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Recent Government Data Show Another Record Monthly U.S. Trade Deficit and Growing Manufacturing Job Loss in South Texas, Again Highlighting Destructiveness of Rep. Cuellar's CAFTA Vote

WASHINGTON, D.C. – New government data, released today, show the U.S. trade deficit ballooning at an unprecedented and unsustainable rate, again spotlighting the damage current U.S. trade policy causes to Texas workers' job prospects and the stability of the U.S. economy – damage that likely will be worsened by Rep. Cuellar's July decision to cast a deciding vote to expand the North American Free Trade Agreement (NAFTA) to six more countries, Public Citizen said today. Today's worrisome trade deficit data come on the heels of recent government manufacturing job loss numbers, which demonstrate the dangers to economic stability and standards of living for U.S. workers of the current U.S. trade policy that Cuellar voted to expand.

According to today's numbers, the monthly U.S. trade deficit for goods and services in September 2005 was \$66 billion. This number is up from the August 2005 monthly trade deficit of \$59 billion. The September 2005 trade deficit was nearly \$15 billion more than the year before in September 2004, with September 2005 exports only \$7.5 billion higher than a year previous and September 2005 imports \$21.7 billion higher than a year previous. In 2004, the United States hit a then-record trade deficit of \$617.7 billion, or 5.3 percent of U.S. gross domestic product (GDP).

Already in 2005, the U.S. trade deficit is projected to reach nearly \$700 billion for 2005, far ahead of last year's record and approaching 6 percent of the GDP. A deficit that reaches 4 percent of the GDP is considered by economists to pose a threat to an economy's general stability by increasing prospects for high interest rates or sudden sell-offs of a country's currency.

A rising trade deficit leads to the loss of jobs in traded sectors – namely, good jobs in the manufacturing sector. A decade of rising trade deficits has contributed to the loss of 3.2 million manufacturing jobs that the United States as a whole lost between 1998 and 2004, the most recent period for which complete numbers are available.¹ If the Central America Free Trade Agreement (CAFTA) has the same effect as NAFTA did, it will further worsen job losses.

Recently released monthly manufacturing employment figures show a steady job loss for the 28th district as well, represented in the U.S. Congress by Cuellar. According to these numbers, the San Antonio metropolitan area suffered the loss of 7,700 manufacturing jobs between September 1998 and September 2005, or over 14 percent of the total.² This trend toward the loss of good jobs was also felt at the state level, with Texas losing 189,900 manufacturing jobs between September 1998 and September 2005.³

At home in Texas, Cuellar is still receiving significant criticism for his support for CAFTA, for which he provided a deciding vote when the agreement passed the House by a 217-215 vote. (A shift of one vote would have meant a tie and defeat for CAFTA.) CAFTA, like NAFTA before it, contains rules that give U.S. corporations incentives to relocate production abroad in order to take advantage of lower labor costs and more lax environmental enforcement.

“It is shocking that Rep. Cuellar would vote for CAFTA NAFTA expansion, given the soaring trade deficit and continued loss of good U.S. jobs occurring under current U.S. trade policies such as NAFTA. By supporting CAFTA, Rep. Cuellar voted to expand a trade policy that is causing a continued race-to-the-bottom in wages and the loss of quality jobs, threatening the very existence of the U.S. middle class,” said Lori Wallach, director of Public Citizen’s Global Trade Watch.

For more information on the policy implications of the growing U.S. trade deficit, local job loss numbers, CAFTA or to schedule an interview, contact Eliza Brinkmeyer, press assistant of Public Citizen’s Global Trade Watch at (202) 454-5108 or ebrinkmeyer@citizen.org

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Public Citizen is a national, nonprofit consumer advocacy organization based in Washington, D.C. For more information, visit www.citizen.org.

¹ Bureau of Labor Statistics, National Employment, Hours, and Earnings, Manufacturing Supersector, All employees, in thousands, Series CEU3000000001, accessed Oct. 21, 2005.

² Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings, SAN ANTONIO, TX area, Manufacturing Supersector, All employees, in thousands, Not seasonally adjusted, Series SMU4841700300000001, accessed Oct. 21, 2005. The year 1998 was the peak of nationwide U.S. manufacturing employment, which has been declining nationally since that time. The number for September 2005 is a preliminary number published by the Bureau of Labor Statistics.

³ Bureau of Labor Statistics, State and Area Employment, Hours, and Earnings, Texas, Manufacturing Supersector, All employees, in thousands, Seasonally adjusted, Series SMS4800000300000001 accessed Oct. 21, 2005. The year 1998 was the peak of nationwide U.S. manufacturing employment, which has been declining nationally since that time. The number for September 2005 is a preliminary number published by the Bureau of Labor Statistics.