



215 Pennsylvania Avenue, SE • Washington, D.C. 20003 • 202/546-4996 • www.citizen.org

Prosperity Undermined During Era of Fast Tracked NAFTA and WTO Model Trade Agreements

Fast Track was a U.S. procedure established in the 1970s for the negotiation and congressional approval of trade agreements. It delegated to the executive branch various Congressional constitutional authorities, including Congress' exclusive constitutional authority to "regulate Commerce with foreign nations."¹ In particular, Fast Track allowed the executive branch to select countries for, set the substance of, and then negotiate and sign trade agreements – all before Congress had a vote on the matter. Under Fast Track, the executive branch was empowered to write lengthy implementing legislation for each pact with normal congressional committee processes, such as legislative amendments in committee mark ups, circumvented. These executive-authored bills altered wide swaths of U.S. federal law to conform domestic policy to each agreement's requirements. And, once passed, the trade agreements and implementing bills become federal law, and thus pre-empt state law.

Moreover, Fast Track was unique in that it also delegated to the executive branch control of the schedules of the House and Senate with respect to consideration of trade agreements. Fast Track empowered the executive branch to *force* a congressional vote on such implementing legislation and the related agreement within a set amount of time, regardless of the views of congressional leaders. Sixty legislative days after the president submitted to Congress whatever agreement he signed and whatever legislation he wrote, the House of Representatives was required to vote on the package. A Senate floor vote was required no more than 30 days later. Under Fast-Track, normal congressional floor procedures also were waived when Congress voted on the final pacts and implementing legislation. All amendments were forbidden and congressional debate was limited to 20 hours.² Agreements were passed by simple majority votes, even in the Senate.

Yet, while Congress was largely excluded from the negotiating process, Fast Track set up private-sector advisory committees that entitled hundreds of business interests to have special access to negotiators and confidential U.S. negotiating documents not available to the legislative branch or the public. In short, the Richard Nixon-conceived Fast Track process³ undermined essential checks and balances between the branches of government that the Founding Fathers wisely built into the U.S. Constitution. The process facilitated a system of "diplomatic legislating" with executive branch trade negotiators able to effectively rewrite swaths of U.S. domestic non-trade policy otherwise under the jurisdiction of the Congress and U.S. state legislatures.

When Fast Track was first established, trade agreements were focused mainly on cutting tariffs and lifting quotas. In contrast, today's "trade" agreements include hundreds of pages of expansive rules to which all signatory countries must conform their domestic non-trade policies. These non-trade provisions limit U.S. federal and state legislators' policy space regarding the regulation of services such as banking, health care and energy; product and food safety; copyright and patent law; and even how American tax dollars may be spent through government procurement. Some of the agreements even allow foreign investors to use World Bank and United Nations tribunals to demand U.S. taxpayer

compensation for domestic environmental, health and other policies that undermine foreign investors' expected future profits. Fast Track enabled the negotiation and expedited passage of 15 agreements, including the 1994 North American Free Trade Agreement (NAFTA), the 1995 World Trade Organization (WTO), and various expansions of the NAFTA model (including the Central America Free Trade Agreement (CAFTA) passed in 2005 by a one vote margin). The last grant of Fast Track expired in June 2007, but Fast Track's extraordinary procedures nonetheless applied to the agreements signed with Korea, Colombia and Panama under the previous authority and passed in 2011.

Many scholars and policymakers believe that Fast Track is an inappropriate mechanism for today's complex international commercial agreements, which directly affect a vast array of people and policies beyond the scope of the simple 1970s tariff-cutting agreements.⁴ Given the scope of today's agreements, concerns have grown in Congress about how Fast Track undermines the balance between the branches of government, empowering the executive branch with enormous power in areas in which the Constitution provides Congress with exclusive authority. These concerns came to a head in April 2008 when President Bush triggered a Fast Track vote on the Colombia trade deal over the objections of congressional leaders. The House of Representatives responded by voting to amend Fast Track to remove the mandatory 60-day vote requirement for that pact, which obtained a vote in 2011.⁵

A more comprehensive rethink of Fast Track is likely to occur if President Obama seeks some form of trade authority. In considering how Fast Track might be best replaced by a new mechanism that provides a more robust role for Congress and for meaningful input from a greater number and diversity of affected parties, it is important to review the economic outcomes of the Fast Track-enabled trade model. Polling shows that increasing numbers of Americans have turned against NAFTA-style agreements.⁶ If a more inclusive process helped ensure that new trade agreements provided gains that outweighed the losses for most Americans, U.S. public support for trade agreements might increase.

U.S. Wages Stagnate, Despite Doubled Worker Productivity

- **U.S. wages barely increased in real terms since 1974, the year before Fast Track was first enacted, even as American worker productivity doubled.** In 1974, the average hourly wage for American workers in today's dollars was \$18.46, while in 2012 it was up only 7 percent to \$19.76. Over the same period, U.S. workers' productivity more than doubled.⁷ Economists now widely name "increased globalization and trade openness" as a key explanation for the unprecedented failure of wages to keep pace with productivity, as noted in recent Federal Reserve Bank research.⁸ Even economists who defend status-quo trade policies attribute much of the wage-productivity disconnect to a form of "labor arbitrage."⁹
- **Trade agreement investor privileges promote offshoring of production from the United States to low-wage nations.** In the past, trade competition came from imports of products made by foreign companies operating in their home countries. But today's "trade" agreements contain various investor privileges that reduce many of the risks and costs previously associated with relocating production from developed countries to low-wage developing countries. Thus, many imports now entering the United States come from companies originally located in the United States and other wealthy countries that have moved production to low-wage countries. For instance, over half of China's exports are now produced by foreign enterprises, not Chinese firms.¹⁰ Underlying this trend is what the Horizon Project called the "growing divergence between the national interests of the United States and the interests of many U.S. multinational corporations which, if given their druthers, seem tempted to offshore almost everything but consumption."¹¹ American workers effectively are now competing in a globalized labor market where some poor

nations' workers earn less than 25 cents per hour.¹² Trade agreements that require companies to respect workers' rights to organize a union would empower workers in developing countries to fight for higher wages. However, as the century-long U.S. struggle to form a social contract shows, this a long-term proposition.¹³

- **Even accounting for Americans' access to cheaper imported goods, the current trade model's downward pressure on wages outweighs those gains, making most Americans net losers.** Trade theory states that while those specific workers who lose their jobs due to imports may suffer, the vast majority of us gain from trade "liberalization" because we can buy cheaper imported goods. Except, as job offshoring has moved up the wage level, this is no longer actually necessarily true. The grandfather of modern free trade economics, Paul Samuelson published a startling 2004 academic paper which shows mathematically how the offshoring of higher-paid jobs to countries like China and India can cause U.S. workers to lose more from reduced wages than they gain from cheaper imported goods.¹⁴ When the non-partisan Center for Economic and Policy Research applied the actual data to the trade theory, they discovered that when you compare the lower prices of cheaper goods to the income lost from low-wage competition under our current policy, the trade-related losses in wages hitting the vast majority of American workers outweigh the gains in cheaper priced goods from trade. U.S. workers without college degrees (the vast majority of us – over 65 percent)¹⁵ lost an amount equal to 12.2 percent of their wages, so for a worker earning \$25,000 a year, the loss would be more than \$3,000 per year!¹⁶
- **Trade policy holds back wages even of jobs that can't be offshored.** Economists have known for more than 70 years that *all* workers with similar skill levels – not just manufacturing workers – will face downward wage pressure when U.S. trade policy creates a selective form of "free trade" in goods that non-professional workers produce.¹⁷ When workers in manufacturing are displaced and seek new jobs, they add to the supply of U.S. workers available for non-offshorable, non-professional jobs in hospitality, retail, health care and more. A National Academies study found that the U.S. economy's greatest labor demand and job growth in the coming decades will occur in such low-skill occupations.¹⁸ But as increasing numbers of American workers, displaced from better-paying jobs by current trade policies, have joined the glut of workers competing for these non-offshorable jobs, real wages have actually been declining in these growing sectors.¹⁹ Thus, proposals to retool U.S. trade adjustment assistance programs (which help retrain workers who lose their jobs to trade), while welcome, do not address the most serious impact of America's trade policies. The damage is not just to those workers who actually lose jobs, but to the majority of American workers who see their wages stagnate.
- **The bargaining power of American workers has been eroded by threats of offshoring.** In the past, American workers represented by unions were able to bargain for their fair share of economic gains generated by productivity increases.²⁰ But the investor protections in today's trade agreements, by facilitating the offshoring of production, alter the power dynamic between workers and their employers. For instance, a study for the North American Commission on Labor Cooperation – the body established in the NAFTA labor side agreement – showed that after passage of NAFTA, as many as 62 percent of U.S. union drives faced employer threats to relocate abroad, and the factory shut-down rate following successful union certifications tripled.²¹
- **Powerful sectors obtained protection in NAFTA and WTO-style pacts, raising consumer prices.** A benefit of trade is that consumers can save money from access to cheaper imports. However, the *net* impact of trade – how much we can purchase for how much we can earn from our job – is what matters. While our trade policy contributes to downward pressure on American

wages, agreements like NAFTA and the WTO also include terms that directly increase the prices of key consumer products, further reducing many Americans' buying power. For instance, special protections for pharmaceutical companies included in the WTO require signatory governments to provide them longer monopoly patent protections for medicines. The University of Minnesota found that extending U.S. monopoly patent terms by three years as required by the WTO increased the prices paid by Americans for medicine by over \$8.7 billion in today's dollars. That figure only covers medicines that were under patent in 1994 (when WTO membership was approved by Congress), so the total cost to us today is much higher.²²

Income Inequality Increases in America

- **The inequality between rich and poor in American has jumped to levels not seen since the robber baron era.** The richest 10 percent of Americans are taking nearly half of the economic pie, while the top 1 percent is taking one fifth. Wealthy individuals' share of national income was stable for the first several decades after World War II, but shot up 45 percent for the richest 10 percent and 117 percent for the richest 1 percent between 1974 and 2011 – the Fast Track era.²³ Is there a connection to trade policy?
- **Longstanding economic theory predicts that trade will increase income inequality in developed countries.** A decade ago, the Peterson Institute for International Economics (PIIE) sought to quantify the effect of trade policy on U.S. income inequality, and found that nearly 40 percent of the increase in inequality was attributable to U.S. trade policy.²⁴ When the Economic Policy Institute (EPI) updated the PIIE figures, it found that the median American family lost about \$2,300 per year (in today's dollars) from the burden of rising inequality due to trade. All of these calculations take into account the consumer savings from cheaper imports, meaning net wage losses from trade each year are on par with the median American household's income tax burden. EPI projects that, if current trade policies and trends continue, all wage gains made since 1979 by workers without a four-year college degree (65 percent of Americans) could be erased.²⁵
- **Changes in technology or education levels do not fully account for American wage pressures.** Some have argued that advances in computer technology explain why less technologically-literate American workers have been left behind, asserting that more education – rather than a different trade policy – is how America will prosper in the future.²⁶ While more education and skills are desirable for many reasons, these goals alone will not solve the problems of growing inequality. First, as documented in a Federal Reserve Bank paper, inequality started rising as systematic U.S. trade deficits emerged, in the early Fast Track period, far before most workers reported using computers on the job.²⁷ Second, college-educated workers have seen their wage growth stagnate, even in technologically sophisticated fields like engineering.²⁸ Thus, addressing trade policy, not only better educating American workers, will be an essential part of tackling rising income inequality.
- **Is it even possible to compensate those losing, rather than consider changes to trade policy?** Recent findings by the Center for Economic and Policy Research suggest that, in order to adequately compensate the “losers” from our trade policy – the majority of Americans facing downward wage pressures – the government would have to annually tax the incomes of the limited number of “winners” upwards of \$50 billion and redistribute this sum to middle class families.²⁹ To put this figure in perspective, the main compensating program – Trade Adjustment Assistance – was allocated less than \$2 billion in FY2010, the program's highest funding year ever. Its funding levels were slashed 60 percent in 2011 and remained low at just above \$1 billion in 2012.³⁰ The

\$50 billion deemed necessary to compensate wage losers would thus be over 27 times the highest-ever level of funding for the program. Would such a tax increase be politically feasible? And, even if it were, would it cause economic distortions that could outweigh the supposed “efficiency gains” from NAFTA-WTO-mandated tariff (tax) reductions?³¹

Trade Deficits Soar, Good American Jobs Destroyed

- **Prior to the establishment of Fast Track and the trade agreements it enabled, the United States had balanced trade; since then, the U.S. trade deficit has exploded.** The pre-Fast Track period was one of balanced U.S. trade and rising living standards for most Americans. In fact, the United States had a trade surplus in nearly every year between World War II and 1975, when Fast Track was first implemented. But in every year since 1975, the United States has run a trade deficit. Since establishment of NAFTA and the WTO, the U.S. goods trade deficit has more than quadrupled, from \$212 billion (in today’s dollars) to nearly \$900 billion – an increase from two percent to six percent of national income.³² From Federal Reserve officials to Nobel Laureates, there is widespread agreement among economists that this huge trade deficit is unsustainable: unless the United States implements policies to shrink it, the U.S. and global economies are exposed to risk of crisis and instability.³³ Recent NAFTA-style deals have only exacerbated this risk. In the first nine months of the U.S. Free Trade Agreement (FTA) with Korea, implemented in March 2012, U.S. goods exports to Korea fell by 10 percent (a decrease of more than \$3.1 billion) in comparison to 2011 levels for the same months.³⁴ Ironically, some of the biggest export downfalls and deficit increases occurred in the automotive and meat industries – the two sectors that the Obama administration had promised would experience export growth under the deal.³⁵ The decline in U.S. exports under the FTA brought a 26 percent increase in the U.S. trade deficit with Korea, in comparison to the same period in 2011.³⁶ Using the same ratio employed by the Obama administration, this trade deficit expansion implies the net loss of over 20,000 U.S. jobs under just the first several months of the Korea FTA.³⁷
- **Food imports into the United States are soaring, posing unchecked safety risks.** NAFTA and WTO supporters told American farmers that the pacts would increase exports and thus provide a new path for struggling farmers to succeed economically.³⁸ U.S. agriculture exports have increased, but so have food imports. Aggregate food imports from FTA partners have more than doubled since the FTAs went into effect.³⁹ For instance, since NAFTA, U.S. consumers are eating 130 percent more imported beef from Mexico and Canada than before the deal took effect.⁴⁰ Smaller-scale U.S. family farms have had less capacity to buffet against surges in imports. They are also less able to weather the year-to-year volatility in prices paid for farm commodities after the WTO required the United States to eliminate various price support and supply management policies. About 170,000 small family farms have gone under since NAFTA and the WTO took effect – a 21 percent decrease in the total number.⁴¹ Current food trade trends also pose serious risks to food safety, as our current trade agreements both increase imports *and* set limits on the safety standards and inspection rates for imported foods.⁴² These food trade shifts impact the environment as well. The United States is now importing massive amounts of the grains and foods it also exports, with tons of redundant trade being shipped in and out of the United States simultaneously.⁴³ Carbon emissions from merchant shipping contribute between three and four percent of global carbon emissions (almost twice the total contribution from aviation), a share that is projected to grow to six percent by 2020.⁴⁴
- **About 7 million American manufacturing jobs – over 1 out of 3 – were lost during the Fast Track era.** The U.S. manufacturing sector has long been a source of innovation, productivity,

growth and good jobs.⁴⁵ By 2012, the United States had less than 12 million manufacturing jobs left – about 6.6 million fewer than in 1974 before Fast Track was first established,⁴⁶ with less than nine percent of the American workforce in manufacturing for the first time in modern history.⁴⁷ The U.S. Department of Labor lists millions of workers as losing jobs to trade since NAFTA and WTO were passed – and that is under just one narrow program that excludes many whose job loss is trade-related.⁴⁸ Further, studies show that the U.S. economy could have supported an estimated 7 million *more* manufacturing jobs if not for the massive trade deficit that has accrued under current U.S. trade policy.⁴⁹ Some analysts say that technology-related efficiency improvements account for U.S. manufacturing job loss, not trade policy. But both factors play a role. However, Congress actually has say over trade policy. Many analysts and policymakers of diverse political stripes believe that the rebuilding of the manufacturing sector is important to America’s security and economic well-being.⁵⁰

- **Trade policy affects the quality of American jobs available, not the overall number of jobs.** Total employment and unemployment rates are largely determined by monetary and fiscal policy – for instance the Federal Reserve Bank’s interest rate policies. Trade affects the *composition* of jobs available in an economy. The United States lost millions of manufacturing jobs during the NAFTA-WTO era, but overall unemployment has been stable as new service-sector jobs were created. Proponents of the NAFTA-WTO status quo raise the *quantity* of jobs in the U.S. economy to claim that recent trade policies have not hurt American workers. But what they do not mention is that the *quality* of jobs available to the majority – and the wages most American workers can earn – have been degraded. For instance, according to the Brookings Institution, the average worker displaced from manufacturing went from earning \$40,154 to \$32,123 when re-employed, a 20 percent drop in earnings.⁵¹ According to the Bureau of Labor Statistics, two out of every five displaced manufacturing workers who were rehired in 2012 experienced a wage reduction of even greater than 20 percent.⁵²
- **Offshoring of American jobs is moving rapidly up the income and skills ladder.** Alan S. Blinder, a former Federal Reserve vice chairman, Princeton economics professor, and NAFTA-WTO supporter, says that one out of every four American jobs could be offshored in the foreseeable future.⁵³ In a study Blinder conducted with Alan Krueger, fellow Princeton economist and former Chairman of President Obama’s Council of Economic Advisers, the economists found the most offshorable industry to be finance and insurance, not manufacturing (with information and professional services also showing high offshoring propensity).⁵⁴ Indeed, according to their data, American workers with a four-year college degree and with annual salaries above \$75,000 are those most vulnerable to having their jobs offshored, meaning America could see its best remaining jobs moving offshore.⁵⁵ Offshoring of consumers’ medical and financial information subject to privacy protections under U.S. law also raises concerns about identity theft, private medical information being released, and consumer redress for such violations. If the United States were to implement policies to forbid the offshoring of certain types of jobs to countries that do not provide adequate privacy protections for such confidential health and financial data, the nation might also decrease certain job offshoring. Europe already has such an offshore consumer-data privacy-protection policy in place, showing that it is a workable option.⁵⁶
- **Devastation of American manufacturing is eroding the tax base that supports U.S. schools, hospitals and the construction of such facilities, highways and other essential infrastructure.** The erosion of manufacturing employment means there are fewer firms and well-paid workers to contribute to local tax bases. Research shows that a broader manufacturing base contributes to a wider local tax base and offering of social services.⁵⁷ With the loss of manufacturing, tax revenue

that could have expanded social services or funded local infrastructure projects has declined,⁵⁸ while displaced workers turn to welfare programs that are ever-shrinking.⁵⁹ This has resulted in the virtual collapse of some local governments.⁶⁰ Building trade and construction workers have also been directly hit both by shrinking government funds for infrastructure projects and declining demand for maintenance of manufacturing firms. Meanwhile, Fast Track-enabled trade agreements could also undermine Americans' access to essential services because they contain provisions that limit the policies federal and state governments can employ to regulate service sectors.⁶¹ For instance, certain provisions of the Trans-Pacific Partnership (TPP), a proposed NAFTA-style deal, could undercut efforts to control medicine costs under Medicare, Medicaid, and the Veterans Health Administration.⁶²

- **WTO, NAFTA and NAFTA-expansion agreements ban Buy American and forbid federal and many state governments from requiring that U.S. workers perform the jobs created by the outsourcing of government work.** “Anti-offshoring” and Buy American requirements, which reinvest our tax dollars in our local communities to create jobs here, are forbidden under the Fast Track-enabled trade agreements’ procurement rules. These rules require that all firms operating in trade-pact partner countries be treated as if they were domestic firms when bidding on U.S. government contracts to supply goods or services.⁶³ That means that we cannot maintain existing Buy American or Buy Local procurement preferences that require government purchases to prioritize U.S.-made goods, or rules that require outsourced government work to be performed by U.S workers. Rather, our current trade pacts promote shipping our tax dollars offshore. And, these agreements’ limits on domestic procurement policy could also subject prevailing wage laws – ensuring fair wages for non-offshorable construction work – to challenge in foreign tribunals.

Growth Slows and Inequality, Poverty and Hunger Rise in Poor Countries

- **The worldwide gulf between rich and poor widened during the Fast Track era.** In the early 1990s, proponents of the WTO and NAFTA touted these pacts as keys to reducing poverty in developing nations and creating a more equitable global economic system. That same argument is being raised again today to promote rehabilitation of the beleaguered WTO Doha Round. Long-standing economic theory predicts that trade increases inequality in *developed* countries – but not in *developing* countries. However, during the era when the corporate globalization policies enabled by Fast Track were implemented worldwide, income inequality between developed and developing nations, *and* between rich and poor *within* developing nations increased.⁶⁴ In 1970, non-oil-producing, less-developed nations earned per capita incomes just above two percent of those earned in more-developed nations. By 2000, they were earning just one percent, signifying a doubling of the income gap between rich and poor nations.⁶⁵ Today, the richest one percent of the world’s population owns about half of the world’s wealth, while the poorest half of the world’s population own merely one percent of the world’s wealth.⁶⁶ World Bank projections show that the WTO Doha Round, if ever completed, could make matters even worse, with only a few large developing countries likely to gain, while many countries and regions would be likely to suffer net losses.⁶⁷ As for within-country income distribution, the top one percent of income earners in large developing countries captured rising income shares after trade liberalization in the 1980s and 1990s, a finding that has sparked an array of studies on the linkage between liberalization and income inequality in developing countries.⁶⁸ One United Nations study concluded that, “in almost all developing countries that have undertaken rapid trade liberalization, wage inequality has increased, most often in the context of declining industrial employment of unskilled workers and large absolute falls in their real wages, on the order of 20-30 percent in Latin American countries.”⁶⁹

- **Progress on growth and social development in poor countries slowed during the Fast Track era.** Increasing economic growth rates mean a faster expanding economic pie. With more pie to go around, the middle class and poor have an opportunity to gain without having to “take” from the rich – often a violent and disruptive process. But the growth rates of developing nations slowed dramatically in the Fast Track period. For low- and middle-income nations, per capita growth between 1980 and 2000 fell to half that experienced between 1960 and 1980. The slowdown in Latin America was particularly extreme. There, income per person grew by 92 percent cumulatively in the 1960-80 period, before the International Monetary Fund (IMF) and World Bank began imposing a package of deregulation, investment, and trade policies similar to that found in NAFTA and the WTO. Since adopting these policies, cumulative per capita income growth in Latin America plunged to 6 percent in the 1980-2000 period.⁷⁰ Improvement measured by human indicators – in particular, life expectancy, child mortality and schooling outcomes – also slowed for nearly all countries in the Fast Track period as compared with 1960-80.⁷¹ Pro-FTA analysts consider these outcomes to have been a significant factor in the numerous Latin American elections where critics of current globalization policies prevailed.⁷²
- **Poverty, hunger and displacement rose during the Fast Track period.** The shares of people living on less than \$2 a day and less than \$1.25 a day (the World Bank’s definitions of poverty and extreme poverty, respectively) grew in Sub-Saharan Africa, Eastern Europe and Central Asia over the 1980-2000 period cited above.⁷³ Since then, progress on the U.N.’s Millennium Development Goals of 2000 has proven lackluster. The goal of halving hunger levels in developing countries by 2015 experienced a major setback during the global food crisis of 2007-2008, when a sudden spike in international food prices sparked widespread hunger and food riots in previously food-secure developing countries that had become dependent on food imports due to trade liberalization.⁷⁴ As the price surge hit import-dependent countries, the global number of hungry people topped one billion for the first time in history.⁷⁵ The food-import dependency fostered by WTO and NAFTA-style policies has meant not just a loss of food security for developing countries, but the loss of millions of farming livelihoods. Many farmers displaced by import surges were forced to emigrate to wealthy countries (including the United States) or join swelling urban workforces. As a recent exposé in the *New Republic* put it, “as cheap American foodstuffs flooded Mexico’s markets and as U.S. agribusiness moved in, 1.1 million small farmers – and 1.4 million other Mexicans dependent upon the farm sector – were driven out of work between 1993 and 2005. Wages dropped so precipitously that today the income of a farm laborer is one-third that of what it was before NAFTA. As jobs disappeared and wages sank, many of these rural Mexicans emigrated, swelling the ranks of the 12 million illegal immigrants living incognito and competing for low-wage jobs in the United States.”⁷⁶
- **Developing countries that did not adopt the WTO-NAFTA-IMF policy package fared better.** Nations that chose their own economic mechanisms and policies through which to integrate into the world economy had remarkably more economic success than those that implemented sweeping trade liberalization prescriptions. For instance, China, India, Malaysia, Vietnam, and Chile (and Argentina since 2002) have had some of the highest growth rates in the developing world over the past two decades – despite largely ignoring the directives of the WTO, IMF and World Bank.⁷⁷ Indeed, today’s research concludes that, as countries have turned away from neoliberal policies, average growth rates have returned to or surpassed the levels seen before the influence of the WTO, NAFTA, or the IMF.⁷⁸ To the contrary, it is often claimed that the successful growth records of countries like Chile have been based on the pursuit of NAFTA-WTO-like policies. But nothing could be farther from the truth: Chile’s sustained period of rapid economic growth was based on the liberal use of export promotion policies and subsidies that are now considered WTO-illegal.⁷⁹

ENDNOTES

- ¹ Constitution of the United States, Article 1, Section 8.
- ² U.S.C. 19 § 3801-3813; Hal S. Shapiro, *Fast Track: A Legal, Historical, and Political Analysis*, (Ardsley, N.Y.: Transnational Publishers, 2006).
- ³ In 1973, President Nixon first proposed Fast Track, which was passed by the House that same year. The following year, the Senate passed an amended version, which was signed by President Ford in January 1975. Edward Rohrbach, “Nixon asks free hand in trade, tariffs,” *Chicago Tribune*, April 11, 1973; Edwin L. Dale, Jr., “Credits to Soviet barred as House backs trade bill,” *New York Times*, Dec. 12, 1973; “The deal on the trade bill,” *Washington Post*, Dec. 20, 1974; Bernard Gwertzman, “Ford signs the trade act,” *New York Times*, Jan. 4, 1975.
- ⁴ Shapiro 2006, at 150-162; Letter from Sen. Barack Obama (D-Ill.) to Iowa Fair Trade Campaign, Dec. 26, 2007; Sign-on letter to Congress from 713 organizations, March 29, 2007; National Education Association letter to Congress, June 8, 2007.
- ⁵ Mark Drajem, “U.S. House Set to Vote on Delaying Colombian Trade Agreement,” *Bloomberg*, April 10, 2008.
- ⁶ Washington Post Poll, Jan. 13-17, 2011. Available at: <http://www.washingtonpost.com/wp-dyn/content/story/2011/01/28/ST2011012802479.html?sid=ST2011012802479>
- NBC News and Wall Street Journal, “Survey: Study #101061,” Hart/McInturff, Sept. Available at: <http://online.wsj.com/public/resources/documents/WSJNBCPoll09282010.pdf>
- Greenberg Quinlan Rosner Research, “Democracy Corps: Frequency Questionnaire,” Oct., Available at: <http://www.democracycorps.com/wp-content/files/dcor100410fq10.pdf>
- Mathew Cooper, “Trade Gulf,” *National Journal*, May 26, 2011. Poll conducted by Allstate / National Journal / Heartland Monitor November 29 to December 1, 2010.
- ⁷ Average wage data for 1964-2012 from Bureau of Labor Statistics’ Current Employment Statistics survey, series CEU0500000008. Productivity data from Bureau of Labor Statistics’ Major Sector Productivity and Costs index, series ID PRS88003093, accessed December 10, 2012. All data expressed in current prices in this document were inflation-adjusted using the Consumer Price Index-U-RS calculated from 1977 through 2011 by the Bureau of Labor Statistics. Available at: http://www.bls.gov/cpi/cpiursai1978_2011.pdf. CPI-U-RS estimates prior to 1977 come from the U.S. Census Bureau. Available at: <http://www.census.gov/hhes/www/income/data/inecovhlt/2010/CPI-U-RS-Index-2010.pdf>. CPI-U-RS estimates after 2011 come from the Congressional Budget Office, “An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022,” August 2012, Summary Table 2, at 52. Available at: http://www.cbo.gov/sites/default/files/cbofiles/attachments/43539-08-22-2012-Update_One-Col.pdf.
- ⁸ Margaret Jacobson and Filippo Occhino, “Behind the Decline in Labor’s Share of Income,” Federal Reserve Bank of Cleveland, February 3, 2012. Available at: <http://www.clevelandfed.org/research/trends/2012/0212/01gropro.cfm>.
- ⁹ Stephen Roach, “The World Economy at the Crossroads: Outsourcing, Protectionism, and the Global Labor Arbitrage,” Speech before the Boao Forum for Asia, 2003.
- ¹⁰ Foreign Investment Department, “Import & Export Statistics by FIEs from Jan to Dec. 2011,” China Ministry of Commerce, updated Jan. 19, 2012. Available at: http://www.fdi.gov.cn/pub/FDI_EN/Statistics/FDIStatistics/IEStatisticsbyFIEs/t20120119_140577.htm.
- ¹¹ Horizon Project, “Report and Recommendations,” February 2007, at 1.
- ¹² International Trade Union Confederation, “Bangladesh: Government Must Support Decent Minimum Wage, and Cease Harassment of Union Rights Supporters,” Aug. 9, 2010. Available at: <http://www.ituc-csi.org/bangladesh-government-must-support.html>.
- ¹³ Ha-Joon Chang, *Kicking Away the Ladder*, (London: Anthem Press, 2002), at 108.
- ¹⁴ Paul A. Samuelson. Where Ricardo and Mill Rebut and Confirm Arguments of Mainstream Economists Supporting Globalization, *Journal of Economic Perspectives—Volume 18, Number 3—Summer 2004—Pages 135–146* available at <http://www.wilsoncenter.org/sites/default/files/SamuelsonJEP042.pdf>
- ¹⁵ U.S. Census Bureau, “Educational Attainment: Table 2. Educational Attainment of the Population 25 Years and Over, by Selected Characteristics: 2010,” 2010. Available at: <http://www.census.gov/hhes/socdemo/education/data/cps/2010/tables.html>.
- ¹⁶ Dean Baker and Mark Weisbrot, “Will New Trade Gains Make Us Rich?” Center for Economic and Policy Research (CEPR) Paper, October 2001.
- ¹⁷ Wolfgang F. Stolper and Paul A. Samuelson, “Protection and Real Wages,” *The Review of Economic Studies*, 9:1, November 1941, at 58-73.
- ¹⁸ Josh Bivens, “Globalization and American Wages,” Economic Policy Institute (EPI) Report, October 2007
- ¹⁹ Bureau of Labor Statistics, Current Employment Statistics survey, series ID CEU7072000003, accommodation and food services industry.
- ²⁰ Dean Baker, *The United States Since 1980*, (Cambridge: Cambridge University Press, 2007), at 35-45.
- ²¹ Kate Bronfenbrenner, “The Effects of Plant Closing or Threat of Plant Closing on the Right of Workers to Organize,” Cornell University, Prepared for North American Commission for Labor Cooperation, 1996, at 7.
- ²² Stephen W. Schondelmeyer, “The Extension of GATT Patent Extension on Currently Marketed Drugs,” PRIME Institute, University of Minnesota, March 1995, at 6-7.
- ²³ Thomas Piketty and Emmanuel Saez, “The Evolution of Top Incomes: A Historical and International Perspective,” National Bureau of Economic Research Paper 11955, January 2006; numbers updated through 2011 in a January 2013 extract, available at: <http://www.econ.berkeley.edu/~saez/>
- ²⁴ William Cline, *Trade and Income Distribution*, (Washington, D.C.: Peterson Institute for International Economics, 1997), at 264; Dean Baker and Mark Weisbrot, “Will New Trade Gains Make Us Rich?” Center for Economic and Policy Research (CEPR) Paper, October 2001.
- ²⁵ Bivens 2007.
- ²⁶ *World Economic Outlook 2007: Globalization and Inequality* (Washington, D.C.: IMF, 2007), at 31-65.

- ²⁷ David Card and John E. DiNardo, "Technology and U.S. Wage Inequality: A Brief Look," *Federal Reserve Bank of Atlanta: Economic Review*, Third Quarter 2002, at 45-62.
- ²⁸ Jared Bernstein and Lawrence Mishel, "Economy's Gains Fail to Reach Most Workers' Paychecks," EPI Briefing Paper 195, September 2007.
- ²⁹ Dean Baker, "Trade and Inequality: The Role of Economists," CEPR Report, January 2008.
- ³⁰ Employment And Training Administration, "FY 2013 Congressional Budget Justification: Federal Unemployment Benefits and Allowances," 2012, at 14. Available at: <http://www.dol.gov/dol/budget/2013/PDF/CBJ-2013-V1-08.pdf>.
- ³¹ Baker 2008.
- ³² U.S. International Trade Commission, "Interactive Tariff and Trade DataWeb," accessed March 1, 2013. Available at: <http://dataweb.usitc.gov/>. GDP numbers taken from Bureau of Economic Analysis, "Table 1.1.5. Gross Domestic Product," accessed March 1, 2013. Available at: <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1#reqid=9&step=3&isuri=1&903=5>.
- ³³ Franco Modigliani and Robert M. Solow (Nobel Laureates 1985 and 1987), "America Is Borrowing Trouble," *New York Times*, April 9, 2001; Joseph E. Stiglitz (Nobel Laureate 2001), "The IMF's America Problem," column, 2006; Roger W. Ferguson (Fed Vice-chairman), "U.S. Current Account Deficit: Causes and Consequences," Remarks to the Economics Club of the University of North Carolina at Chapel Hill, Chapel Hill, N.C., April 20, 2005; Timothy P. Geithner (Fed president), "Policy Implications of Global Imbalances," Remarks at the Global Financial Imbalances Conference at Chatham House, London, Jan. 23, 2006; "Minutes of the Federal Reserve Open Market Committee," June 29-30, 2004.
- ³⁴ U.S. International Trade Commission, "Interactive Tariff and Trade DataWeb," accessed February 11, 2013. Available at: <http://dataweb.usitc.gov/>.
- ³⁵ The White House, "The U.S.-South Korea Free Trade Agreement: More American Jobs, Faster Economic Recovery through Exports." Available at: http://www.whitehouse.gov/sites/default/files/09272011_wh_overview_fact_sheet_us_korea.pdf.
- ³⁶ U.S. International Trade Commission, "Interactive Tariff and Trade DataWeb," accessed January 14, 2013. Available at: <http://dataweb.usitc.gov/>.
- ³⁷ The Department of Commerce estimates that a \$150,000 increase (decrease) in goods exports is equivalent to gaining (losing) one U.S. job. International Trade Administration, "Exports Support American Jobs," U.S. Department of Commerce, April 2010, at 3. Available at: <http://trade.gov/publications/pdfs/exports-support-american-jobs.pdf>.
- ³⁸ Charles Conner, "Agribusiness Food Producers Back NAFTA," *Memphis Commercial Appeal*, Aug. 15, 1993; Jennifer Lin, "In Texas, High Noon over NAFTA," *Knight-Ridder Newspapers*, Oct. 31, 1993.
- ³⁹ Figures are a comparison of the inflation-adjusted dollar value of food imports/exports from 2012 and the year prior to the implementation of FTAs with current FTA partners. Food imports/exports are defined by a zero in the end-use 1-digit system, located at U.S. International Trade Commission, "Interactive Tariff and Trade Dataweb," accessed March 1, 2013. Available at: <http://dataweb.usitc.gov/>.
- ⁴⁰ This is an inflation-adjusted comparison of beef imports in 1993 and 2012, with beef defined as 011 in the SITC system, located at U.S. International Trade Commission, "Interactive Tariff and Trade Dataweb," accessed March 1, 2013.
- ⁴¹ Farming typologies and numbers come from the USDA. Small family farms consist of "farming occupation" farms grossing less than \$250,000 per year ("lower sales" and "higher sales"), while large farms include family farms grossing more than \$250,000 per year ("large" and "very large") and nonfamily farms. Comparisons are between 2011 and 1996, the latest and earliest data available. Economic Research Service, "Agricultural Resource Management Survey: Farm Financial and Crop Production Practices," U.S. Department of Agriculture, updated Nov. 27, 2012. Available at: <http://www.ers.usda.gov/data-products/arms-farm-financial-and-crop-production-practices/tailed-reports.aspx>.
- ⁴² Mary Bottari, "Trade Deficit in Food Safety," Public Citizen Report, July 2007.
- ⁴³ The food items with the highest volume of highly redundant trade include rice, tomatoes, potatoes, watermelon, onions, and beef cuts. See Public Citizen, forthcoming, 2008.
- ⁴⁴ John Vidal, "Maritime countries agree first ever shipping emissions regulation," *The Guardian*, July 18, 2011. Available at: <http://www.guardian.co.uk/environment/2011/jul/18/maritime-countries-shipping-emissions-regulation>.
- ⁴⁵ Bob Baugh and Joel Yudken, "Is Deindustrialization Inevitable?" *New Labor Forum*, 15:2, Summer 2006.
- ⁴⁶ Bureau of Labor Statistics, Current Employment Statistics survey, series ID CES3000000001, manufacturing industry.
- ⁴⁷ Bureau of Labor Statistics, "Table B-1. Employees on nonfarm payrolls by major industry sector, 1961 to date," 2011, Available at: <ftp://ftp.bls.gov/pub/suppl/empsit.ceseeb1.txt>
- ⁴⁸ Public Citizen, "Department of Labor Trade Adjustment Assistance Consolidated Petitions Database," 2010, Available at: <http://www.citizen.org/taadatabase>
- ⁴⁹ Lawrence Mishel, Jared Bernstein, and Sylvia Allegretto, *State of Working America 2006-2007*, (Washington, D.C.: EPI, 2006), Table 3.30, at 175.
- ⁵⁰ Leaders from both parties and from manufacturing industry have called for a reinvigorated manufacturing policy. See Office of Congressman Daniel Lipinski, "Lipinski's Bill to Boost American Manufacturing Passes House on Strong Bipartisan Vote, Heads to Senate," Sept. 13, 2012. Available at: <http://lipinski.house.gov/index.cfm?sectionid=91&itemid=1726>.
- ⁵¹ Lael Brainard, Robert E. Litan and Nicholas Warren, "Insuring America's Workers in a New Era of Off-shoring," Brookings Institution Policy Brief 143, July 2005, at 2.
- ⁵² Bureau of Labor Statistics, "Displaced Workers Summary," Table 7, U.S. Department of Labor, Aug. 24, 2012. Available at: http://www.bls.gov/news.release/disp_nr0.htm.
- ⁵³ Alan Blinder, "On the Measurability of Offshorability" *Vox*, Oct. 9, 2009. Available at: <http://voxeu.org/article/twenty-five-percent-us-jobs-are-offshorable>.
- ⁵⁴ Alan Blinder and Alan Krueger, "Alternative Measures of Offshorability: A Survey Approach," Princeton University Center for Economic Policy Studies Working Paper No. 190, August 2009.

-
- ⁵⁵ Jared Bernstein, James Lin, Lawrence Mishel, “The Characteristics of Offshorable Jobs,” EPI Report, November 2007, at 3.
- ⁵⁶ Lori Wallach, Fiona Wright and Chris Slevin, “Addressing the Regulatory Vacuum: Policy Considerations Regarding Public and Private Sector Service Job Off-shoring,” Public Citizen, June 2004.
- ⁵⁷ Henri Capron and Olivier Debande, “The Role of the Manufacturing Base in the Development of Private and Public Services,” *Regional Studies*, 31:7, October 1997, at 681. For an overview of these issues, see Adam Hersh and Christian Weller, “Does Manufacturing Matter?” *Challenge*, 46: 2, March-April 2003.
- ⁵⁸ Corliss Lentz, “Why Some Communities Pay More Than Others? The Example of Illinois Teachers,” *Public Administration Review*, 58:2, March-April 1998. This study shows that high levels of manufacturing employment are associated with higher starting salaries for public school educators.
- ⁵⁹ David Brady and Michael Wallace, “Deindustrialization and Poverty: Manufacturing Decline and AFDC Reciprocity in Lake County, Indiana, 1964-93,” *Sociological Forum*, 2001.
- ⁶⁰ Robert Forrant, “Greater Springfield Deindustrialization: Staggering Job Loss, A Shrinking Revenue Base, and Grinding Decline,” U of Massachusetts-Lowell Paper, April 2005.
- ⁶¹ See <http://www.citizen.org/trade/subfederal/services/> for more detail.
- ⁶² Todd Tucker, “Proposed Trans-Pacific Partnership Rules Could Undermine Medicare, Medicaid and Veterans’ Health, Hurting Seniors, Military Families and the Poor,” Public Citizen memo, June 14, 2012. Available at: <http://www.citizen.org/documents/memo-tpa-drug-price-06-14-12.pdf>.
- ⁶³ 48 CFR 25.402
- ⁶⁴ Michael Kremer and Eric Maskin, “Globalization and Inequality,” unpublished paper, October 2006.
- ⁶⁵ The percentage has rebounded somewhat since 2000, but remains below 1.5 percent. United Nations Conference on Trade and Development, *Least Developed Countries Report*, 2011, at 30-32. Available at: http://unctad.org/en/Docs/lcd2011_en.pdf.
- ⁶⁶ Credit Suisse Research Institute, “Global Wealth Report 2012,” October 2012, at 13. Available at: http://economics.uwo.ca/news/Davies_CreditSuisse_Oct12.pdf.
- ⁶⁷ Projected losers include Bangladesh, Mexico, Vietnam, the Middle East & North Africa, and most of Sub-Saharan Africa, Central Asia and Eastern Europe. See Kym Anderson and Will Martin, et. al., *Agricultural Trade Reform and the Doha Development Agenda*, (Washington, D.C.: World Bank, 2005), at 370-371.
- ⁶⁸ Nina Pavcnik, “Globalization and Within-Country Income Inequality,” *Making Globalization Socially Sustainable*, World Trade Organization and International Labor Organization, 2011, 233-259.
- ⁶⁹ United Nations Conference on Trade and Development, *Trade and Development Report*, 1997, at V.
- ⁷⁰ Growth rates from 2000 to 2010 improved somewhat from the 1980-2000 period, but still proved lackluster in comparison to the pre-Fast Track era. Mark Weisbrot and Rebecca Ray, “The Scorecard on Development, 1960-2010: Closing the Gap?” Center for Economic and Policy Research, April 2011. Available at: <http://www.cepr.net/documents/publications/scorecard-2011-04.pdf>.
- ⁷¹ Mark Weisbrot, Dean Baker and David Rosnick, “Scorecard on Development: 25 Years of Diminished Progress,” CEPR Paper, September 2006.
- ⁷² “U.S.-Latin America Relations: A New Direction for a New Reality,” Council on Foreign Relations Report 60, May 2008; Michael Shifter, “In Search of Hugo Chávez,” *Foreign Affairs*, May / June 2006.
- ⁷³ World Bank, “DataBank,” accessed December 2012. Available at: <http://databank.worldbank.org>.
- ⁷⁴ Haiti provides one example. While the country produced most of its own food staples during the 1980’s, under IMF-pushed agricultural trade liberalization during the 1990’s, Haiti became dependent on imports for 70 percent of consumed rice, the country’s primary staple. The international price of rice doubled in a matter of weeks in 2008, and ensuing food riots soon ousted the prime minister. For more details, see Reed Lindsay, “Haiti on the Death Plan,” *The Nation*, May 15, 2008. Available at: <http://www.thenation.com/article/haiti-death-plan>.
- ⁷⁵ Food and Agriculture Organization, “1.02 Billion People Hungry,” June 19, 2009. Available at: <http://www.fao.org/news/story/0/item/20568/icode/en/>.
- ⁷⁶ John B. Judis, “Trade Secrets,” *The New Republic*, April 9, 2008. See also John Audley, Sandra Polaski, Demetrios G. Papademetriou, and Scott Vaughan, “NAFTA’s Promise and Reality: Lessons from Mexico for the Hemisphere,” Carnegie Endowment for International Peace Report, November 2003; Jeffrey S. Passel and Roberto Suro, “Rise, Peak and Decline: Trends in U.S. Immigration 1992 – 2004,” September 2005, Pew Hispanic Center, at 39; Robert Kuttner, “Foolish supporters vastly inflate the meaning of NAFTA,” *Baltimore Sun*, Oct. 29, 1993.
- ⁷⁷ Weisbrot, Baker and Rosnick 2006.
- ⁷⁸ Mark Weisbrot, Rebecca Ray, “The Scorecard on Development, 1960-2010: Closing the Gap?” CEPR Paper, Apr. 2011.
- ⁷⁹ Todd Tucker, “The Uses of Chile,” Public Citizen Report, September 2006.