than the surface problems which touch the lives of Americans in the manufacturing industry and takes precedent in the American political arena. Enacting labor rights and requirements statues in trade

agreements could have lasting and potentially damaging consequences for the world economy and the standard of living for billions of the world's people if not handled properly. The American trade policy being championed by advent fair traders in Congress, a collation whose ranks ballooned in 2006 and 2008, will lead to an overall decrease in the standard of living for the world's poorest nations – contrasting the claims of labor rights advocates. If their views are not diluted and lessened by more moderate voices in the Democratic Party and in government as a whole, too powerful labor regulations could stifle the growth that many developing countries have been enjoying for the last decade.

Whichever side of the labor argument, free trade or fair trade, is declared the winner in a game that could not possibly be “won” for all intensive purposes, there are favorable wind filling the sails of the fair traders and those who study trade and international commerce should realize that there will be labor stipulations built into future US RTAs and FTAs; the question will be how strong the provisions are and whether the world's developed and developing countries will agree to change their ways in order to covet the growth potential inherent in relations with the United States, the economic engine of the world.

IV. The Beginnings of the American Divide on Trade: A Democratic Turnaround.

I. Democrats in Congress: A Territorial Shift, and Platform Change

A. Democratic Trade Platform during the Great Depression and Post-War Boom

For much of the 20th century, trade has been characterized by a general movement toward freer, liberalized trade practices. While there have been some heinous examples of protectionism and movement to retract, both parties, until the last half of the century, moved toward liberalized trade. As can be seen in the chart below, Democrats and Republicans had staked out their own opposing viewpoints on international trade throughout the 19th and early 20th century.

The Democrats, holding the majority of their seats in the rural and agricultural South, supported free trade practices as it opened up the markets to which American produce, cotton, and other raw materials could be shipped. In the North, made up of primarily Republican districts (the political layout of the country would not fully change to its current or more recognizable layout until the 1960s), the heavy influence of manufacturing and factory labor made the balance more difficult. Republicans thusly, protecting their constituency and attempting to make a protective nest for the growing but still infant U.S. manufacturing sector, tended to vote more heavily in favor of restrictions to liberal international trade, at least until World War II.

Figure I-1

PARTISAN PATTERNS OF MAJOR TARIFF LEGISLATION
(1846–1934)

<i>Year</i>	<i>Control of Congress and Presidency</i>	<i>Legislation</i>	<i>General Effect</i>
1846	Democrat	Walker	reduced tariffs
1861	Republican	Morrill	increased tariffs
1890	Republican	McKinley	increased tariffs
1894	Democrat	Wilson-Gorman	reduced tariffs
1897	Republican	Dingley	increased tariffs
1909	Republican	Payne-Aldrich	reduced tariffs
1913	Democrat	Underwood	reduced tariffs
1922	Republican	Fordney-McCumber	increased tariffs
1930	Republican	Smoot-Hawley	increased tariffs
1934	Democrat	RTAA	reduced tariffs

¹ Raymond Bauer, Ithiel de Sola Pool, and Lewis Dexter, *American Business and Public Policy*, 2d ed. (Chicago: Aldine-Atherton, 1972), 14; Douglas Nelson, "Domestic Political Preconditions of U.S. Trade Policy: Liberal Structure and Protectionist Dynamics," *Journal of Public Policy* 9 (January–April 1986).

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In the 1930s and the early Roosevelt administration, the majority of Democrats were supporting the reciprocal trade platform, and almost all Republicans had opposed it.⁴⁰ It was very difficult for the Republican, and then the Democrats, to support a platform on trade which disproportionately negatively affected their constituency, regardless of whether it was good for the nation as the whole. In his landmark book, Destler points out this delicate balance. He claims that in most circumstances open trade, by maximizing economic efficiency, enhances the welfare and the standard of living in the U.S. and in the wider world.

However, due to the fact that the costs of international trade are concentrated, they bear particularly on those firms and workers whose home

³⁹ Baily, et al., p. 311

⁴⁰ In 1934, 1937 and 1940, no more than 5 Republican votes were cast in favor of reciprocal trade in either house of Congress. I.M. Destler, 2005, p.31

market will be diminished by foreign competition. In this case, American manufacturing, which has faced increasingly tougher foreign competition since World War II, stands to lose to the greater low value added (LVA) manufacturing (textiles, shoes, simple manufactured products) competitiveness in the developing-world. He says that trade policy must respond to the concerns of those inversely affected, and that some form of action constraining some imports will typically be part of this response.⁴¹

In the 1930s, renowned political scientist E.E. Schattschneider argued that the wide discrepancy in Senate voting patterns and movement on the trade issue was very heavily influenced by an imbalance on trade. Since the Great Depression destroyed the demand that fed Northern U.S. manufacturing, Republicans began a decade-long slide on trade that saw few, if any, Republicans supporting trade liberalization. Labor unions in the North, feeding off of the difficult economic period, pressed their representatives hard for protectionist measures. Their goal was to isolate themselves from the global depression that saw foreign trade drop by over 50%, in part due to falling incomes and a wave of trade barriers which protected national manufacturing interests at the cost of world trade. However, it should be noted that the power of labor unions in really influencing trade agreements, other than industry specific protections, would not truly develop until the latter part of the century.

With the Republican majorities in both Houses of Congress and the presidency, the Smoot-Hawley Tariff represented the power of organized

⁴¹ Destler, 2005, p. 4.

labor that would revive later in the century during another tough economic period. The tariff was passed with strong Republican support based on the fact that producers and workers threatened by imports tend to be concentrated, organized and ready to advance their interests in the political arena. On the other hand, in the Democratic districts in the South and among business leaders, those who benefitted from trade were, and still are, generally diffuse, and so they presented limited resistance to the tariff.

For a politician who must respond to concentrated interests (against free trade), a vote for lowering trade barriers when his/her constituents are suffering and facing strong competition is as one former official put it, an “unnatural act.”⁴² However, the restrictive nature of the Smoot-Hawley Tariff to allow the nation, or any nation, to rebound was recognized as being such an obstacle and a failed measure that in 1934 the new Democratic Congress passed the Reciprocal Trade Agreement Act of 1934 and started an almost 40-year trend supporting liberalized trade.

⁴² Destler, 2005, p.5

Figure I-2



FIGURE 1
VOTING IN SENATE ON PASSAGE OF MAJOR TRADE
LEGISLATION BY PARTY
(1913-62)

SOURCES: The votes included in the figures are as follows: 1913 Underwood Tariff, 1922 Fordney-McCumber Tariff, 1930 Smoot-Hawley Tariff, 1934 RTAA, 1937 RTAA Renewal, 1940 RTAA Renewal, 1943 RTAA Renewal, 1945 RTAA Renewal (HR3240), 1951 RTAA Renewal in Senate (HR1612) (House vote was voice vote), 1953 RTAA Renewal (HR5495), 1954 RTAA Renewal (HR9474), 1955 RTAA Renewal (HR1), 1958 RTAA Renewal (HR12591), 1962 Trade Expansion Act (HR 11970). Votes in favor of the Underwood Tariff, the RTAA, all RTAA renewals, and the Trade Expansion Act are coded as votes for liberalization. Votes against the Fordney-McCumber and Smoot-Hawley Tariff bills are coded as votes for liberalization. The 1948 vote on RTAA renewal (HR6556) has been omitted, as it was particularly idiosyncratic. Most Democrats opposed renewal because of the inclusion of protectionist "peril point" provisions. Obviously, their votes were not votes against liberalization.

Source: Baily, et al., 1997, p. 312

For the first time both Democrats and Republicans joined together to fight for the same path on trade, opening America back up to growth and prosperity in the post bust era, and allowing the United States to be a linchpin in the allied success in World War II.

With the break out of World War II, the trend that is widely visible in Table I-1 seemed to come to an end. Beginning with the wartime growth of government in the middle and late 1940s and early 50s, Republicans began to see that supporting the liberal framework was in their best interests as it furthered the Republican ideas of being skeptical about government intervention into the economy. While it would seem that the Democrats would

have been moving in the opposite direction as they increased government intervention during the new deal and World War II period, the Democrats throughout the 1940s and 1950s continued to maintain their traditional support of low tariffs and trade liberalization. This was interesting to look at seeing that the pressure from the Southern Democrat's districts was in favor of moving toward greater intervention as the increased competition threatened the south's major economic exports. This failure to make the logical policy decisions on trade began to cause a shift in the southern representatives. However, the shift that had been long awaited, and was seemingly always just around the corner, took a back seat for the next 30 years, and trade did not again become a major point of contention between the parties until the mid to late 1960s.

Trade in the in post WWII era was not high on people's lists of concerns. This gave politicians an extremely high amount of liberty to pursue the policies that they deemed necessary. Democrats and Republicans alike witnessed firsthand how protectionist policies caused the Great Depression to linger far longer than it should have. They had seen the potential that lies in liberalized trade in that while the rest of the developed world was fighting and their industrial capabilities were either maxed out or being destroyed, the United States was doing the opposite, building capacity and production to levels never seen before. Liberal trade policies were also buttressed by the need to combat Communism. The United States quickly realized that poor, shattered countries that had starving, unemployed people based on the

outcome of World War II were breeding grounds for Communist sympathy. Massive financial and industrial aid was sent to Europe - the Marshall Plan - so that they could rebuild and start trading with us again. Not to mention, the United States was securely on the top for the first time, and throughout the world, there was no country able to rival its production capacity. The United States was prosperous and was pumping out the supplies and materials needed to rebuild in Europe, and thusly, the jobs remained after World War II.⁴³ With the American public, for all intensive purposes disinterested in international trade, a booming economy whose unemployment remained low, and a, relatively speaking, unvocal labor union sector, liberal trade became the best plan for America, even if it disparately affected groups of people, a condition that would eventually lead to the erosion of the liberal trade juggernaut.

However, as would seem obvious, such an advantage could not and did not last long. American anxiety about foreign completion grew as the relative position of the U.S. declined. The striking success of nations like Japan sowed seeds of doubt about the liberal doctrine. In this environment, many Americans became skeptical of the liberal image of a world growing more and more open, barraged with increased global competition, and increasingly controlled by common rules of nondiscrimination in trade. “What they came to see was an ‘unfair’ world where other nations played loose with the rules and ‘nice guys’ were likely to finish last.”⁴⁴ As Europe and Japan quickly rebounded from the devastation of WWII, American businesses began

⁴³ Destler, 2005, p.7

⁴⁴ Destler, 2005, p. 9

to face increased competition at a time when the value of the dollar was so high it made American products even less competitive when compared to cheaper foreign goods.

While America as a whole remained prosperous and growing, labor unions began to become more vocal in the second half of the century. By the 1970s, they were making increased demands of both the system and politicians. The labor unions were kept at bay, at least temporarily, when, in 1953, Trade Adjustment Assistance was formulated in the Randall Commission by Donald McDonald of the United Steelworkers Union. Although the commission rejected it, the idea was picked up by a group of 16 senators, one being John Kennedy. The adoption of TAA and its subsequent push for passage allowed Democrats to protect their labor base and at the same time continue to promote trade liberalization. Where at one time this could be done together, that time had passed and would not return again, especially today when trade liberalization is considered an evil process among most union leaders.

Another method deployed by labor unions and politicians alike was “special cases.” In the post-war period, the most important and vocal special case was the textile industry — an industry that was always vulnerable to international competition. The textile industry, representing 2.5 million workers and located in every state in the United States, wielded a large amount of power in politics.⁴⁵ Appeasing the textile industry became a required aspect of the Democrat’s platform on trade. Giving in to textile

⁴⁵ Destler, 2005, p.25

interests by adopting textile specific protectionist measures allowed the Democrats to continue to push a liberal trade agenda, but also save face in their Southern districts. Much like the Buy America provisions that have come to be argued today, they gave American firms who otherwise would lose out, even in their home markets, the ability to compete and win against foreign companies who made their products cheaper.

This tactic of working the South to garner support or at least stave off rebellion was used throughout the post-war period. President Kennedy continued this trend when he appeased the Southern cotton region in the 1960s in order to allow the party as a whole to maintain a strong stance for liberal trade expansion and vote heavily for Kennedy's Trade Expansion Act in 1962, but maintain support in their districts. The switch for the Democrats toward a more protectionist path would not begin until labor unions began to turn out and abandon the liberal trade path as being the most advantageous for the future, both in terms of employment and prosperity for the workers that they represented. This movement toward promoting greater intervention and protection would not officially take flight until the late 1960s after the Democratic Party made a historic movement to the Northern states with the election of John F. Kennedy in 1960.⁴⁶ This policy change from the unions began to sway the northern Democrats who now made up the bulk of the party, and thus the party priorities on trade began to move in a different direction.

⁴⁶ Destler, 2005, p. 31-32

B. The Increasing Politicization of Trade in the Post War Period

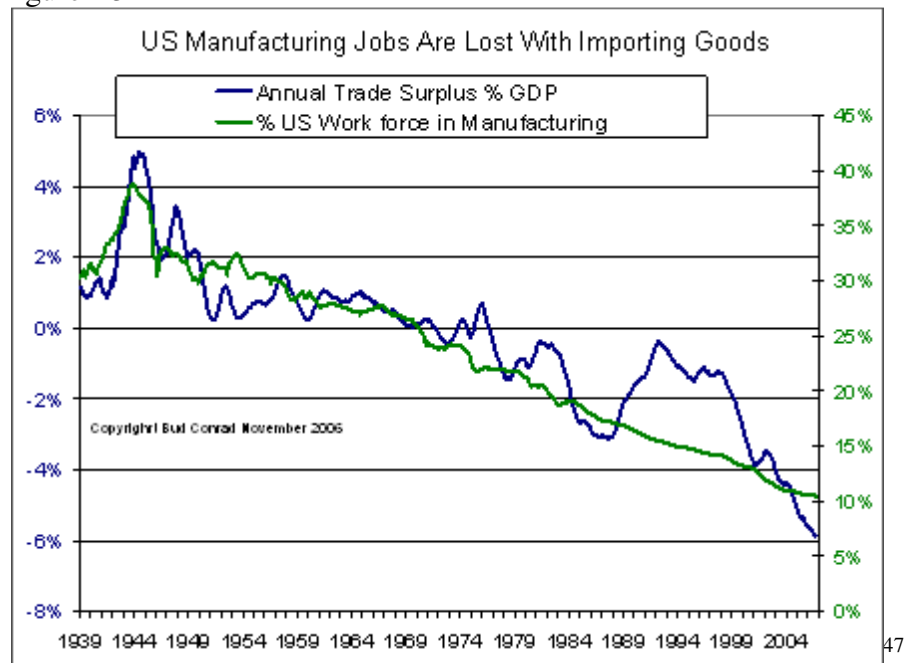
For a long time after World War II, American trade policy was strongly aligned with advancing liberal trade policies. International trade was viewed as not a very political topic, as it would grow to be by the end of the century and into the current elections. While the parties did compete for the support of important constituencies that favored certain trade positions, there was without question, an overwhelming consensus in support of expanding trade and reducing barriers to trade among members of Congress. The general public, although tending toward protectionism, was largely disinterested in trade politics which allowed politicians to have free reign to support and propose further liberal trade expansion as they did not have to fear not being reelected based on their trade views, a condition that would change.

While some industries, namely manufacturing sectors such as textiles, steel, shoes, and many other small manufacturers which were already beginning to face strong foreign competition, supported protectionist policies, most American manufacturing and labor interests were largely not active on trade issues. Although, they remained available to act on trade if an issue arose that threatened them. However all of this changed in the 1970s and 1980s — turning trade into a political issue with stronger lobbying efforts.

While Democrats were taking advantage of the opportunity to tap into the public sentiment of protectionism for electoral gains, the Republicans toughened their trade stances. In the business sector, international

competition was presenting a problem as cheaper goods from Japan and other heavy exporting countries flooded the market based on the imbalance in exchange rates where the strong dollar led to a drop in exports and a huge spike in imports, which then led to the huge trade deficits that continue today (see figure I-3).

Figure I-3



The trade explosion saw a drastic increase in both imports and exports; however, imports to the United States exploded beyond exports creating an ever-growing trade imbalance. Exports and imports rose from \$19.7 billion and \$14.8 billion respectively in 1960 to \$1.16 trillion and \$2.02 trillion respectively in 2007, creating a trade deficit of just under \$855 billion. However, throughout this period, US manufacturing and producers of consumer goods suffered greatly. Since the individuals and workers, most

⁴⁷ Marshall, 2005

heavily in these two sectors, who lose from increased trade have a much greater incentive to organize and actively promote a more protectionist trade stance than do people who are benefiting, the role, energy and influence of unions became a stronger force as America continued to shed manufacturing jobs while the trade deficit expanded.⁴⁸

Labor unions, like the AFL-CIO, continued to make a transition away from liberalization of trade practices and their stances began to grow much more protectionist based on the changing landscape of manufacturing and American business, as well as the growing trade imbalance. All of these factors led Democratic legislators, the populous, and labor unions to start questioning the longstanding concept that international trade was better off without government control. While the turn on trade seemed inevitable, it was slow and very sporadic within sectors. Labor unions would almost all, eventually, begin to stand up and fight for protectionist measures, but the automotive sector in the late 1960s and even early 1970s was still thriving and doing well, despite the fact that everyone could see the rising Japanese automotive industry as a threat, and so it was by the end of the 1970s.

C. From Support for the Kennedy Round to a Growth in Protectionism

The split between the parties was obvious in the Kennedy Trade Expansion Act of 1962 when, in the House alone Democrats voted 210 to 44 in support of liberalizing trade relations, while Republicans voted to kill the bill by a vote of 127 to 43. This basic split on trade with the Republicans

⁴⁸ Bailey, et al., 1997, p. 309

generally opposing liberalized trade and Democrats lining up to support it was very consistent with the prior three decades beginning in 1930 with the Smoot-Hawley Tariff and the Reciprocal Trade Agreements Act of 1934. Generally speaking, Democrats aligned to support liberal trade practices and the reduction of trade barriers and Republicans fought to increase protectionism in an attempt to shelter American businesses and industry.⁴⁹ While labor unions supported the Kennedy Round of tariff cutting, by the time the legislation passed in 1967, textile manufacturers and steel workers were demanding protection from increasing European and Japanese competition — mainly because the value of the US dollar was so strong that it was unfairly favoring import goods over exports, which hurt the U.S. producers while giving a big boost to foreign competition. Unions began calling for “orderly expansion of U.S. trade”⁵⁰.

The change from the 1960s was dramatic and visible, and heavily influenced by regional representation, especially in the Democratic Party. Only a decade after the Kennedy trade expansion, the House voted much differently when a new trade round was introduced in 1973. The Democrat’s constituency and thus platform switch was clear in their 121-112 vote against the liberalizing round. Republicans almost universally voted to approve the round by a vote of 160-19.

The switch on trade in the Democratic Party was driven by Northern Democrats based on changing the fact that their constituencies, heavily

⁴⁹ Destler, 2005, 171

⁵⁰ AFL-CIO, (1970, Feb, 22). New York Times

industrial and manufacturing based, who had once benefited greatly from liberal trade were now suffering from increased competition. In 1962 Northern Democrats supported the Kennedy round 141 to 7, but by 1973 they voted 101 to 52 *against* opening another trade liberalizing round.

While some of the reasons behind this vote might be due to the different parties in power in the White House (Democrats voted with the Democrat, President Kennedy, in 1962 and against President Nixon, a Republican, in 1973), claiming that it was more than a minor cause would discredit the transformation that was beginning between the two parties stances on trade. One of the most important factors behind the turnaround was the switch in geographic bases of the parties.⁵¹ Throughout the first half of the century, the base of the Republican Party was in the Northeast and Midwest industrial centers. From the time of the election of Abraham Lincoln until FDR, no Democratic presidential candidate carried Pennsylvania or Michigan. The 1932 election was very telling when Hoover did not win a single state west of Pennsylvania or south of Delaware. However, this all changed in the 1960 election of President John F. Kennedy. Winning with 303 electoral votes, he carried Michigan, Pennsylvania, New York and New Jersey and since then, the Democrats have claimed hold over the Northeast, and the Republican stronghold has shifted to the West and eventually, the South.

The shift of Republican strongholds to the South and West reduced their dependence on the protectionist issues which had helped them win votes in the industrial North and Midwest. In the same way, the new Democratic

⁵¹ Destler, p.171

strongholds in the North and Midwest, areas which are the bastion of big labor, required Democrats to change their trade views in order to represent their new constituency.

However this change should not have blindsided the trade sector as it did. In the 1950s, Raymond A. Bauer, Ithiel de Sola Pool and Lewis A. Dexter analyzed a 1953 Roper poll that showed that 44% of ultra protectionists were Democrats, and 46% of ultra liberal traders were Republican. Bauer and his colleagues attribute this difference to education level where those with lower education levels tended to be protectionist and vote Democratic while professionals with college experience tended to be liberal and vote Republican (American Business and Public Policy: The Politics of Foreign Trade.⁵² Those of the lower education levels tended to work in factories and be a part of union labor. On top of this, Republicans were the party of limited government interaction whereas Democrats had, historically, been more open to and accepting of a large, powerful central government. So it would seem obvious that the party which supported more government would begin to favor a protectionist trade policy where there was more control over trade and its foreign and domestic elements, while the party who opted for less control of government and more freedom for business would move away from the protectionist path and align itself with the free traders and liberal trading practices which gave businesses more control and leeway.

The switch in the support of liberal trade policies by labor unions was quite interesting in that it occurred over the course of one decade. Throughout

⁵² Bauer, et al., 1972, p. 91-92

the 1950s and early 1960s, the big labor organizations remained true to their free trade platform, however, by the 1970s, the AFL-CIO had started to make their change on trade policy. While the organization had accepted and campaigned hard for Trade Adjustment Assistance (TAA) in 1962 as part of the Trade Expansion Act, they were denouncing it in the 1970s. Due to the nature of TAA — providing a payment to those whose jobs were lost due to outsourcing or foreign competition or other elements of trade — labor unions in the 1970s began attacking TAA by calling it burial insurance. While it did help those who were forced out of work, it did not do anything to deal with the fact that liberalization of trade and foreign exposure had cost them their job. The unfortunate part for trade liberalizing advocates was that the jobs that were being lost due to trade were mostly being shed from the industrial sectors of the Northeast and Midwest.

Due to the location where the jobs were being shed, Northern Democrats continued their shift on trade in order to protect their constituents. The auto and steel industries were being particularly hit hard leading to a profound increase in the force and activity of labor organizations. Certain candidates took advantage of the awakening of labor unions and saw this emerging condition as a perfect opportunity to pick up electoral support. John Connally, who was running on the Republican presidential ticket, made international trade one of his top priorities and used the slumping industrial sector to drum up support; he was the first candidate to make trade a central aspect of his campaign since WWII. While Connally ended up not gaining the

support needed at the convention, he did stir some excitement and fervor when he made a promise while campaigning in 1979, that he would leave the Toyotas to rust on the docks.⁵³

In the 1980s, major industries in the United States such as textiles and automobiles sought further federal actions in the form of restrictions, like quotas and antidumping policies. While trade representatives did not agree that these industries needed these restrictions in many cases, they were powerless to stop it. Congressmen, in an attempt to carry the support of important industries in their states, supported this legislation in Congress. Although it might have seemed like the trend was unstoppable and that trade liberalization was reversing order, Congress as a whole in the 1980s remained in favor of liberalization, and members introduced these “protectionist” bills knowing that in most cases they would not receive enough support to be passed. However, the sheer discussion in Congress helped these Congressman gain the support of powerful business and labor interests while also putting pressure on the executive branch and foreign governments to steer clear of making concessions that would negatively impact these industries.

With decreasing sales, an oil crisis and heavy foreign competition from Japan, the automobile industry was in a crisis in the early 1980s and saw a huge drop in profits to the point where 300,000 of the 1 million works in the automobile industry were now unemployed. Ford and GM saw their profits sink, and Chrysler needed a government bailout to stay in business. The United Auto Workers (UAW), long time promoters of open trade when the

⁵³ Destler, 2005, p. 172

American auto industry was the largest in the world, began to recoil on this idea and sought out to impose import restrictions on Japan so that their sales could rebound against the flood of cheaper, more fuel-efficient Japanese vehicles in 1980s. In 1980, UAW president Douglas Fraser began a campaign for “local content legislation.” Two years later with the crisis not getting any better and the U.S. auto industry reeling from losses, the UAW pushed for domestic content restrictions that required the more cars the company sold in the United States the higher the percentage of the value of the car must come from the United States. This meant that more of the parts making up Japanese cars would be required to have been made in the United States if they were to be sold in the United States.

While the bill’s passage was unlikely, its mere presence caused the executive branch and trade officials to begin negotiations with the Japanese to limit exports to the America. Following the actions of the unions, Northeastern and Midwestern Democrats flocked to the bill and voted almost unanimously. Although the bill never reached the Senate floor, the House’s support for the measure was enough to warrant an agreement by the Japanese to limit exports of automobiles for a time until the American corporations and market could rebound. While the issue faded after 1983 when the U.S. auto industry rebounded, it was clear that the Northeastern and Midwestern Democrats remained true to their new base of support in the labor unions, moving at whim based on their needs at any given moment.⁵⁴

⁵⁴ Destler, 2005, p.79

As trade became a more salient issue and it became clear that the American economy was growing too dependent on international trade, Congressional interest in the topic soared, and floor debates and discussions went from being rare and mostly ceremonial to drive home a specific point or influence the president or foreign power, to a common occurrence. “Between 1975 and 1980, by one measure, the frequency of House and Senate floor references to trade went up 70%.”⁵⁵ According to the Congressional Research Service, the number of trade restrictive bills also began to climb from 127 in the 96th Congress (1979-80) to 144 in the 98th.⁵⁶ The increase in trade-related measures corresponded directly to the increase in trade, specifically on the import side of the equation.

The rise in imports was likely due in part to the strength of the U.S. dollar, which helped foreign competition enter into the American market like never before while simultaneously hampering American production. In the mid-1980s the price of the U.S. dollar rose 40% above the level needed for American businesses to stay competitive and the trade balance fell to the point where imports rose more than 50% above exports. The U.S. trade deficit hit 100 billion and kept growing.⁵⁷ This rise in the trade deficit coupled with the continued decline in American manufacturing caused both parties to seek to protect American businesses and, most importantly for the Democrats, American labor. Trade protectionism in the 1980-84 Congresses increased drastically. Gary Clyde Hufbauer has calculated that, “U.S. imports covered

⁵⁵ Destler, 2005, p. 81

⁵⁶ Destler, 2005, 81; Ahearn, 1986

⁵⁷ Destler, 2005, p.9

by special protection, including increasing tariffs and quota restrictions, rose from 12% of total imports in 1980 to 21% in 1984.”⁵⁸ These protectionist measures allowed the currency imbalance to correct itself while protecting American worker and companies in the process. In the second half of the 1980s, the trade deficit began to decline as trade exploded, doubling in magnitude from 1986 to 1992. By 1991, the trade deficit had fallen below the all important \$100 billion mark and American businesses looked to further trade expansion under the more favorable climate. However, the majority of Democrats remained skeptical of expanding trade on the basis that while American business stood to gain, American labor was assuredly losing ground.

The Republicans started to become concerned about how their stance on trade would affect the midterm elections in 1986. In 1985, they had lost an open Congressional seat when the Democrats blamed the Republican for supporting imports that cost Americans their jobs. In the summer of 1986, three prominent centrist Democrats, Sen. Lloyd Bentson of Senate Finance, and Rep. Dan Rostenkowski and Rep. Richard Gephardt of House Ways and Means, had cosponsored a bill imposing surcharges on the countries that had the largest trade surpluses — with the United States.⁵⁹ Trade regained momentum in the midterm elections in 1986 when the Democrats picked up eight seats in the Senate, tipping the balance of power toward their party. The West Virginia senator, and majority leader of the new Democratically

⁵⁸ Destler, 2005, p. 196

⁵⁹ Destler, 2005, p. 89

controlled Senate, Bentson, wasted no time in declaring that trade would be a top priority for the party in 1987-88.

With the Democrats in control of the Senate, the Reagan administration could no longer fall on the balance in the senate to stop the protectionist measure which had been flowing out of the Democratically controlled House for the past few Congresses. The Omnibus Trade Act which had failed in the previous Congress had been given new life through this change, much to the chagrin of liberalized trade supporters and the Reagan administration. The bill, HR 3, was a rehashing of the previous bill passed by the House in 1986 that was vetoed by President Reagan. The bill did not include any product specific protections, and did not include textiles which would be included in a later bill, passed the House on April 30, 1987 with a vote of 290 to 137; forty-three Republicans joined in an almost unanimous Democratic vote. The Senate the Finance committee reported out a bill in early may with broad bipartisan support, 19 to 1. After a month of debate and merging all of the separate committee versions together, the omnibus bill passed the Senate by a vote of 71 to 27.

However, exterior events would change the bill's course. While in Conference Committee, the Dow Jones Industrial Average fell over 500 points in one day, "Black Monday," causing the conferees to tread lightly and rethink the 1000 plus pages of legislation that lay before them. Conferences on the market decline lasted until December, putting trade off of the docket until 1988. Seeing that the markets were jumpy, Congressional leaders, including

Rostenkowski and Bentson, began to turn their focus onto drafting a bill that the president would sign. This sentiment of change flowed into the rest of the conference when the House conferees proposed dropping all of the provisions that were directly trade restrictive, and the Senate later agreed.

With the removal of the trade restrictive elements, HR 3 passed both Houses, but was eventually vetoed by President Reagan who cited one of his reasons as the labor-backed clause regarding notification prior to plant closings. The Democrats were unable to gain an override vote in the Senate, falling 5 votes short. However, with organized labor's push to get the bill passed, a new bill was drafted and named HR 4848. It was identical to HR 3, without the plant-closing clause and an Alaskan oil clause that had been cited as a reason behind Reagan's veto. To the delight of organized labor interests, and as part of the Democrats plan to get the major aspects of the old bill passed, the plant-closings clause was introduced as a separate bill. With outpouring support and advocacy spurred by labor interests, both bills passed the House and Senate by overwhelming bipartisan majorities. Although against the plant closings bill, but facing the prospect of being pegged as "antiworker," Reagan allowed the bill to become law without his signature. As for HR 4848, Reagan signed the Omnibus Trade and Competitiveness Act of 1988 into law on August 23rd.⁶⁰

Of all the Democratic contenders and activists in the 1980s, Sen. Walter Mondale (D-MN), made trade and its effects on labor a central part to his campaign for president in the run up to the 1984 general election. Mondale

⁶⁰ Destler, 2005, p. 94

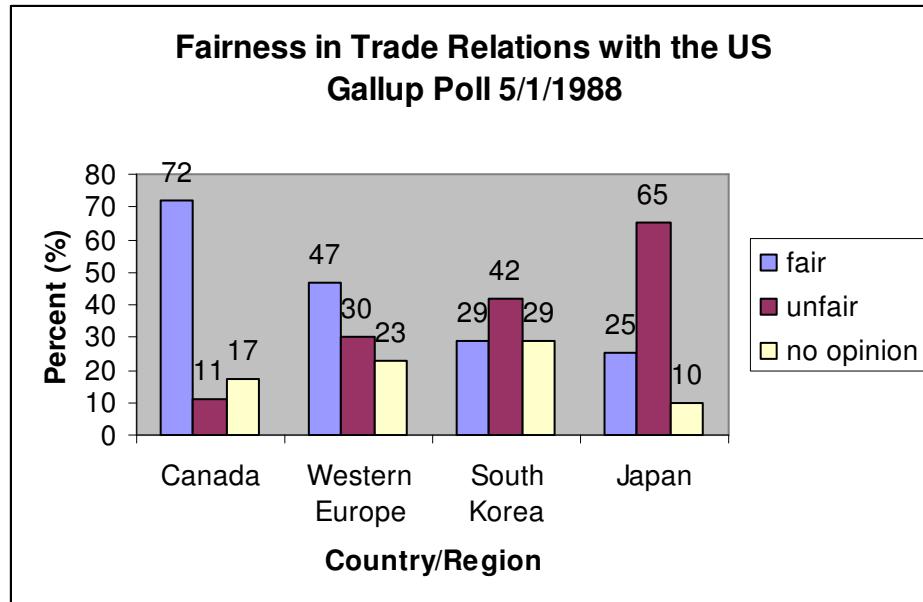
desperately needed the power of the labor union on his side and to put all of their assets toward helping him win. In order to do this, he took a protectionist stance, more so when speaking in front of a labor crowd. While Mondale was careful never to fully commit to specific protectionism or tie himself to doing specific things, he was quick to attack the Japanese for their unfair trade practices and denounced the Reagan administration's handling of the issue when speaking to labor organizations. Mondale, who at the time was vigorously courting the endorsement of the AFL-CIO, said in the run up to the Democratic primary in 1984 that the United States needed to get tough on trade or else job opportunities for its youth would be limited to working at McDonald's or sweeping up around Japanese computers.⁶¹ However it was clear that, 50 years after the passage of the Reciprocal Trade Agreement in 1934, the transition of the Democratic Party was becoming more locked as only two Northeast and Midwest Democrats voted against the United Auto Workers litmus test, the domestic content bill in 1984.

While it was a major change from how the party had voted for much of the 1900s, the Democratic Party's switch was never complete; a fact that remains true today and is an important aspect of why trade policy remains contentious and moving on a rather undecided track even with a filibuster-proof majority in the Senate, a Democratic president and a substantial hold on the House. While a strong stance on trade in favor of labor and against trade liberalization helped Senator Harris Wofford (D-PA) win a surprise victory in the 1991 Pennsylvania special election and Richard Gephardt (D-MO) win the

⁶¹ Destler, 2005, 172

Iowa caucuses in 1988, a protectionist stance on trade hurt several candidates.⁶² During their campaigns for president, Mondale and Gephardt found out the hard way that they had to tread lightly while speaking about protectionism, even when their party seemed to be moving more and more in that direction. Editorialists and Democratic competitors attacked their protectionist platforms for their adverse effects on international appeal and economic effects. The sole exception to protectionist criticism was Japan and the fear of the growth of South East Asia. Japan, for much of the late 1990s, was an easy target for politicians, as the vast majority of Americans saw Japan as being unfair to the United States. In a 1988 Gallup poll (see results below) 1300 Americans were asked, “Do you think the following trading partners are fair or unfair to the United States when it comes to trade?” While Canada and Western Europe received a plurality of responses claiming that their trade was fair, Japan was not viewed so kindly. With an overwhelming 65% of responses in accord, trade with Japan was seen as unfair and harmful for the United States.

⁶² Destler, 2005, 174.



Source: Gallup Poll, May 1, 1988

The Democratic Party was also fractured along power lines. The more powerful chairmen and party leaders maintained their support for trade liberalization, while the newly elected and less senior members of the party trended, along with the base of the Democratic Party toward greater support of a protectionist trade regime. The House Ways and Means Committee, the group in charge of trade related issues in the House, Chairman Dan Rostenkowski (D-IL) maintained his longtime support of free trade as did his counterpart in the Senate, Finance Committee Chairman Lloyd Bentson (D-TX). Both men, along with the House and Senate Leadership, broke away from their party when they supported Fast Track trade negotiating authority for President Bush during NAFTA negotiations. Some Democrats decided to sit the fence in this inter-party tug of war over which side would eventually prevail and when. Gephardt, upon being elected as the new House majority

leader in 1991, voted in support of Fast Track, even though he had fought it before he was in a leadership role. Later in 1991, he introduced an amendment with the purpose of singling out and attacking Japan for their large trade imbalance with the United States.

D. Trade Polarization and Labor Conflict in the 1990s: NAFTA and its Effects

Democrats and Republicans alike had signed onto the idea that liberal trade policies were the correct progression for the United States in dealing with an increasingly globalized world. However, with the trade events and the currency fluxuations of the 1980s, by the 1990s, it was becoming increasingly clear that trade was going to be a contentious political issue. The 1990s saw a reemergence of the trade conflicts that existed in the 1950s as legislators began to consider the individual provisions and limitations of the legislation, specifically its implications to the increasingly important labor unions and sensitive manufacturing as being more important than the passage of the bill itself. Whereas the benefit of the nation and of the greater good had a significant pull during the pre-polarized years, beginning in the late 1970s and only becoming increasingly intense during the 1990s and even more so after the turn of the century, trade was no longer and economic issue; politics was once again king.

The juxtaposition of the two most critical pieces of trade legislation in the early 1990s illustrates the degree to which differences between parties had eroded — an implicit agreement beginning in the 1950s and lasting

throughout the 1970s was that both parties would support broad trade agreements while battling over the specifics of the legislation. The two bills were the 1993-94 North American Free Trade Agreement (NAFTA) and the Uruguay Round of trade negotiations for the GATT in 1994. While both represented trade liberalizing measures, the bitter battle for the inclusion of strict labor and environmental provisions in the NAFTA legislation brought about war over its passage whereas the Uruguay Round, which avoided such discussions, drew support from both sides of the aisle, yet still faced some opposition. This difference in responses to two trade liberalizing measures shows the importance of the labor debate to the American political climate.⁶³

In terms of labor's role in trade, there was no stronger emergence of the movement into the forefront of American policy than in the 1990s NAFTA debates and their trade liberalization aftermath. Many trade policy historians agree, such as Destler who wrote, in his subdued tone, that, "The early 1990s were big years for American trade policy."⁶⁴ The decade began with a very contentious debate over the passage of Fast Track negotiating authority, the passage of which was a critical requirement that had the ability to make the NAFTA agreement impossible. The pressure to institute and quicken trade liberalization in the United States came directly from American businesses. The trade situation became increasingly favorable to American based corporations as the dollar index fell; subsequently, the trade deficit finally decreased below \$100 billion, prompting American business to demand

⁶³Baily, 2001

⁶⁴Destler, 2005, p. 193

increased opportunities to take advantage of this favorability by opening up markets.

In addition, a new concept was beginning to be felt around the world and strongly in the United States among American manufacturing — labor mobility. Much of the NAFTA debate, as far as organized labor organizations are concerned, revolved around the increasingly important and globalization driven concept of labor mobility, also known as outsourcing. Labor mobility is defined as the ability to move jobs around the country and around the globe in order to take advantage of different business environments which offer more favorable production scenarios for a company. In the increasingly globalized world of the early 1990s, this business maneuver threatened to expand. American labor knew that with cheaper labor in Asia and, more importantly for NAFTA, in our neighbor Mexico, they had to make a stand against Fast Track negotiating authority and focus efforts against NAFTA or else their constituents would most assuredly be at risk.

Fast Track renewal was a pivotal first step for the Bush administration which was trying to tie up the NAFTA legislation, all the while knowing that it would likely reside with the next administration to decide whether NAFTA would pass or fail. Senators Bentson and Rostenkowski, who were both supporters of the Fast Track authority renewal, wrote to President Bush asking him for guarantees on three major issues before they would push hard for renewal. The three issues they saw as being necessary to any argument on the NAFTA trade deal and that would be pivotal in getting Democrats to consider

the bill were: the overall economic impact of NAFTA, the effects that the legislation might have on jobs and worker's rights, and its impact on the environment.⁶⁵ Organized labor interests were particularly worried about having a free trade agreement with a "low-wage" neighbor and questioned the effects that it might have on the already hard struck and dwindling manufacturing sector in the United States. Senator Gephardt tried to approach the NAFTA deal with an open mind, and stated that he was undeclared; however, the strong labor forces that were working behind the scenes forced him to also write a letter to President Bush with similar concerns.

The labor unions were out hard and strong on the NAFTA issue, and as had become the norm for powerful organized labor, they refused to compromise. They were making a huge stand while business interests, lobbyists and pro-traders lagged just enough behind to put them at a disadvantage in the beginning. Trying to resist organized labor and equalize the field, Bentson and Rostenkowski pushed hard for business leaders to start making a move, and it wasn't long until the pro-trade coalition that had ruled for so long, but had been in decline during the Reagan deficit years, was back in business and pushing hard. "Bentson and Rowstenkowski declared their satisfaction with the White House response. On 9 May Gephardt declared his support with a "caveat: If the administration sends to this Congress a trade treaty that trades away American jobs, or ... (allows the) abuse of (foreign) workers, we can, and we will, amend it, or reject it."⁶⁶ When President Bush's

⁶⁵ Destler, 2005, p. 99

⁶⁶ Baily, 2001; Selected from Congressional Quarterly, 11 May 1991, p. 1181

Fast Track authority pertaining to NAFTA arose as a topic of consideration, the votes came down in both a partisan and regional manner. Democrats in the House voted overwhelmingly against the Fast Track measure, 170 to 91, although the leadership in the House supported Fast Track authority (a trend which would repeat itself during the George W. Bush administration). “Republicans were overwhelmingly positive about the NAFTA negotiations; Clinton’s party was divided but leaning against, as reflected in House Democrats’ 170-91 vote against Fast Track in May 1991.”⁶⁷ Regionally, the states with the highest Latino populations (California, Florida, and Texas) voted 64-24 in favor of Fast Track, likely due to the fact that with a Fast Track victory, the passage of NAFTA was greatly assisted. It should be noted that the Fast Track battle laid the ground work for the NAFTA battle as it brought out the special interests that would remain in top performance throughout the NAFTA debate. Even though the protrude interests were slower to rise up and counter the protectionist forces, when they did finally emerge, they came out strong, opening up the checkbooks to succeed.⁶⁸

Although NAFTA was negotiated under the George H. W. Bush Administration, its passage and effects would become a true facet and battle for the Clinton administration. Clinton, the first Democrat in over a decade, came into office with huge trade concerns. He was forced to immediately decide whether to make void all of the efforts of the previous administration

⁶⁷ Destler, 2005, p. 198

⁶⁸ Destler, 2005, p. 197

in terms of NAFTA, or to support and appease his organized labor constituency by either amending the agreement or dropping it all together.

However, Clinton's position on NAFTA was hidden at first. In October 1992, before he was elected in November, Clinton came out strong for NAFTA, endorsing it and rejecting the idea the agreement needed to be renegotiated in a speech leading up to the election. However, he did protect his interests by declaring that the current NAFTA draft was insufficient in dealing with the environment, worker standards and the threat of import surges.⁶⁹ Even when he entered office, there was still room to question whether he was going to be pro-trade with the strong backing of American business and special interests or whether he was going to side with his organized labor-funded party. In his initial months, Clinton gave free trade speech in February 1993, and in March he appeared to be supporting a steep rise in tariffs on minivan imports. In April, he appeared to revert back the protectionist leanings of his party when he chose organizational appointments which put him on board with managed trade—he chose a “cautious trade” activist, Laura Tyson, as the chair of his Council of Economic Advisors. This appointment was a shock as his predecessors, among both parties, had historically appointed traditional free trade advocates to this position.⁷⁰

Clinton entered office with the promise that he would pass NAFTA with, and only with, enhanced side agreements for labor and the environment. However, in the administration as a whole, he took a lot of risks surrounding

⁶⁹ Deslter, 2005, p. 198

⁷⁰ Destler, 2005, p. 199

the agreement. After looking at the proceedings surrounding President Obama's approach to both the stimulus package and the healthcare bill, it seems weird that President Clinton supported and prompted members of his own party to make any comments that they deemed as necessary in terms of the NAFTA debate, especially before the side agreements had been worked out. Many observers saw this as the fact that the Clinton Administration was supportive of trade but trying to simultaneously protect the organized labor backing of Democratic elected officials. However, Bob Woodward thought that Clinton's early approach to NAFTA was a bad sign for the agreement. In a book he wrote about the Clinton White House he wrote, "...the odds were that the Clinton administration would abandon NAFTA because the labor groups opposed it."⁷¹

Clinton's chosen United States Trade Representative (USTR) Mickey Kantor, who entered the position with a blank record on trade, thought otherwise, saying, "that if Clinton fought for Congressional approval of the treaty and won despite the opposition of labor and of some members of the House leadership, it would be a big plus for him. He would have stood up and fought a bipartisan fight."⁷² However, some members of his party resented this action and it left plenty of room for organized labor and for the engaging businessman, a political newcomer in 1992, Ross Perot, to join in the trade debate.

⁷¹ Woodward, 1994). p. 317-318.

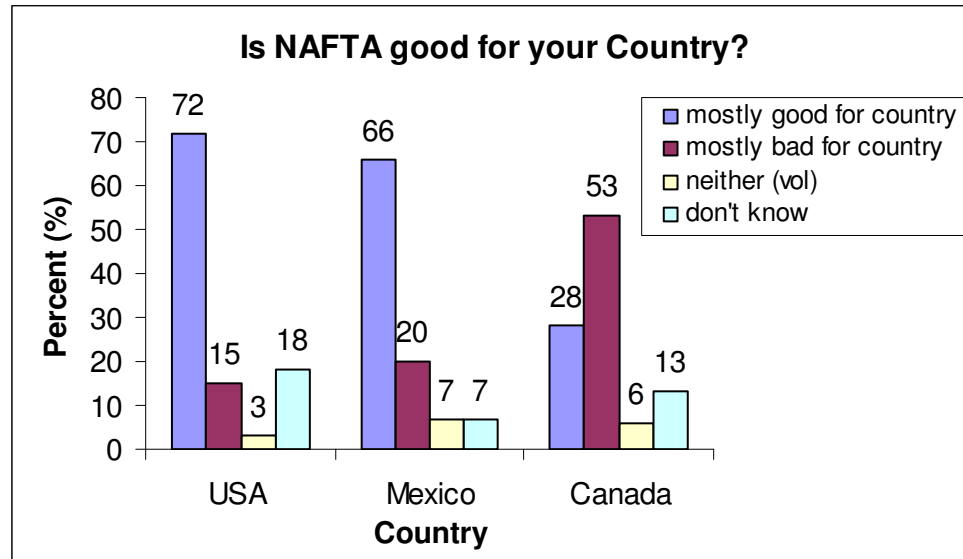
⁷² Destler, 2005, p.200

Clinton's pro-NAFTA stance was attacked outright before he took office as well. Ross Perot's ideas, which were popularized in his 1992/1996 presidential election runs, stand out as the most significant opposition. Perot busted into the public scene as a wealthy businessman who could successfully appeal to the thoughts and ideas of middle class America. He is important to point out because it was his campaign in 1992 which took on the role of almost being like the electoral voice of organized labor and their constituents. As an Independent, he belonged to neither political side, but his trade ideas fell almost squarely with the most left-leaning of the Democratic Party.

Although, in a *Larry King Live* debate with Al Gore, Perot declared himself to be a free-trader, his book, entitled *Save Your Job, Save Our Country: NAFTA Must Be Stopped Now!*, speaks to the contrary. In his book, he wrote that NAFTA would create "a giant sucking sound" and would mean the "loss of millions of jobs" which would be pulled Southward over the border to Mexico in order to take advantage of the cheap labor and poorly enforced labor standards. He brought the argument to America's doorstep stating that no less than one-third of all U.S. manufacturing employment (six million of the 18 million total jobs) would be at risk if NAFTA passed.⁷³ With his successful campaign in 1992, garnering 18% of the popular vote and taking an even 38% of the vote away from both Clinton and Bush, Perot was the most successful third party candidate since Teddy Roosevelt and forced the Clinton Administration to protect itself by amending its platform to better protect its middle-class constituents who were now fearful of the labor effects

⁷³ Perot, Ross. (1993). *Save your job, Save our Country: NAFTA must be Stopped Now!*

of NAFTA.⁷⁴ However, as can be seen in the results, shown below, in a Gallup poll conducted April 4, 1991, the majority of Americans still supported NAFTA as being beneficial for the United States.



Source: Gallup Poll Date: Apr. 4, 1991⁷⁵

While the Clinton Administration supported NAFTA and outlined its benefits to American businesses and society as a whole, organized labor interests threw their weight against the agreement. The Clinton administration praised NAFTA, saying that it would lead to the creation of hundreds of thousands of well-paying American jobs and that it would expand the U.S. economy by \$100-\$200 billion per annum.⁷⁶ To a large degree this has been

⁷⁴ Lewis, et al., 1994

⁷⁵ **Question:** As you may know, Canada and the United States now share a free trade agreement which ensured that trade between the two countries is not subject to tariffs or import quotas. It has been suggested that a wider free trade zone could be established, consisting of Canada, the United States and Mexico. In general, do you think a North American free trade zone consisting of these three countries would be mostly good for the country, or mostly bad for the country?

⁷⁶ Destler, 2005, p111

vindicated as NAFTA has greatly expanded U.S. trade between Canada and Mexico.

However, labor organizations, who represented the workers who were most likely to lose their jobs and lacked the skills to attain the “well-paying” jobs NAFTA would create, were not blinded by this economic growth potential. Organized labor supplied the muscle to the anti-NAFTA side of the argument. With their membership in great decline and wages and productivity falling proportionally every year on end the unions and their constituents saw the opening of trade with Mexico as a serious threat that should be considered as an immediate concern. The AFL-CIO, America’s second largest union but easily the most politically charged on trade and outsourcing concerns, and its member unions approached many of the Democratic Congressmen who remained on the fence or in favor of NAFTA to make a stand against the agreement, making it clear that NAFTA was going to be considered as a test of legislators fidelity to worker’s and labor’s causes. The lobbying by labor unions caused enough Congressmen to sign onto the anti-NAFTA side that Clinton’s Budget Director, Leon Panetta, declared NAFTA, “dead in the water.”⁷⁷

The Democratic leadership was split on the NAFTA vote. Similar to the Fast Track vote, it soon became clear that the real battle for passage of the NAFTA legislation was going to be in the House. While Speaker Thomas Foley (D-WA) supported the bill, if not enthusiastically, Majority Leader Richard Gephardt (D-Mo) was leaning against the bill and Majority Whip

⁷⁷ Woodward, 1994, p. 317-318.

David Bonior (D-Mich), the number three Democrat in the House, outright opposed it. Bonior and Gephardt were concerned by the lack of worker's right provisions and by the obvious incentives that the legislation gave to employers to outsource both their labor and their operations to Mexico. When labor and the environment side agreements were finally agreed upon, the run to the end had begun, and labor was still in opposition.

Upon the passage of the side agreements, the administration pushed hard to get NAFTA passed. On September 14, 1993 President Clinton invited three former presidents, from both parties, to the White House in order to talk about the NAFTA agreement. In a speech delivered the same day, President Clinton pointed to the recent global trade and economic changes saying that NAFTA or no NAFTA, "the debate about NAFTA centers on whether we will embrace these changes and create the jobs of tomorrow, or try to resist these changes, hoping that we can preserve the economic structures of yesterday."⁷⁸ The administration insisted that NAFTA was the way forward and that it would create U.S. jobs while buttressing global competitiveness. However, proving that to his fellow Democrats was a far more difficult task, and the Republicans were demanding that the Democrats produce 100 "yea" votes, nine more than the amount that responded positively to Fast Track.⁷⁹

However, the administration was running into a brick wall, a wall formed by organized labor. With the strong push by labor unions, Clinton was finding it difficult to meet with legislators who were willing to make a stand

⁷⁸ Destler, 2005, p. 203

⁷⁹ Baily, 2001; Lewis, 1994

to support NAFTA, causing Clinton to lash out at labor unions. However, Clinton saw that he needed to get at least some labor unions on board in order to win over enough Democrats to allow passage. The administration decided to focus on the easier to appease car manufacturers and textiles, two groups which as we have seen have been targeted in the past as well. The big three automakers won a 62.5% North American content requirement which made it more difficult for foreign automakers to produce in Mexico or Canada and simply ship into the U.S. market without any restraints. This was particularly directed at Japan whose auto industry had been the brunt of many quotas and tariffs. Textiles won similar protections as they were given during the Kennedy Round. The reward for textiles support was the “triple transformation test” which meant that the fabric had to be produced in North America, from North American-produced yarn which was made from North American grown fibers.⁸⁰

After the inclusion of these provisions, Clinton was able to secure the necessary votes for passage. The final NAFTA vote was 234-200, and the breakdown was 102 Democrats and 132 Republicans in support. The reason that the Democrats were able to pick up the extra 11 votes was almost entirely due to the inclusion of the “cotton Democrats”. These 11 swing votes came primarily from Southern Democrats who were in textile heavy districts, making the fiber agreement pivotal to the passage of NAFTA. Another pivotal aspect, which allowed some labor interests to get behind NAFTA, was the inclusion of adjustment aide to displaced workers and a promise that the

⁸⁰ Deslter, 2005, p.204

administration would work hard to enforce Mexico's lacking labor standards. However, the side agreement lacked any true enforcement mechanism, meaning that people continue to criticize the side agreement saying that it lacked teeth. "By contrast, under NAFTA's side agreement on labor, complaints about freedom of association in trade sectors can trigger an investigations and ministerial consultations, but there is no provision for an independent expert committee to resolve and issue or for any sanction if a complaint is verified."⁸¹ While many continue to attack NAFTA for allegedly causing the loss of American jobs, as will be seen in the 2006 and 2008 elections, NAFTA is the primary reason why Canada and Mexico are the number one and two, respectively, trading partners of the United States. During the period between 1987 and 2000 the aggregate amount of U.S. trade tripled due primarily to the increased trade between the three countries.

V. The Lasting Influence of the 2006, and 2008 Elections?

A. 2006

1. The Election Results

The 2006 election was a watershed mark in the brief but eventful history of fair trade advocacy and represented as great a sea change in Congressional party control as the "Republican Revolution" in 1994. If there remained anyone who believed that the issue of fair trade and trade in general was not a salient topic in the mainstream political culture, they were proven wrong by the events of the 2006 midterm election.

⁸¹ Elliot, p. 24

The 2006 election was the culmination of over 20 years of polarization and politicization of the trade issue, starting in late 1970s. Not only was trade a salient issue, but in states across the United States, from the Northeast to the South, to the hard hit industrial Midwest and the Asian trade gateway that is the Western United States, trade was an important point of contention and formed the base of several campaign's platforms which unseated a number of well-known anti-fair trade legislators like Ohio's former Senator Mike DeWine, or Pennsylvania's Rick Santorum. With the Democrats taking back control of the House and gaining a strong footing that carried into 2008 in the Senate, the concept of free trade without labor requirements or provisions embedded in the agreement started a decline, a decline to where and how much of a decline still remains to be seen. However, while the transition was celebrated and touted by liberal fair trade groups and labor unions across the country, it is difficult to pinpoint such monumental policy changes to coincide with the Democratic transition.

The American public, which has for much of U.S. history favored a slightly more protectionist path, in hard hit districts across the country voiced their approval of fair trade and in turn, stronger labor rights provisions in trade with their 2006 vote. According to the protectionist, fair trade group Public Citizen, who did an extensive report on the 2006 election results as far as fair trade support is concerned, showed a net increase; meaning that a former free trade advocate was beaten in the general election by a fair trade activist, or that the empty seat of a retiring free trade proponent was snatched up by a fair

trader for 30 seats in the House of Representatives-11 were open-seat pickups, and seven Senate seats, of which only one was an open-seat pickup.⁸²

Ohio was likely the biggest example of a fair trade change in trade policy being a strong campaign issue. All of the seats that were open or being contested in Ohio were won by fair trade advocates touting a message of a change on trade toward the inclusion of labor rights and seeking to bring American jobs back home. Candidates in these hard-hit districts, many of the most effected being in Ohio and Michigan, used trade heavily in order to press their platform of change and hope for a better future where American jobs return to this country—a promise that has yet to be proven possible given the increasingly interdependent and globalized world.

Ohio was not the only state that showed to be a strong anti-free trade petri dish. The United States has lost over three million jobs in the manufacturing sector, representing one in six manufacturing jobs, during the NAFTA-WTO decade while at the same time, real wages have stagnated. According to a 2006 report by Economic Policy Institute, the state of Ohio, itself, has lost a net 50,000 jobs as a result of NAFTA.⁸³ This is the backbone of reasons why eight in 10 voters called the economy “very important” to their 2006 House vote, and of those who said it was “extremely important”, about 40% were registered Democrats and many more were Independents whose vote has been coveted in nearly all recent elections.⁸⁴ When it came to the issue of jobs, nearly all voters said that creating jobs was important for the

⁸² Public Citizen, 2006. p.3

⁸³ Kung, 2008

⁸⁴ Public Citizen, 2006. p.5

United States and many were concerned about the loose trade agreements that have been negotiated that included little binding labor stipulations and allowed businesses to offshore their jobs and turn unheard-of profits at the expense of domestic workers.

Voters view the government as being fundamentally responsible for not requiring more from its trading partners, as well as allowing them to continue to have little or very lenient labor laws that give other countries a comparative advantage in manufacturing, and allowing the off-shoring of jobs to continue, if not increase. Eighty-seven percent of voters were concerned about off-shoring jobs, and of those who were concerned, 81% gave the government a C, D, or F grade in handling it.⁸⁵ In another 2006 poll, 71% said that they would be more likely to vote for a candidate who spoke about off-shoring of jobs, trade deficits, and creating jobs, arguments which made up the backbone of fair trade Democratic candidate platforms.⁸⁶

2. The Effects of the Election

While much has been said about the results of the 2006 election, and in fact it was a dramatic victory across the board for members of the fair trade coalition, it is very unclear if the election has produced any effects as far as trade policy. Other than relatively inconsequentially worded arguments and an apparent commitment to work on getting labor concessions in the form of a requirement for trading partners to at least enforce their current labor laws and

⁸⁵ Public Citizen, 2006

⁸⁶ Public Citizen, 2006, p.8

to make a concerted effort to push toward the adoption of the five core ILO principles, into any and all future trade agreements.⁸⁷

The split that exists within the Democratic Party on the issues of trade, and specially labor, are still very visible. Among the Democratic senators and representatives there are two sides emerging, the new and recent members of the party coalition who tend to be more aligned with the fair trade movement, and many longer-term members of Congress who certainly do not align with the growing base of their party, like Senator Max Baucus (D-MT.), Speaker of the House Nancy Pelosi (D-CA), and Congressman Charles Rangel (D-NY) all support an expanded trade platform.⁸⁸ It is interesting to see that those who are in high-ranking office within the party did not, after the 2006 election, coalesce with this burgeoning group of new fair trade Democrats, and with few exceptions, maintained the idea that trade is good for all Americans and the future of our government. It is these facts that have called into question whether the large and growing fair trade core in the Democratic Party will actually amount to that drastic of a change in trade policy, or be more representative of the times, existing as a symbol rather than a catalyst.

One of the strongest arguments involving labor and trade was the lack of negotiating labor provisions in the FTAs negotiated during the George W. Bush administration. This battle created an intense debate in the summer of 2007 when Trade Promotion Authority (TPA) expired. TPA allowed the president and the United States Trade Representative to negotiate trade

⁸⁷ See May 10th agreement

⁸⁸ Engler, 2008

agreements which would be submitted to Congress for a strict up or down vote without the possibility of amendments. This is the reason why, under the George W. Bush Administration, eight free trade agreements were negotiated and passed, and the frameworks for three others -South Korea, Columbia, and Panama-were negotiated.

On May 10th 2007, the second Bush Administration met with Democratic and Republican leaders in an attempt to reinvigorate the TPA discussion with the hopes of passing an extension of TPA. While there was a general consensus among the participants that TPA needed to be reinstated, the language on the labor and environmental regulations that should be part of future trade agreements was vague at best and did not represent the growing fair trade base of the Democratic Party. In a statement about the process, Rep. Pelosi distributed a response saying, “Free trade must be fair trade. For that reason, the inclusion of basic internationally recognized labor and environmental standards in our trade agreements have been long-standing Democratic priority. ... Last November, Americans voted for a new direction, and that includes a right direction on trade-where labor and environmental standards are at least as valued as our financial interests.”⁸⁹ While this may have seemed like a victory for the burdensome lag that was developing regarding how vast and far reaching the demands should be on our future trading partners in terms of worker’s rights, the vague language of the agreement and the minor changes to U.S. trade policy that it required left the newly elected and past fair trade members feeling like they had not been

⁸⁹ Nancy Pelosi, May 10, 2007

included in the process. Once again, the powerful Democrats at the top of the party had made an agreement out of line with the results of the election even though Speaker Pelosi cited the election results in her speech.

In the wake of the 2006 election, Democrats proceeded to score only limited victories, and in the process, caused a more pronounced split within the party. Coming into office with the promise that they were going to change the way that trade was done in Washington, the only real changes that were felt between 2006 and the 2008 election was the agreement to push for stronger labor rights in the form of the adoption and adherence to the general principles of the ILO fundamental worker's rights; a requirement that FTA-member countries enforce and uphold their labor laws, and the addition of labor rights language into the negotiated Peru FTA which passed in late 2007. In the process, the split between the two factions in the party became more pronounced.

Even after the addition of the labor amendments, no matter if they were as vast as many Democrats hoped for, the final vote on the Peru FTA (see appendix I) showed the divide quite possibly better than any other document or report could have. In the House, while the vote was 285-132 in favor of the amended agreement, the Democrats split in their approval with 109 supporting the trade promotion agreement and 116 opposing, with eight not voting. It is interesting and very telling to point out that the margin within the Democratic Party was tighter than the number of members not voting. It is more telling that the leadership, Speaker Pelosi, Congressman Rangel-who is

in charge of trade in the House, Congressman Hoyer (D-MD), Representative Dingell, and Representative Frank (D-MA) (representing five of the six most powerful Democrats in the House according to Congress.org's power rankings) voted in favor of the agreement while 16 of the 19 new fair trade representatives, who defeated former anti-fair traders, voted against it.

Going into the 2008 election year, the Democratic Party was split over trade and especially over how powerful the labor provisions should be. For the party leaders at the top, they demanded labor be a part of the discussion and called for increasing labor regulations and laws, but were more willing to not require the drastic labor changes that the new members were calling for if it meant that an FTA could be passed and put into effect.

B. 2008 and a New Democratic President

If 2006 marked a watershed election on the issue of labor rights in trade, than it only lasted two years since the 2008 election was a tsunami. The results of the 2008 election are finally being realized, and although the changes that come out of the election might be less than originally thought, the power and saliency that the issue of labor rights in trading agreements commanded during and immediately after the election can still be felt today. Not only was trade an issue in both Congressional and the presidential races, but it was a winning issue in both. Voters across America went to the polls on November 5th, 2008, and by the end of the night, the United States looked prepared to follow a new path in terms of trade and a decidedly stricter requirement of trading partners on the issue of labor rights.

Outsourcing jobs and the failures of NAFTA and other trading agreements to help workers in this country maintain their jobs in the face of fierce and unfair competition in the developing world was a main focus of both politicians and labor organizations. According to the election analysis done by Public Citizen, trade was the main focus of over 137 different paid advertisements that aired during the election season (only 25 aired in 2006 which was a marked increase over any of the past elections). Twelve of those advertisements were for candidate Obama's campaign.⁹⁰

Beating up on and attacking the NAFTA agreement became the cool thing to do and a winning stance when large numbers of workers began feeling the pinch of a cooling market heading for economic catastrophe. Across the country, Democrats climbed over each other to see who could be the most critical of our trading agreements and about how they were going to save American jobs by requiring more regulations from our trading partners. However, it is unfair to say that only the Democratic Party was attacking NAFTA and past failed U.S. agreements. In 18 races, the GOP ran on the issues of failed trade and in 14 races both parties ran strongly on fair trade (including labor rights) or fairer trade.⁹¹ In California's 52nd District, a historically GOP-heavy seat that was being vacated by Rep. Duncan Hunter who was an advent fair trader was taken over by, his son, Duncan Hunter Jr., who was elected to fill the seat ran on a strong labor rights and fair trade platform. Hunter Jr. said on the campaign trail that, "our nation needs to adopt

⁹⁰ Public Citizen, 2008, p.4

⁹¹ Public Citizen, 2008, p. 3

a policy of Fair Trade that encourages the development of overseas markets, while protecting our industry and workers from unfair competition from countries like China, that flood our market with inferior, sometimes dangerous products produced in near-slave labor conditions.”⁹²

Due to the presidential election, the fight against trade and for labor was stronger than ever since; like in 2004, Ohio, Michigan, Pennsylvania and a few other hard-hit states had the potential to choose the next president. Both parties were listening closely. Polling that was done leading up to the 2008 election showed that a majority of all Americans, including a majority of Republicans demand changes to the current path toward unrestricted free trade.⁹³ The Democrats however, a party whose opinion on trade has been shifting for over 50 years as the base of their party eroded due to globalization and foreign competition, came out on top with their commitment to equalize the playing field and bring home American jobs.

However, while there was much talk of amending or completely revamping NAFTA in both the 2006 and 2008 elections, there remains a question as to whether talk of revamping NAFTA amounts to more than election-year stumping. Three-way trade has soared and unemployment in the United States is substantially lower now than it was 14 years ago — 4.9% in January 2008 compared with 6.6% in January 1994. American shoppers have benefited from lower prices on imported goods, and U.S.-based multinational companies have boosted their competitiveness by whittling production costs.

⁹² www.hunterforCongress.com/issues/; Public Citizen, 2008, p.16

⁹³ Public Citizen, 2008, p.5

Yet there is growing wariness among the public that the United States is giving away more than it's getting. After all, the nation has lost 3.1 million manufacturing jobs since 1994, and its trade deficit with Mexico and Canada has risen to \$138.5 billion in 2008 from \$9.1 billion in 1993.⁹⁴

It was becoming clear to politicians, at least surrounding the time of the election, that promoting free trade with countries that have hopelessly unequal labor laws, conditions, and treatment is a losing platform during hard times. A Fortune Magazine poll taken Jan. 14-16, 2008 showed that voters have clearly identified who they think has won and who has lost within the free-trade agenda. Nearly half of those polled believe that the unbalanced growth in international trade has made things better for consumers, but 55% believe American business has been harmed, and 78% think it has made things worse for the American worker.⁹⁵

The problem for the Democratic Party is not about how to find a salient stance on trade that gets them elected and appeals to the American public, they have found that and the 2006 and 2008 elections spell that out clearly. It has been a problem with how far they should push without jeopardizing the gentle fabric of international trade. To answer this problem one could talk at length on any number of issues, but after looking at what has come out of the last two elections, where the words "fair trade" and "labor rights" seemed to be thrown around so much that they went from wonkish jargon to dinner table lingo, the American public is calling for their elected

⁹⁴ Dickerson, 2008

⁹⁵ CNN, 2008

representative to help them make a stand against unequal competition in the developing world. The fact that there has been only one trading agreement passed since the Democrats took back control of the House shows that Congress is treading lightly so as to not scare away potential trading partners, but at the same time find a middle ground on labor rights that will suit both countries.

While leaders in the Democratic Party are feeling out how far they can push the issue of labor in trade, the newly elected members of both the House and Senate are finding out that the more things change the more they stay the same. Although there are new names scattered around the Capitol and a different party is in complete control of the reigns of policy making in Washington, the only real thing that has happened on the issue of labor in trading agreements this decade is the 2002 Trade Act and the May 10th agreement with their commitments to place labor requirements in all new trade agreements with enforcement mechanisms, as well as a recent slowdown in the process of FTA making. The slowdown likely signals that USTR Kirk and Congressional leaders on trade are discussing ways to amend the proposed agreements so that a majority Democratic Congress would be able to support them. The deals with Panama, Columbia, and South Korea will be passed during the Obama presidency, but without major changes to the labor section of the Columbia FTA and a strong and honest commitment on part of Columbian President Uribe, the measure will stall and it may take much longer than trade advocates would like.

C. How will President Obama Effect the Role of Labor Rights in Trade?

1. Candidate Obama and the road to the White House

President Barack Obama is apparently learning the delicate flip-flop maneuver as he now is changing his tune on some of the things that he said during the campaign trail and especially in the primary slugfest with now Secretary of State Hillary Clinton. Both Democratic candidates had far reaching demands of American trading partners and international commerce in general during the primary in terms of labor rights and the plight of American manufacturing. Then candidate Obama was very outspoken about his plans to introduce labor rights into all future and pending trade agreements. "We'll add binding obligations to protect the right to collective bargaining and other core labor standards recognized by the International Labor Organization. And I will add enforceable standards to NAFTA, the World Trade Organization (WTO), CAFTA, and other Free Trade Agreements (FTAs) currently in effect."⁹⁶

At a General Motors plant in Janesville, Wisconsin, in February 2008, Obama said he, "will not sign another trade agreement unless it has protections for our environment and protections for American workers" (Council of Foreign Relations, #15492). Candidate Obama and candidate Clinton both fought, like many Congressional candidates, over whose attacks on NAFTA were strongest and most critical of the trading agreement signed by President Clinton. NAFTA became an easy target for both candidates as

⁹⁶ Center for International Policy, 2008

the images of Mexican maquiladoras operating just across the border creating clothing and other goods in less than ideal working conditions and for a fraction of the wage of Americans working mere miles away were plastered on TV sets, billboards, and in newspapers.

While speaking to packed convention centers and town halls across Michigan, Pennsylvania, and Ohio, Obama scorned the lack of enforceable labor regulations in America's trading agreements going back to the NAALC side agreement on labor in NAFTA. In August of 2007 during a Democratic debate, Obama said he would meet with the Canadian and Mexican presidents to "try to amend NAFTA," and said that the agreement "should reflect the principle that our trade should not just be good for Wall Street, but should also be good for Main Street."⁹⁷ Even after this, Obama pushed further in his attempt to best fellow candidate Hillary Clinton saying in a February 2008 debate that he would "make sure that we renegotiate" NAFTA and use "the hammer of a potential opt-out" of NAFTA as leverage to ensure enforceable labor and environmental protections. The *New York Times*' opinion page summed up the NAFTA mudslinging events between the candidates perfectly, saying, "criticisms of trade agreements in Ohio are as predictable as praise for ethanol in Iowa."⁹⁸

Much of Obama's attacks on NAALC were made in order to win the much-coveted support of the countries strongest labor unions including the AFL-CIO, AFSCME, and Teamsters, who he had done poorly with in the

⁹⁷ Council of Foreign Relations, 2007

⁹⁸ White, 2008

primaries with Hillary Clinton due to his less verbose support of renegotiation and insertion of strict and enforceable labor concessions. However, winning their support was done at the expense of fluidity on labor issues, including within trading agreements. During the election cycle, it appeared that, with his history of opposing trade agreements lacking labor rights restrictions, and his campaign rhetoric, the international trade community was going to be forced to react to an increasingly protectionist U.S. president driven to raise the issue of labor rights and instill stricter regulations worldwide .

However, what is said in the process of winning votes does not always translate into actual policy, a reality that seems to be coming true with respect to Obama and the degree to which labor rights play a role in trading agreements. President Obama and senior Democrats are picking their battles when it comes to labor rights in trade, upholding their promises on some and recoiling on others. Slippage on the labor issue and renegotiation of NAFTA started before he was elected, when it was reported that Obama's senior economic adviser Austin Goolsbee, who now holds the role of chief economist and staff director for the economic recovery advisory board, had told officials in the Canadian government that Obama's strong rhetoric on renegotiating NAFTA in order to include more enforceable labor provisions was nothing more than talk, and that he was not planning on actually renegotiating (Youngman, 2009). However, after getting banished from the Obama campaign, Mr. Goolsbee is being vindicated since he, not Obama, was telling the truth as to the intentions of the new president.

Ron Kirk, the U.S. Trade Representative for the Obama administration said at the Summit of the Americas that it is not necessary to renegotiate NAFTA to follow through on Obama's campaign promise of making sure that stronger labor provisions with better enforcement mechanisms make it into the agreement. He said, "The president has said we will look at all options, but I think they can be addressed without having to reopen the agreement"⁹⁹ Both Canadian President Stephen Harper and Mexican President Vicente Calderon, supported this idea as they feared lessened trade with their largest trading partner. However, Obama and the Democrats will have to balance the foreign demands of trading partners and the labor demands from labor unions and workers within the United States. Renegotiating NAFTA took a position on the back burner though as Ron Kirk pushed the idea of voting on the other trade agreements that remained in limbo, like Panama and the labor-focused, hotly-debated Columbia Free Trade Agreement.

In addition to the talk on NAFTA, the Columbia FTA, which has failed to pass since it was negotiated in 2006, has and will continue to be a sticking point for the Democratic Party. Above all else, the Columbia FTA is the one trade agreement whose passage is solely based upon labor provisions. Almost all Democrats, including President Obama, stand defiant against the agreement as currently negotiated. While it does contain some labor provisions, the provision as written do little to force Columbia to take action in dealing with the violence against labor leaders that rampages across the

⁹⁹ Knowlton, 2009

country. Although the Uribe government has taken steps to try to deal with the violence and increase their labor rights in order to be viewed in a more favorable light in the U.S. Congress, the Columbia FTA seems destined to not gain ground.¹⁰⁰ President Obama's stance on Columbia, like many other Democrats is unyielding, and unlike the other labor concessions he has made or seems poised to be able to accept, the labor violence and poor enforcement capabilities of Columbia's current laws makes blocking the FTA until stronger labor standards and laws can be added a stronger platform on which to stand.

USTR Ron Kirk, who was a very strong proponent of free trade when he was the mayor of Dallas, Texas, said that “the administration planned expeditious reviews of pending trade agreement with Colombia.”¹⁰¹ He also countered the call by many new fair trade Democrats and others in the party by saying that Colombia had made “remarkable progress” in reducing violence, and that while the attacks against labor activists do still occur, he would enter into extensive discussions with Congress on the matter.¹⁰² Even after Kirk committed himself to working toward its passage, Congressional Democrats and labor groups in the United States have said that the Uribe government must do more to stop the anti-labor violence and hold perpetrators accountable, a position Mr. Obama supported during his campaign.¹⁰³ Rep. Mike Michaud, the leader of a group of 54, mostly Democrats, House members responded to bringing the Columbia agreement to the House for a

¹⁰⁰ See later section for a more in depth analysis on the Columbia FTA, their labor dilemma, and what the Democrats are demanding.

¹⁰¹ Knowlton, 2009

¹⁰² Knowlton, 2009

¹⁰³ Knowlton, 2009

vote saying, "This is absolutely outrageous and a serious mistake."¹⁰⁴ If the White House submits the agreement to Congress, it will have to garner support for the legislation from Republicans to get it approved, especially in the House.

The Obama administration is being confronted with one of the most difficult opening periods for a president, and the plethora of other issues on Obama's agenda may be pushing the promise of labor rights onto the back burner. Congressional Democrats, as stated before, are torn on the issue of labor rights having a role in trading agreements to the extent that labor organizations and millions of unemployed former manufacturing workers demand. President Obama has realized that he needs the support of the new, large Democratic majorities in both houses to pass his agenda, and pushing forward a strict and strong policy on labor would alienate members of Congress and foreign officials in a time when trade has greatly diminished.

Due to the current economic conditions and the vastness of President Obama's agenda, it is still debatable whether labor rights or renegotiation of NAFTA or the other trade pacts on the table, discussed below, will happen this year or until next year after the midterm elections have occurred. However, progress on the Columbia trade agreement (which has greater ties to labor rights, and the issue of violence against labor unionists is tying up its passage) is stalled and even though it is being aggressively advanced by USTR Kirk, it will not likely reach floor debate until next year.

¹⁰⁴Hilton, G. 2010. See also, Angel Reyes's blog. <http://www.angelreyesblog.com/2009/04/articles/us-politics/freetrade-agreement-with-panama-is-critical/>

IV. The current Labor Heavy Trade Fights

After looking at the 2006 and 2008 elections and the election of President Obama, it is important to dissect how the Democrats view and what they want to occur in pending and upcoming trade agreements as far as labor rights is concerned. According to Kimberly Elliot, formerly of the Peterson Institute for International Economics, the inclusion of labor provisions in trade agreements is primarily the result of the need to gain Congressional approval for these agreements.¹⁰⁵ With the Democrats now in power of both the Executive and Legislative branches, it will be a requirement that a country's labor laws will have to be written and enforced as per the ILO's fundamental principles before, or at least during, negotiations of a trading agreement with the United States. Many countries where FTAs with the United States have been recently passed, negotiated, or coveted, such as Bahrain, Chile, Guatemala, and Morocco, have all undertaken extensive reforms in terms of their law laws in anticipation of negotiating FTAs or RTAs with the United States. For example, Oman had a labor law that strictly restricted or made illegal labor organizing, however, they made drastic changes to the law as a condition of completing RTA negotiations with the United States.¹⁰⁶

Currently, the United States has three RTAs pending-Columbia, Panama, and South Korea-although labor rights arguments are at the heart of only the Columbian RTA. In a recommitment to his promises made in his second State of the Union Address in February, President Obama once again took up the

¹⁰⁵ Elliott, Kimberly. unpublished, p10

¹⁰⁶ Elliot, Kimberly. unpublished, p. 12

trade expansionist banner and expressed a desire to complete the three free trade agreements. In his address, Obama said that he would work to double American exports over the next five years, and putting these agreements into motion could go a long way in making this a reality. He recommitted to this in a speech made on July 7, 2010 where he said that he would call on Congress to make a strong push in renegotiating the stalled Panama and Columbia agreements. This promise came after a similar speech made at the G20 summit in Toronto in June where President Obama pledged support and pressure on the South Korean FTA.

Speaking from the east room of the White House, at an event which was intended to highlight the efforts that the Administration had undertaken to promote trade, Obama said, “For a long time, we were trapped in a false political debate in this country, where business was on one side and labor was on the other....what we now have an opportunity to do is to refocus our attention where we’re all in it together.” He also made a pledge that he would do everything in his power to “keep the playing field level” for American companies that send their products overseas.¹⁰⁷ This is important to a Democratic president because as we have seen, trade is a particularly difficult issue for many Democrats in the modern era due to the fact that there is a strong union-influenced view that American workers suffer disproportionately when the United States lowers trade barriers.

This pledge, coming in an election year brings on some more challenges for Democratic legislators, especially those up for reelection.

¹⁰⁷ Stolberg, S., 2010

Manufacturing has been hit particularly hard by the global recession and it may be difficult for legislators to support these agreements and be able to hold the “Fair Trade” banner bestowed upon them by organized labor. The major consternation on the South Korea pact revolves around the Democratic concerns about South Korea’s restrictions on automobile and beef imports from the United States. President Obama has vowed to address these concerns before sending the agreement to Congress.

President Obama, who is under heavy pressure from business leaders, does have some Democratic allies on the issue. After the president’s G-20 pledges on trade in Toronto, Representative Steny Hoyer, who is the House Democratic Majority Leader, called for Obama to renegotiate all three stalled pacts and send them to Congress. Those in the House leadership are often the biggest trade proponents among the Democratic Party. The rest of the party is mixed in their support, and is heavily dependent on their location and whether it is amid America’s manufacturing and organized labor heavy areas.

In order to renegotiate the pact in a labor friendly, but politically feasible way, Obama appointed 18 corporate and labor leaders, including chief executives from Ford Motor and Walt Disney, to a council to advise him on the pacts. The White House has also noted that there has been a 17 percent increase in American exports during the first four months of 2010, compared with the same period from 2009, showing that the economy may be pulling out of the recession and American manufacturing is bouncing back, even if that is a reserved rebound. “We’re upping our game for the playing field of

the 21st century, ... But we've got to do it together. We've got to all row in the same direction."¹⁰⁸ The true test will be how the Democrats renegotiate the pacts and how they write labor concerns into any future trading pacts.

Under a precedent set in the 1990s, any future trading agreements will likely have a labor section that is very similar to the labor section in the U.S.-Jordan FTA. Therefore, in order to understand the future labor rights discussions that will occur, it is important that we briefly look at the Jordan agreement before moving onto the real conflict as far as labor is concerned, Columbia.

V. Columbia:

While Colombia has ratified all eight of the International Labor Organization's (ILO) fundamental conventions, they have failed to ensure the safety of union leaders and failed to enforce the laws currently in place.¹⁰⁹ Speaking about Columbia in a March 2008 speech, Obama said he would oppose a FTA with Columbia because, "the violence against unions in Colombia would make a mockery of the very labor protections that we have insisted be included in these kinds of agreements." In a report published by the U.S. Department of State in March 2006, they wrote of Colombian trade unionists who are forced to endure selective, systematic, and persistent

¹⁰⁸ Stolberg, 2010

¹⁰⁹ ILO, *Ratifications by Country*, August 15, 2006 available from <http://www.ilo.org/ilolex/english/newratframeE.htm>. The eight fundamental conventions of the ILO are Convention #29 on Forced Labor, Convention, #87 on Freedom of Association and Protection of the Right to Organize, Convention #98 on the Right to Organize and Collective Bargaining, Convention #100 on Equal Remuneration, Convention #105 on Abolition of Forced Labor, Convention #111 on Discrimination in Employment and Occupation, Convention #138 on Minimum Age, and Convention #182 on the Worst Forms of Child Labor.

violence perpetrated primarily by illegal armed groups for both political and financial reasons. It further stated that the violence and anti-union discrimination that is being perpetrated causes workers to balk at joining a union and engaging in union activities.¹¹⁰ An Embassy of Colombia report to the United States in 2007, stated that there was a two-thirds decline in murders of trade unionists since 2002, and that this decrease was largely due to the greatly increased amount of resources and initiatives that Columbian President Uribe's administration has put into effect to deal with the problem.

The Columbian government and President Uribe enacted the National Development Plan in order to protect labor union members, their families, and other groups at their homes, at work and in public.¹¹¹

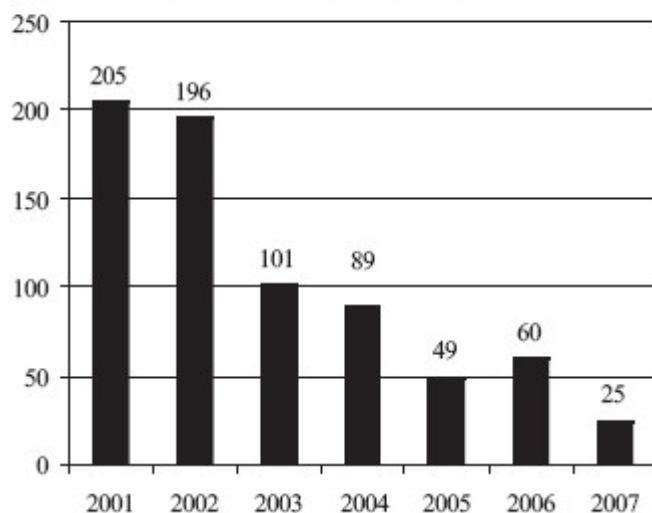
However, other sources suggest that violence against trade unionists has continued to occur with only relatively small decreases due to the fact that perpetrators have been able to act with little fear of punishment. In reports to the Committee of Experts on the Application of Conventions and Recommendations from Colombian trade unionists and also as presented separately by the International Trade Union Conference, 95 to 99 percent of cases concerning anti-union violence are claimed to go unpunished.¹¹²

¹¹⁰ US Dept. of State, 2007, para 418

¹¹¹ Embassy of Columbia, 2007

¹¹² International Labor Conference, 2005

Figure 1
Number of Assassinations of Union Members 2001–2007



Source: Embassy of Colombia, “Progress Report: Strengthening the Rights, Benefits and Security of Unions,” October 2007; and Colombia Ministry of Social Protection.

Table 1
Colombia’s Progress against Violence, 2002-2007

	2002	2007	Change
Common homicides	28,837	17,180	-40%
Civilians assassinated by illegal armed groups	2,087	358	-83%
Trade unionists killed	205	25	-88%
Kidnappings	2,882	515	-82%
Total terrorist attacks	1,645	381	-77%

Source: Colombian Ministry of Defense and Ministry of Social Protection. ¹¹³

It is due to the fact that many of these crimes and violence are not prosecuted and even more are not reported that the Democrats are blocking the Columbia FTA. In a letter speaking about the progress of the Columbia FTA from Rep. Nancy Pelosi (D-Ca), Rep. Steny Hoyer, Rep. Charles Rangel, and Rep. Sander Levin on June 29, 2007 said, “There is widespread concern in Congress

¹¹³ Department of Labor, 2009

about the level of violence in Colombia, the impunity, the lack of investigations and prosecutions, and the role of the paramilitary. Issues of this nature cannot solely be resolved through language in a trade agreement. We believe there must first be concrete evidence of sustained results on the ground in Colombia, and members of Congress will continue working with all interested parties to help achieve this end before consideration of any FTA. Consequently, we cannot support the Colombia FTA at this time.”¹¹⁴ The majorities of Democrats in both Houses remain uneasy about Columbia and still doubt the progress that Colombian President Uribe has touted. President Uribe has played host, on a number of occasions, to visiting legislators; although, most of the visits have been done by Republican supporters of the legislation who are met with glowing examples of how far Columbia has come as far as labor rights. However, Democrats are quick to point out that President Uribe has spent millions of dollars on public relations campaigns, lobbying firms, and the visiting legislators rarely, if ever, get to speak to labor unionists¹¹⁵.

As for when and if the Columbia FTA movement will be reignited, little evidence remains on how much President Obama and legislative Democrats will require from the Colombian government in exchange for its passage. USTR Kirk has made bringing the Columbia FTA out of legislative purgatory, reviving it, and passing the FTA one of his chief priorities for this legislature which will end early in 2011. With Obama’s newly granted support and backing, it certainly makes a potential passage before the end of this legislature more feasible, but the likelihood that Democrats will take a stand on the Columbia agreement with

¹¹⁴ Parks, 2007

¹¹⁵ United States Department of State, 2007

many of them fighting for their political lives remains very unlikely for the remainder of the year. So without significant Obama support, above and far beyond this pledge, it seems more likely that the Columbia FTA will be an element that will be left until after the midterm elections and to the next Congress, one which many seem to think may include more conservative voices.

VI. The Future of Labor and Trade, Where Will Go Next

A) What path ought we take between trade and labor?

This paper has already laid out the historical frameworks dictating how we arrived at our current position at the apex of labor organizations, trade policy, and the transition of the Democratic Party. It seems fitting then to tackle the issues and consequences of this direction we appear to be heading and analyze the actions that the federal government could and should take which would be most advantageous for Americans in the aggregate and our trading partners in the long run. Based on the complex interests of both labor organizations and free trade advocates, there is no easy way to spell out exactly what should be done in all cases. There is no magical formula that will allow for a choice what is best for all Americans and for foreigners alike, however, if history is any evidence, and as has been shown it undoubtedly is, trade expansion is better for the interests of America and Americans than protectionist, trade-restricting policies.

Trade benefits Americans, but not equally, creating a situation where trade expansion is the best unfeasible option. According to the United States

Trade Representative, trade has expanded U.S. annual incomes by more than \$1 trillion since 1945, meaning that, by disaggregating this figure by population estimates, every U.S. household has gained \$9,000 in income based on this trade expansion.¹¹⁶ Also according to the USTR, while speaking at a Senate Finance Committee meeting on February 15, 2007, USTR Susan Schwab said that expanding free trade and following a greatly expanded trade liberalization agenda would cause the GDP of the United States to increase by a further \$500 billion. This would assuredly enable American companies to be able to compete in foreign markets, creating jobs and propping the vital bottom lines of U.S. companies who have slipped during the current global economic recession.

Seeing the paradox that lies ahead, the following presents a nonpartisan and nonaligned look at just a sampling of the programs which could be expanded or created, which would have the effect of serving the best interests of all parties involved. In particular, the elements that most free traders see as a way that trade liberalization can continue even in the face of union opposition are as follows: a greatly expanded and more effective Trade Adjustment Assistance program, an expanded retraining program in more skilled professions which are trade resistant, increased access and affordability of places of higher education for all citizens, but especially those whose jobs have been downsized or outsourced due to increased international trade, and a corporate driven commitment to instituting basic labor rights.

¹¹⁶ Bivens, 2007

An expanded Trade Adjustment Assistance (TAA) program could be the element which allows Americans to support an expanded trade platform. It seems like an obvious idea that if all Americans can benefit from an expanded trade platform, that the winners in the trade game should compensate the losers for their sacrifices to the common good. TAA was created as an element of the Kennedy Round of trade negotiations, and while it was expanded in the 1970s, it still lacks a certain element of efficiency and effectiveness.

The purpose of TAA was, and is, to act as a buyout of American workers in exchange for their tacit acceptance of outsourcing and the isolated negative employment aspects of trade liberalization. “When asked if government assistance for workers hurt by trade would affect their views on whether LDCs should be given greater access to the American market, two-thirds of respondents said that they would now support free trade, up from 36 percent before they were informed about the economic effects of protectionism and 50 percent when informed about the negative economic implications of protectionism.”¹¹⁷ While effective in this element, the idea of a buyout of American workers to essentially get them to not complain does not solve the problem, it only adds to the growing welfare state in the United States. According to the Department of Labor, the current TAA program “offers a variety of benefits and services to eligible workers, including job training, income support, job search and relocation allowances, a tax credit to

¹¹⁷ Kimberley Elliot, forthcoming. p.31

help pay the costs of health insurance, and a wage supplement to certain reemployed trade-affected workers 50 years of age and older.”¹¹⁸

While all of these elements are indeed beneficial to displaced workers, TAA is not distributed according to the policies which govern its use.

According to a study by Robert Baldwin in 1980, a system of compensation such as TAA does exist in many countries that face the similar problems of the isolated negative effects of trade liberalization. Baldwin is quick to point out, however, that none of these programs fully compensates those who are affected, like in the United States, based on the fact that many of these plans require expensive administration to determine who gets compensated and at what levels.¹¹⁹ In order to qualify for TAA, a certain threshold must be met stating that the major reasons that the person was let go or whose job was shifted must have been due to outsourcing and/or trade aspects and not other elements which often lead to one losing his/her job.

This is more difficult to prove that one would assume and thus, many individuals who should be granted TAA privileges are never given any form of compensation, and many who should not be eligible for assistance are awarded benefits. It should be further noted that as Baldwin states, “there is evidence suggesting that ... [these unemployment benefits] may make employers more willing to lay off worker and encourage those who do lose their jobs to remain unemployed for longer periods than otherwise.”¹²⁰ It is in this last point where the main flaw of the program resides; it does not

¹¹⁸United States Department of Labor, 2010a

¹¹⁹ Baldwin, 1980

¹²⁰ Ibid, p. 30

adequately transition formerly employed workers into newer expanding careers, but helps them remain unemployed or to move into similar career paths in other areas or in other markets, which are often also jeopardized by trade, perpetuating the problems that were inherent to begin with.

In order to combat these challenges, TAA should be offered as a bonus payment on top of unemployment assistance but should be more of a retraining and reeducation program than a compensation program which can last for more than a year. If TAA was made to be more of a reeducation program, workers could be able to easily transition into growing careers, bringing them back the dignity of being employed and removing them from the burdens of the U.S. government, allowing trade to blossom and the deficit to be reduced. However, this can only be accomplished by working on making higher education in the United States a much easier to obtain privilege. In the United States there have been drastic and egregious price increases that have been witnessed at every type of higher education institution, from community colleges and state universities right up through the private Ivy League institutions. (Graphs outlining the tuition increases in the United States can be found in the appendix) In there lies the problems as the careers of the future will require increasingly advanced levels of education. As can be seen in the below graphs from the U.S. Bureau of Labor Statistics' 2010-2011 Occupational Outlook Handbook, the jobs which will experience the most growth in the next 10 years will all require advanced education, the kind not available on-the-job.

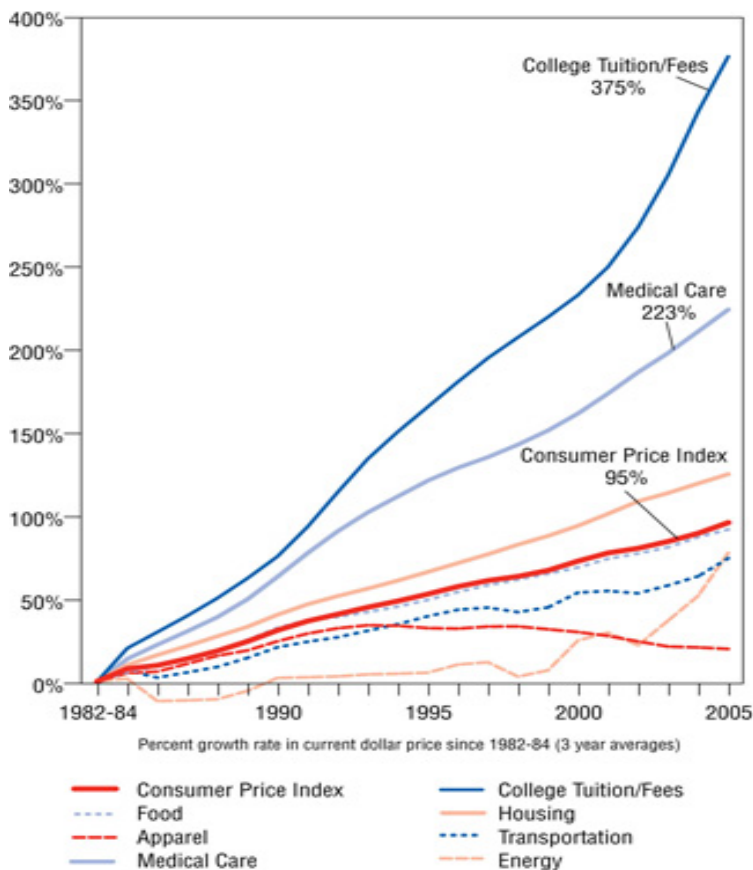
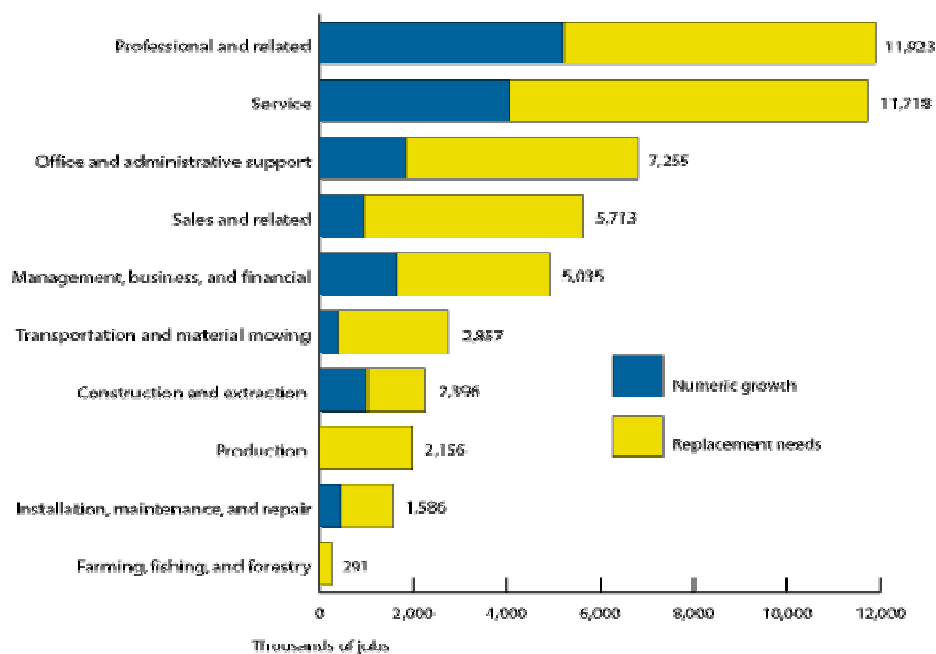


Chart 7. Percent change in employment, by education or training category, 2008-18 (projected)



Source: BLS Division of Occupational Outlook

Chart 8. Number of jobs due to growth and replacement needs, by major occupational group, 2008–18 (projected)



Source: BLS Division of Occupational Outlook

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In order to assuage this problem, the U.S. government must embark upon a campaign for college affordability. While some students may be able to afford the net cost of \$33,000 per year at Tulane University, it seems like a violation of the right to competition in an increasingly high-tech world when the top 50 most expensive private schools, in terms of net cost to student, are above or near the average annual income in the United States. As can be seen in the below chart, the net average cost of even a public four-year institution represents 73% of the average income of the lowest 20% of families. It is the sad fact of a bygone era that members of American

¹²¹ United States Bureau of Labor statistics. Occupational Outlook Handbook, 2010-11 Edition

Net college costs* as a percent of family income

	1992	2005 (MU 2006)	% pts increases	Top-Bottom gaps
At public four-year colleges and universities				
Lowest 20% income families	57%	73%	16%	50% pts (1992) 64% pts (2005)
Middle 20%	17%	23%	5%	
Highest 20%	7%	9%	1%	
At public two-year colleges				
Lowest 20% income families	50%	58%	8%	44% pts (1992) 51% pts (2005)
Middle 20%	14%	17%	3%	
Highest 20%	6%	7%	1%	

industry will never be able to find the same income level or benefits in the jobs available today with the same low-education levels as was once possible. In order to make U.S. citizens more competitive in the increasingly high-tech and educated world, the costs of education must be corralled. While the United States may have some of the highest levels of education in the developed world, a workforce that has even higher levels of education will be better able to bring the United States into a new era of development and prosperity while allow it to embrace increased liberalized international trade.

It seems clear that the easiest way that America can promote trade liberalization and keep Americans employed and prosperous is to train people and prepare them in a way which allows them to escape the negative effects of international trade, such as what would be possible if educational attainment was facilitated and cheaper.

Lastly, multinational corporations could go a long way toward assuaging the trade concerns of liberalization if they committed themselves to adopting corporate business policies which institute basic labor rights, circumventing the delicate and difficult international political field. Labor concerns in international trade have been an issue that has been discussed through international governing bodies for much of the past half a century. Most prominently, it emerged as part of the current Doha Round of trade negotiations, and remains as one of the topics stalling international passage of the round. However, many companies have been responding to the demands of public opinion by instituting their own labor standards. There are a number of basic practices which could be adopted with little real economic effect, but drastic social implications both in Western markets and in the areas of production.

Too many and too strong labor standards can be detrimental to the workers, employers and growth of developing countries, instituting basic standards could be beneficial for all three concerns. According to Kimberly Elliot, the most common complaints in LDC workplaces are: dark, crowded, hot and noisy workplaces; no emergency exits or fire extinguishers;

inadequate or no restroom time; no place to eat; abusive supervisors; below minimum wage payments; an absence of written contracts; compulsory overtime; sexual or other harassment of workers; late-or short-wage payments. Elliot follows by asking, “How expensive would it be to remedy some of these problems? Providing emergency exit lights in a workplace or fire extinguishers or giving workers security from sexual or other harassment or the right to go to the toilet should be relatively inexpensive.”¹²² In terms of aggregate costs, it would be hard to imagine that correcting these concerns would represent a dire attack on the bottom lines of these companies. Spread over the large production output that many of these companies exhibit, the minor costs that are represented in these fixes would likely amount to little more than a small budgetary line. In addition, many of these companies could make up for these fixes through increased worker productivity and positive public opinion which could serve to boost international appeal and sales. Firms such as Nike and other manufactures have responded to public opinion by enforcing minimal labor standards and have used the once negative reaction to working conditions to their benefit, bearing witness to strong growth in international sales.

Whether in terms of correcting simple labor concerns, creating a more-educated society that is better able to adapt to a changing global environment or building and managing an enhanced and more efficient TAA program, the United States must commit itself to creating a situation where liberalization is welcomed and not met with angry anti-globalists raining rocks and other

¹²² Elliot, 2003, p.19

projectiles on G20 security forces. Liberalized trade is beneficial to the interests of the American public and to the country in general and thusly should be assisted and promoted in whatever ways are possible.

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Appendices

I. Appendix 1

1) House and Senate Voting results on Trade Agreements and related topics since NAFTA

II. Appendix 2

2) Net Tuition costs in various educational institution types

Appendix 1**1993 Fast Track Authorization**Final House Vote on H.R. 1876

June 22, 1993 2:19 PM

Bill Title:

	Yeas	Nays	Present	Not Voting
Republican	150	23		3
Democrat	145	102		10
Independent		1		0
Totals	295	126	0	13

Final Senate Vote on HR 1876

Vote Date: June 30, 1993, 06:36 PM

Bill Title:

	Yeas	Nays	Present	Not Voting
Republican	37	4		3
Democrat	39	12		5
Independent				
Totals	76	16	0	8

NAFTAFinal House Vote on H R 3450

November 17, 1993 10:36 PM

Bill Title: North American Free Trade Agreement Implementation Act

	Yeas	Nays	Present	Not Voting
Republican	132	43		0
Democrat	102	156		0
Independent		1		0
Totals	234	200	0	0

Final Senate Vote on Passage of H.R.3450

Vote Date: November 20, 1993, 07:28 PM

Bill Title: North American Free Trade Agreement Implementation Act

	Yeas	Nays	Present	Not Voting
Republican	34	10		
Democrat	27	28		1
Independent				
Totals	61	38	0	1

WTO Membership for the United States

Final House Vote on Passage of HR 5110

November, 29 1994

6:39 PM

Bill Title: General Agreement on Tariffs and Trade

	Yeas	Nays	Present	Not Voting
Republican	121	56		
Democrat	167	89		
Independent		1		
Totals	288	146	0	0

Final Senate Vote on Passage of H.R. 5110

December 1, 1994 6:48 PM

Measure Title: A bill to approve and implement the trade agreements concluded in the Uruguay Round of multilateral trade negotiations.

	Yeas	Nays	Present	Not Voting
Republican	35	10		
Democrat	41	14		
Independent				
Totals	76	24	0	0

African Growth and Opportunities Act

Final House Vote on Passage on H R 434

July 16, 1999 2:19 PM

Title: African Growth and Opportunity Act

	Yeas	Nays	Present	Not Voting
Republican	136	63		24
Democrat	98	99		13
Independent		1		
Totals	234	163	0	37

Final Senate Vote on Passage of H.R. 434

November 3, 1999 05:56 PM

Measure Title: An act to authorize a new trade and investment policy for sub-Saharan Africa, expand trade benefits to the countries in the Caribbean Basin, renew the generalized system of preferences, and reauthorize the trade adjustment assistance programs.

	Yeas	Nays	Present	Not Voting
Republican	46	6		2
Democrat	30	13		2
Independent				
Totals	76	19	0	4

China Normal Trade RelationsFinal House Vote on Passage of H R 4444

May 24, 2000 5:41 PM

Bill Title: To Authorize Extension of Nondiscriminatory Treatment (Normal Trade Relations Treatment) to the People's Republic of China

	Yeas	Nays	Present	Not Voting
Republican	164	57		1
Democrat	73	138		
Independent		2		
Totals	237	197	0	1

Final Senate Vote on Passage of HR 4444

September 19, 2000 02:21 PM

Bill Title: To authorize extension of nondiscriminatory treatment (normal trade relations treatment) to the People's Republic of China, and to establish a framework for relations between the United States and the People's Republic of China.

	Yeas	Nays	Present	Not Voting
Republican	45	8		
Democrat	38	7		2
Independent				
Totals	83	15	0	2

2001 – 2002 Fast Track AuthorizationFinal House Vote on Passage of H R 3005

December 6, 2001

4:37 PM

Bill Title: Bipartisan Trade Promotion Authority Act

	Yeas	Nays	Present	Not Voting
Republican	194	23		4
Democrat	21	189		1
Independent		2		
Totals	215	214	0	5

Final Senate Vote on Passage of H.R. 3005

May 23, 2002 8:13 PM

Bill Title: A bill to extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

	Yeas	Nays	Present	Not Voting
Republican	42	5		3
Democrat	24	25		1
Independent				
Totals	66	30	0	4

Andean Trade Preference Act

Final House Vote on H R 3009

July 27, 2002 3:30 AM

QUESTION: On Agreeing to the Conference Report

BILL TITLE: Andean Trade Preference Act

	Yeas	Nays	Present	Not Voting
Republican	190	27		5
Democrat	25	183		2
Independent		2		
Totals	215	212	0	7

Final Senate Vote on H.R. 3009

August 1, 2002 04:18 PM

Bill Title: A bill to extend the Andean Trade Preference Act, to grant additional trade benefits under that Act, and for other purposes.

	Yeas	Nays	Present	Not Voting
Republican	44	5		1
Democrat	20	29		1
Independent				
Totals	64	34	0	2

Chile FTA

Final House Vote on Passage of H.R.2738

July 24, 2003

3:47 PM

Bill Title: United States-Chile Free Trade Agreement Implementation Act

	Yeas	Nays	Present	Not Voting
Republican	195	27		6
Democrat	75	128		2
Independent		1		
Totals	270	156	0	8

Final Senate Vote on Passage of H.R. 2738

July 31, 2003

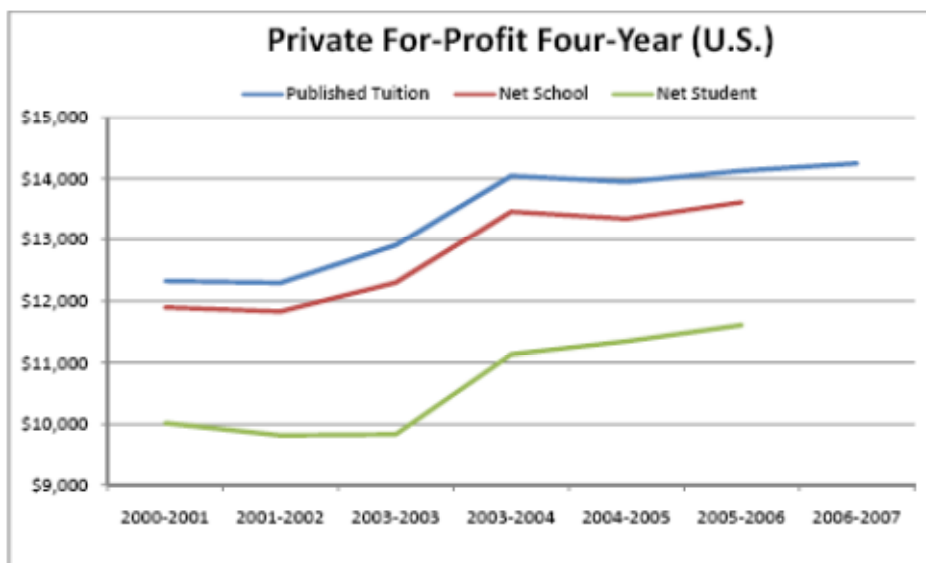
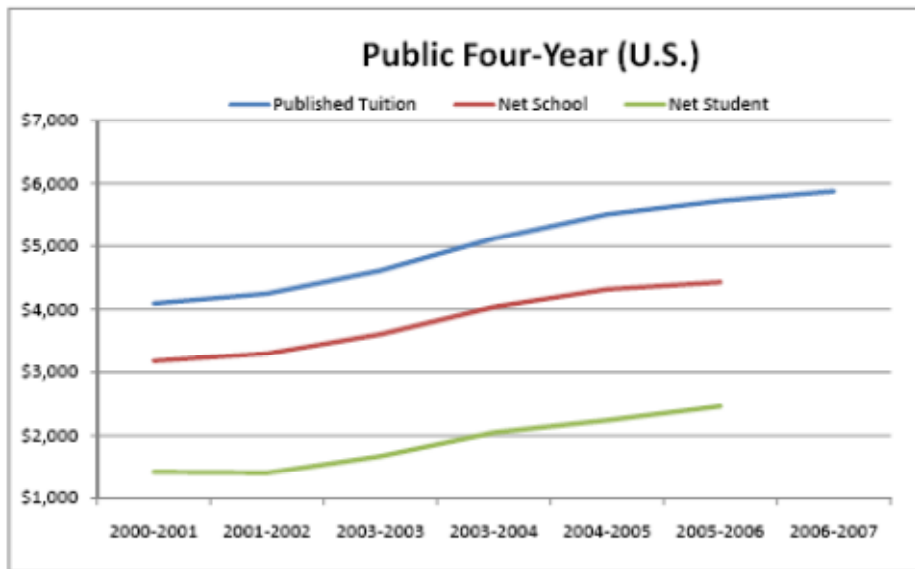
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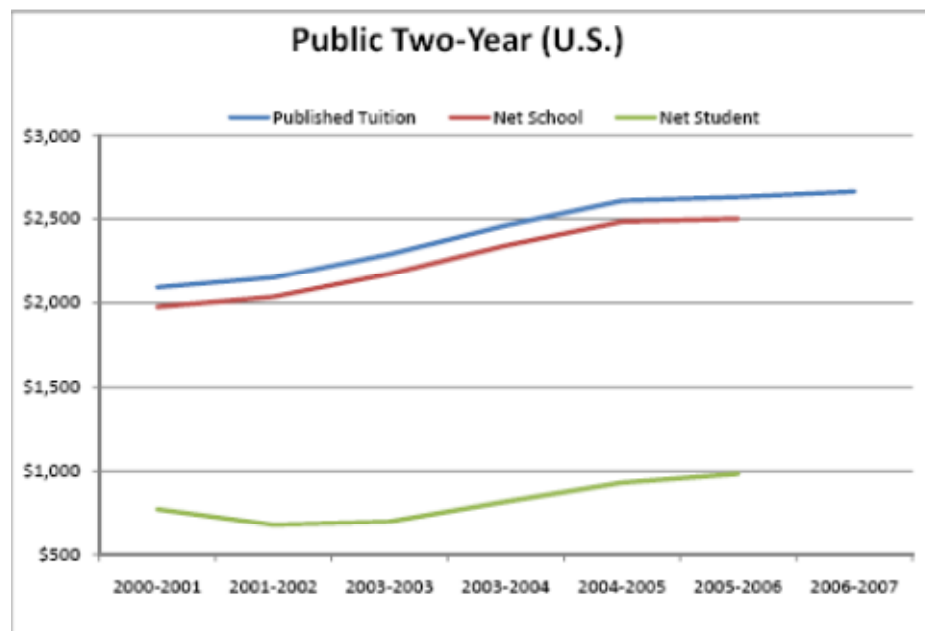
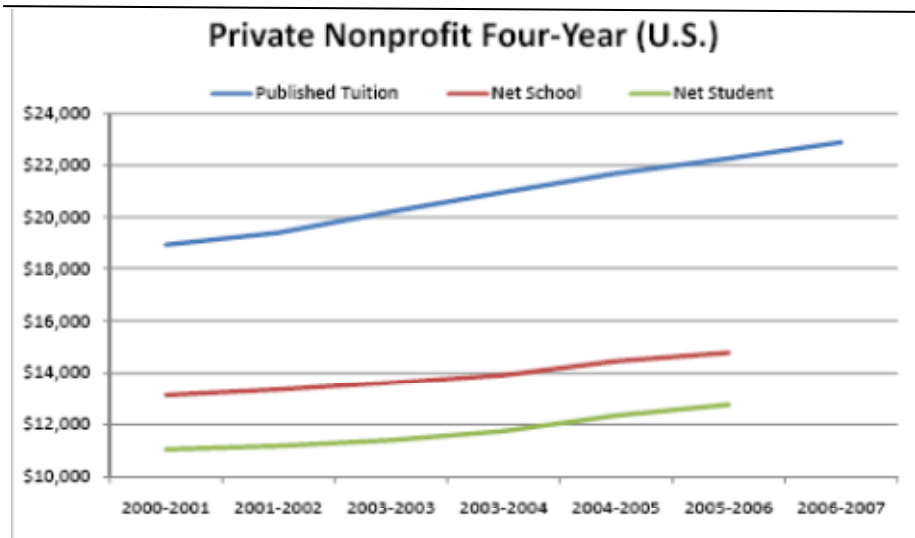
Bill Title: A bill to implement the United States-Chile Free Trade Agreement

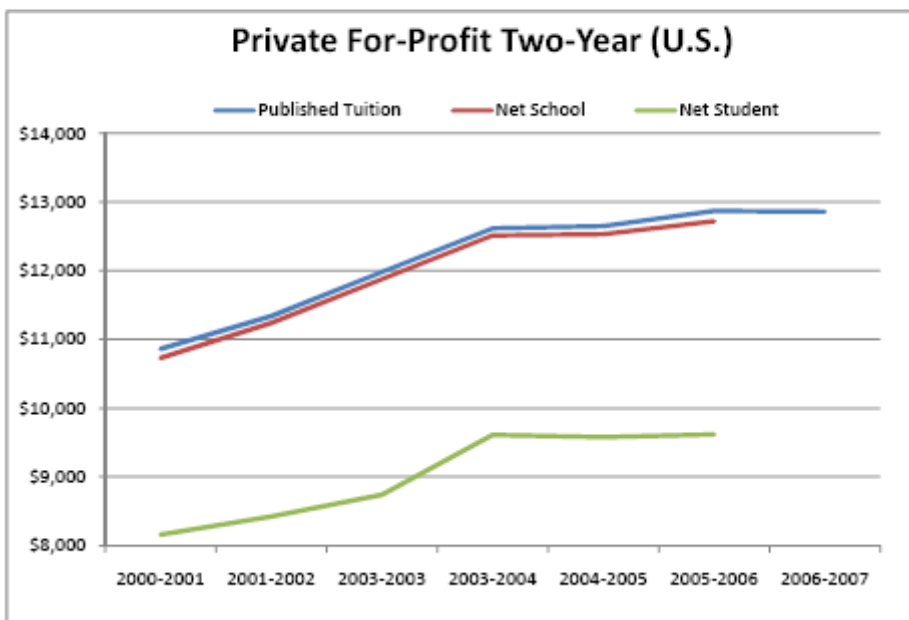
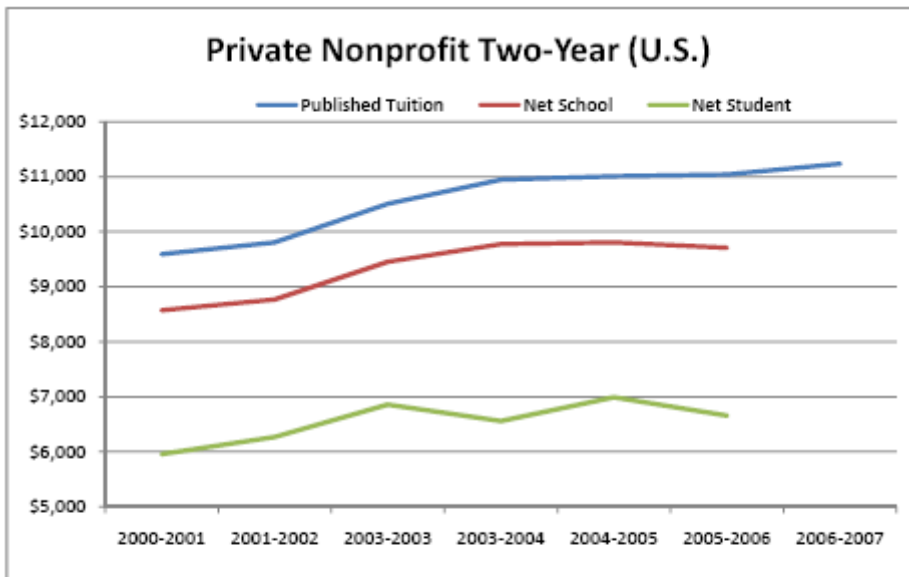
	Yeas	Nays	Present	Not Voting
Republican	43	7		1
Democrat	22	24		2
Independent		1		
Totals	65	32	0	3

Appendix 2

Net Tuition figures are complimentary of the Center for College Affordability. Their findings are included below.







**2005-2006 Highest Net Student Tuition & Fees: 4-
year Public Schools**

Rank	School	Dollars
1	Miami University-Oxford	\$11,399 ⁷
2	University of Pittsburgh-Main Campus	\$9,808
3	Benjamin Franklin Institute of Technology	\$9,015
4	St Mary's College of Maryland	\$8,692
5	Pennsylvania State University-Penn State Main Campus	\$8,663
6	Pennsylvania State University-Penn State Berks	\$8,339
7	SUNY Maritime College	\$7,904
8	Pennsylvania State University-Penn State Erie-Behrend College	\$7,743
9	Pennsylvania College of Technology	\$7,708
10	Pennsylvania State University-Penn State Altoona	\$7,662
11	Pennsylvania State University-Penn State Delaware County	\$7,492
12	University of Pittsburgh-Johnstown	\$7,413
13	University of Pittsburgh-Greensburg	\$7,413
14	Pennsylvania State University-Penn State York	\$7,289
15	Pennsylvania State University-Penn State Lehigh Valley	\$7,243
16	Pennsylvania State University-Penn State Hazleton	\$7,238
17	University of Massachusetts-Dartmouth	\$7,206
18	Pennsylvania State University-Penn State New Kensington	\$7,186
19	Pennsylvania State University-Penn State Beaver	\$7,146
20	Pennsylvania State University-Penn State Worthington Scranton	\$6,984
21	Pennsylvania State University-Penn State Wilkes-Barre	\$6,654

⁷ Due to the unique nature of tuition charges at Miami University, the figure reported here almost certainly overstates the net tuition at the school. The school charges all students the out-of-state tuition rate, but then gives large grants to all in-state students. Since the calculations above start from the in-state tuition, which is inflated at Miami, and not fully offset by the higher institutional grants (the Department of Education reports only the average institutional grant for all students, but out-of-state students don't receive the in-state grants, so they drag this figure down), the \$11,399 figure reported above overestimates net tuition. To remedy this, the school provided an estimate of institutional aid for in-state students for the 2005-2006 school year. Using this number, the net tuition at Miami University for 2005-2006 was \$7,745.

22	Pennsylvania State University-Penn State Abington	\$6,643
23	University of New Hampshire-Manchester	\$6,542
24	University of Minnesota-Duluth	\$6,478
25	Pennsylvania State University-Penn State Mont Alto	\$6,373
26	Pennsylvania State University-Penn State Fayette-Eberly Campus	\$6,359
27	Pennsylvania State University-Penn State Greater Allegheny	\$6,179
28	College of William and Mary	\$6,124
29	Rowan University	\$6,123
30	University of Massachusetts-Amherst	\$6,118
31	Montclair State University	\$6,022
32	The Richard Stockton College of New Jersey	\$5,870
33	University of New Hampshire-Main Campus	\$5,775
34	Maine Maritime Academy	\$5,669
35	Pennsylvania State University-Penn State Shenango	\$5,656
36	University of Wisconsin-Stout	\$5,652
37	William Paterson University of New Jersey	\$5,623
38	University of Illinois at Urbana-Champaign	\$5,602
39	University of Massachusetts-Lowell	\$5,601
40	Ohio University-Main Campus	\$5,581
41	Castleton State College	\$5,536
42	Pennsylvania State University-Penn State Schuylkill	\$5,449
43	Plymouth State University	\$5,386
44	Pennsylvania State University-Penn State Dubois	\$5,374
45	University of Connecticut-Avery Point	\$5,362
46	Vermont Technical College	\$5,326
47	Winona State University	\$5,308
48	University of Minnesota-Twin Cities	\$5,305
49	University of Cincinnati-Main Campus	\$5,296
50	Ferris State University	\$5,266

**2005-2006 Highest Net Student Tuition & Fees: 4-year
Private Schools**

Rank	School	Dollars
1	Tulane University of Louisiana	\$33,346
2	Vanderbilt University	\$29,039
3	Rhode Island School of Design	\$25,683
4	Tufts University	\$24,787
5	Kenyon College	\$24,712
6	Loyola University New Orleans	\$24,410
7	George Washington University	\$24,298
8	Trinity College	\$24,201
9	New York University	\$23,963
10	Skidmore College	\$23,771
11	Sarah Lawrence College	\$23,608
12	Bucknell University	\$23,567
13	Brown University	\$23,545
14	Pitzer College	\$23,288
15	Bowdoin College	\$23,199
16	Vassar College	\$23,109
17	St John's College	\$22,959
18	Columbia University in the City of New York	\$22,724
19	Fairfield University	\$22,630
20	University of Pennsylvania	\$22,598
21	Washington University in St Louis	\$22,527
22	Cornell University	\$22,459
23	Colgate University	\$22,323
24	Bard College	\$22,320
25	College of the Holy Cross	\$22,318
26	California Institute of the Arts	\$22,286
27	Wesleyan University	\$22,215
28	Oberlin College	\$22,117
29	Boston College	\$21,979
30	Franklin and Marshall College	\$21,868
31	Georgetown University	\$21,774
32	Haverford College	\$21,721
33	Johns Hopkins University	\$21,611
34	Wheaton College	\$21,543
35	Manhattan School of Music	\$21,453
36	Reed College	\$21,310
37	University of Richmond	\$21,200
38	Lynn University	\$21,135
39	Scripps College	\$20,900
40	Duke University	\$20,760
41	Stanford University	\$20,755
42	Lehigh University	\$20,745
43	Villanova University	\$20,592
44	Loyola College in Maryland	\$20,580
45	Carnegie Mellon University	\$20,579
46	Hampshire College	\$20,556
47	Emory University	\$20,551
48	Coleman College	\$20,516
49	Hamilton College	\$20,509
50	Barnard College	\$20,508

Summary

There has been much talk over the past 50 years about the role of American labor in a changing American industrial market. As the world has become increasingly connected, American workers who tout high levels of labor rights, high wages, and safe working conditions have been hard pressed to compete with emerging economies that often share little of these same principles or legal decrees. Worker's rights have become an increasingly important topic for American labor. The debate over American competitiveness in the world has been fought on the picket lines, on the streets, in back rooms and most importantly in the stolid white columned halls of Congress. While liberalized trade was widely supported within both Democratic and Republican Congressional platforms in the post-war period, this stance has suffered from a slow change, especially as the century came to a close.

Both sides of the debate are grounded and steadfast in their support or opposition to a liberalized trade framework. Organized labor has progressed over the century from supporting a liberalized trade platform when American manufacturing and blue-collar jobs had a comparative advantage in an industrializing world, to demanding favorable trade regulations when input and labor prices in the rest of the world began to undercut American industries. Organized labor has also been quick to point out that the lack of a global labor rights framework which has enforcement capabilities will precipitate into a global race to the bottom where workers in the developed world will suffer wage cuts in order to allow American industries to remain competitive. Unions point to the growing productivity/wage gap as a sign that this problem is already diminishing the pay of the American blue collar worker. They point to evidence from the Department of Labor and

from U.S. Bureau of Labor Statistics that shows that there has been a large fall in relative wages while the productivity of American workers has continuously increased, and ranks nearly at the top of the most productive workers in the world. Unions also like to point out that in nearly all major surveys conducted, consumers are willing to pay slightly more for goods which were produced by American based manufacturers in order to guarantee that they were created under fair and safe working conditions. Business groups take the opposite stand (Some exceptions exist). Businesses support a liberalized trade platform so that they have the freedom to put all potential cost saving and other business practices into effect. American manufacturing sees accessing pools of cheap labor as a necessity to compete in a globalized world where the mobility of capital is augmented by the mobility of labor across many regions of the globe. They also point to the detrimental effects of labor unions in the market; they show studies that unions have caused large negative GDP effects since the 1950s. Businesses also make an argument against imposing labor provisions on foreign countries, potentially not in the wishes of their workers or governments.

The trade/labor debate has undergone a complete revolution over the last 40 years. In the post war years and even through the Kennedy Round of trade negotiations in the 1960s, Democrats and their constituencies were fervently in favor of liberalized trade, voting nearly unanimously in some cases to extend free trade privileges or reduce barriers to trade. However, as the trade deficit emerged in the 1970s and American manufacturing began a decline that would only quicken in pace, Democrats were forced by the industries and labor unions that comprised a large part of their constituencies to support protectionist measures. Democratic legislators helped to pass import restrictions and

content requirements which protected auto and textile companies against competition from foreign producers. They even went so far as to pass trade restrictions against Japan in an attempt to limit their suffering.

The trade debate took on the prominent role that it plays today with the NAFTA debate in the early 1990s. The Business Roundtable, sponsored by the United States Chamber of Commerce, and the National Association of Manufacturers went head to head with labor unions such as the AFL-CIO. President Clinton inherited the NAFTA trade deal from former President George H.W. Bush, and was forced to work with the Republicans in Congress to pass the deal as the majority of the Democrats remained opposed. When he first came into office, President Clinton's position on trade was unknown and his early speeches and appointments did little to clear anything up. Clinton, currying favor to the Democratic labor constituencies, argued for and won a side agreement on labor that became a part of the agreement, although the lack of teeth in the document left labor unions feeling betrayed and searching for answers.

The anger of the NAFTA debates would translate into the next decade, although the Republican Revolution in 1996, which lasted until 2006, shut the Democrats out of the trade debate. With the Democrats looking in from the outside, their loquacious allies, organized labor, continued to pressure them to impose restrictions on trade to support American manufacturing and blue-collar workers. During the Bush years, the United States went through one of the most active periods of trade liberalization, although the Jordan model did provide for an acknowledgement of the importance of labor rights. However, it severely lacked the teeth or the requirements needed to be effective.

Organized labor and the Democratic Party stormed back in 2006 and in 2008 as the “Fair Trade” movement swept dozens of Fair Trade minded legislators, who have put trade and specifically labor rights and standards back on the table, into office. However it has become apparent that there is a discrepancy in the opinions of the old block democratic leadership and the new arrivals. The Democratic leadership, including the leaders of the trade committees, notably Sander Levin (D-MI) and other leaders such as Nancy Pelosi have come out in support of liberal trade as long as labor has a place at the table and sufficient labor concerns are taken into account. However, the newly elected members of Congress widely supported a moratorium on trade liberalization and a renegotiation of all previous trade agreements. The inauguration of a new Democratic president, Barack Obama, was supposed to be a champion of labor standards and bring forth a new era of trade negotiations. However with the state of the economy in full freefall, trade was put on the back burner and with the Canadian NAFTA comment by an Obama campaign insider to a Canadian official, it is unclear whether Obama will truly push through the currently outstanding trade agreement which have been negotiated.

Significance

There remain surprisingly few comprehensive studies looking into the roles that labor unions have played in shaping the trade policies of the United States. Looking at the past elections provides enough evidence to show that the support of labor unions is not only a welcomed element of Democratic campaigns, but a requirement. Trade policy for many of these unions and companies in trade competitive sectors consists are highly protectionist and this has clearly rubbed off on legislators. It is my hope that this research

will go a long way into beginning to open up this debate and bring this significance to the forefront of American politics.

Many Americans have not contemplated the policy implications of a single party controlled government, whether that be protectionist Democrats or trade liberalist Republicans. In a completely Democratically controlled Congress and with a Democratic president this could lead trade policy down a slippery slope toward protectionism at a time when we should be embracing reducing trade barriers for American products. With this report, it is my hope that Americans can support a balanced trade framework that embraces a liberalized trade framework that also protects American and foreign workers.