Oregon: Lost Jobs, Surging Deficits, Rising Inequality under "Free Trade" Deals

The **Trans-Pacific Partnership (TPP)**, just negotiated behind closed doors with 11 Pacific Rim nations, would expand the North American Free Trade Agreement (NAFTA) "trade" pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality and new floods of agricultural imports. The TPP expands NAFTA's special protections for firms that offshore U.S. jobs. And U.S. negotiators literally used the 2011 Korea Free Trade Agreement (FTA) – under which exports have fallen and trade deficits have surged – as the template for the TPP.

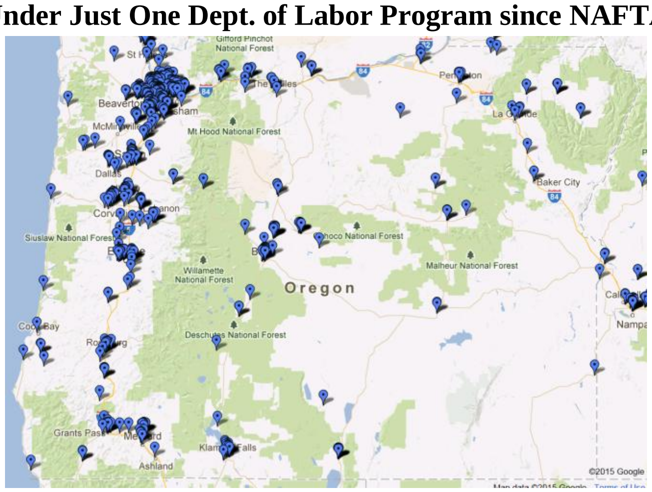
Massive Trade-Related Job Losses for Oregon

Oregon has lost more than 17,000 manufacturing jobs – more than one out of ten – since the 1994 NAFTA and the World Trade Organization agreements took effect. Nearly five million manufacturing jobs have been lost nationwide.

U.S. manufacturing workers that lose jobs to trade and find reemployment are typically forced to take pay cuts. Three of every five who were rehired in 2014 took home smaller paychecks, and one in three lost greater than 20 percent, according to Department of Labor data.

More than 61,000 specific Oregon jobs have been certified under the Trade Adjustment Assistance (TAA) program as lost to offshoring or imports since NAFTA. These numbers significantly undercount trade-related job loss as TAA only covers a subset of jobs lost to trade.

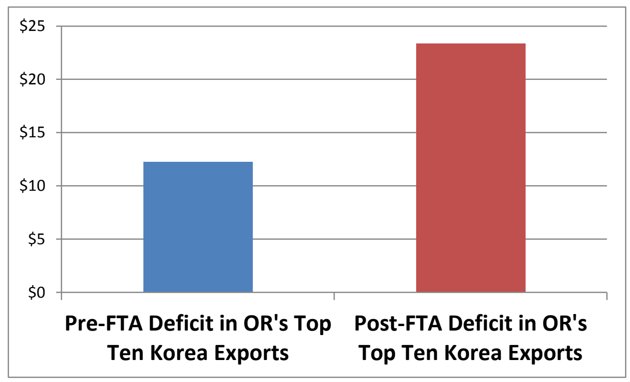
61,509 Trade-Related Oregon Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



Oregon workplaces with trade-related job losses – For a full list see www.citizen.org/taadatabase

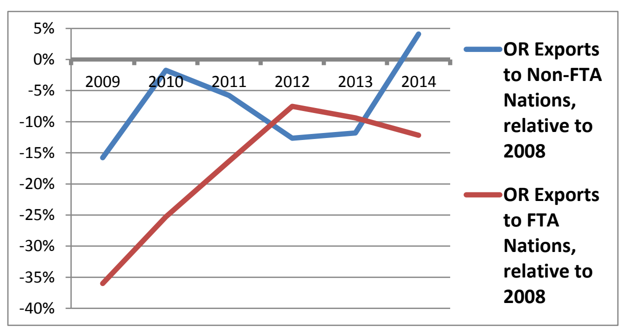
U.S. Trade Deficit with Korea in OR's Top 10 Korea Exports Grows 91% under Korea FTA

The U.S. trade deficit with Korea in the top 10 products that Oregon exports to Korea – including everything from machinery to agricultural products – ballooned 91 percent in the FTA's first three years.



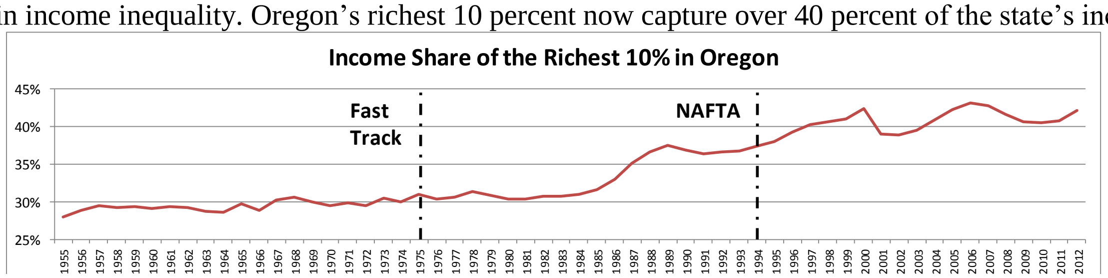
Oregon Exports Fail to Rebound under FTAs

Since the 2009 crash in global trade following the financial crisis, Oregon's exports to nations that *are not* U.S. FTA partners have rebounded, exceeding the 2008 level. In contrast, Oregon's exports to FTA partners remain 12 percent below the 2008 level.



Oregon Income Inequality Soars during Era of NAFTA-Style Deals

Study after study shows an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. Oregon's richest 10 percent now capture over 40 percent of the state's income.



Oregon Cannot Afford the TPP's Expansion of the NAFTA "Trade" Pact Model

Exports of OR Agri. Products Fall under FTAs

U.S. exports to Canada and Mexico of cattle – one of Oregon's top agricultural products – fell 46 percent in the first 21 years of NAFTA. In the first three years of the Korea FTA, U.S. exports to Korea of nursery/greenhouse products and wheat – two more top Oregon agricultural products – fell 14 and 4 percent, respectively.

Oregon Exports Fail to Rebound under FTAs

Time and again, defenders of the trade status quo have tried to sell NAFTA-style deals to Congress with the promise that they would boost U.S. exports. Time and again, they have been wrong. Since the 2009 crash in global trade following the financial crisis, Oregon's exports to nations that *are not* U.S. FTA partners have rebounded, exceeding the 2008 level. In contrast, Oregon's exports to FTA partners remain 12 percent below the 2008 level. **Nationwide, growth of U.S. exports to countries that *are not* FTA partners has exceeded U.S. export growth to FTA partners by 24 percent over the last decade.** The current attempt to use the same old promises of export growth to sell the TPP and Transatlantic Trade and Investment Partnership (TTIP) defies the evidence.

Net Exports of OR Goods Fall under Korea FTA

Oregon's exports have fared poorly under the most recent Fast-Tracked expansion of the NAFTA trade model – a 2011 FTA with Korea that literally has served as the U.S. template for the TPP. In the first three years of the Korea FTA, the U.S. trade deficit with Korea in the top ten products that Oregon exports to Korea – including everything from machinery to agricultural products – ballooned 91 percent as exports actually fell and imports rose. **The overall U.S. goods trade deficit with Korea surged $13.6 billion (90 percent). According to the administration's trade-jobs ratio, that equates to the loss of over 90,000 U.S. jobs in three years of the FTA**.

Oregon Inequality Soars during FTA Era

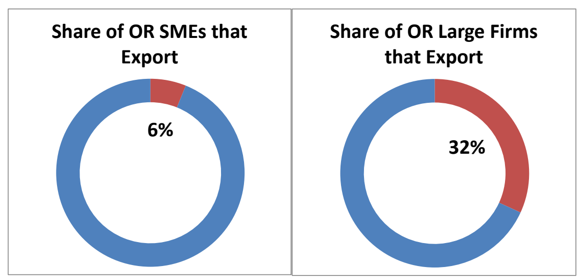
The richest 10 percent of Oregonians are now capturing 42 percent of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. NAFTA-style pacts have promoted the offshoring of well-paying U.S. manufacturing jobs, spurring broad middle-class wage stagnation as trade-displaced workers compete for lower-paying, non-offshoreable service sector jobs. A Center for Economic and Policy Research study finds that under the TPP, 90 percent of U.S. workers would lose more to inequality increases than gained in cheaper goods, spelling a pay cut.

Small Businesses Are Not Helped by FTAs

NAFTA-style pacts are often sold to Congress as promoting the interests of small and medium enterprises (SMEs) on the basis that they comprise most exporters. Even if setting aside the government data showing that FTAs have not actually increased export growth, SMEs comprise most exporters simply because they constitute 99.7 percent of U.S. firms. The more relevant question is what share of SMEs actually depend on exports for their success. In Oregon, only 6 percent of SMEs export any good to any country. In contrast, 32 percent of large firms in Oregon are exporters. Exporting is primarily the domain of large corporations, not small businesses.

94% of Oregon Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 6 percent of Oregon's small and medium enterprises export any products, compared with 32 percent of the state's large firms.



TPP and TTIP Would Empower Foreign Firms to Attack Oregon Policies

The TPP and TTIP would empower foreign corporations to bypass domestic courts and challenge U.S. and Oregon health, environmental and other public interest policies that they claim undermine new foreign investor rights not available to domestic firms under U.S. law. This controversial "investor-state dispute settlement" (ISDS) system would authorize foreign tribunals of three private attorneys unaccountable to any electorate to rule against policies and order unlimited taxpayer compensation for foreign firms' "expected future profits." Tribunals have ordered governments to pay foreign investors $3.6 billion under existing U.S. pacts in ISDS attacks on environmental protections, health and safety measures and more, while more than $34 billion is pending. The TPP and TTIP would expose Oregon and U.S. policies to an unprecedented increase in ISDS liability, given the 428 firms in Oregon owned by corporations in EU or TPP countries, any one of which could launch an ISDS claim.

***Sources**: International Trade Administration, U.S. International Trade Commission, U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Department of Agriculture, Office of TAA, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute*