

New Jersey: 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.

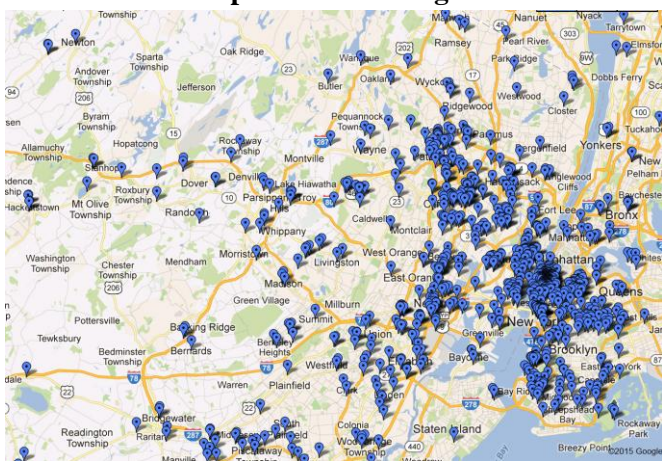
Massive Trade-Related Job Losses for New Jersey

New Jersey has lost more than **222,000 manufacturing jobs** – nearly half of its manufacturing jobs – 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 who 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 54,000 specific New Jersey 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.

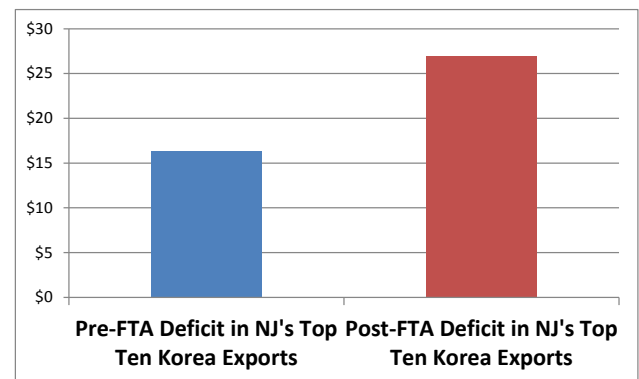
54,860 Trade-Related New Jersey Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



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

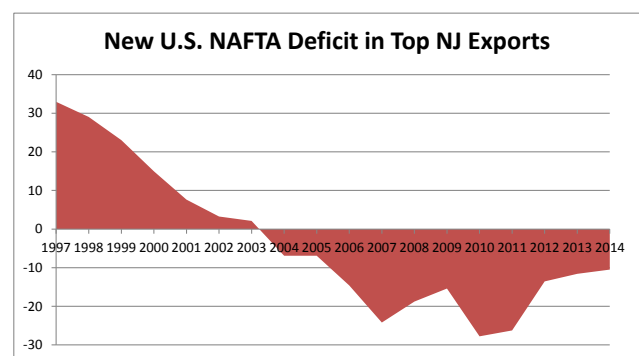
U.S. Trade Deficit with Korea in NJ’s Top 10 Korea Exports Grows 65% under Korea FTA

The U.S. trade deficit with Korea in the top 10 products that New Jersey exports to Korea – including everything from metal manufacturing to machinery – increased 65 percent in the FTA’s first three years.



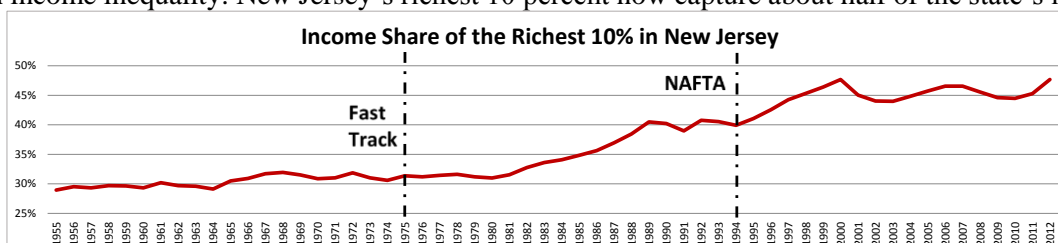
NAFTA Deficit Emerges in Key NJ Products

The non-fossil-fuel U.S. trade balance with NAFTA partners Mexico and Canada in New Jersey’s top 10 exports to those countries has turned from a \$33 billion surplus to a more than \$10 billion deficit since 1997.



New Jersey 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. New Jersey’s richest 10 percent now capture about half of the state’s income.



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

Net Exports of Vegetables Fall under NAFTA

The U.S. trade deficit with Canada and Mexico in fresh vegetables – one of New Jersey's top agricultural exports – grew 16-fold in the first 21 years of NAFTA. In 1993, the year before NAFTA, the U.S. fresh vegetable trade deficit with Canada and Mexico was 250,000 metric tons. In 2014 that deficit topped 4 million metric tons.

NAFTA Deficit Emerges in Key NJ Products

Time and again, defenders of the trade status quo have tried to sell NAFTA-style deals to Congress with the promise that they would reduce U.S. trade deficits. Time and again, they have been wrong. Even after removing fossil fuels, the U.S. trade balance in the 10 sectors that constitute New Jersey's top exports to Canada and Mexico has turned from a \$33 billion surplus to a more than \$10 billion deficit in the last 17 years of NAFTA. **Nationwide, the aggregate U.S. trade deficit has grown 427 percent with FTA countries since the deals took effect, but declined 11 percent with non-FTA countries in the relevant period.** The current attempt to use the same old promises of trade deficit reduction to sell the TPP and Transatlantic Trade and Investment Partnership (TTIP) defies the evidence.

Net Exports of NJ Goods Fall under Korea FTA

New Jersey'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 New Jersey exports to Korea – including everything from machinery to metal manufacturing – ballooned 65 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.**

New Jersey Inequality Soars during FTA Era

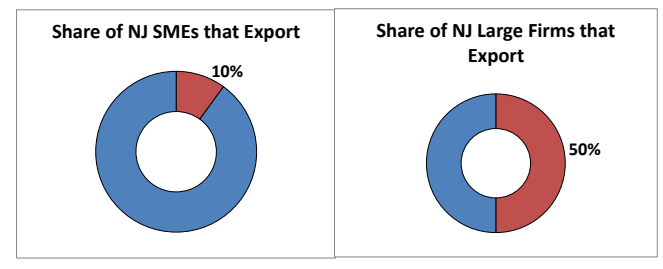
The richest 10 percent in New Jersey are now capturing about half of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. 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 New Jersey, only 10 percent of SMEs export any good to any country. In contrast, 50 percent of large firms in New Jersey are exporters. Exporting is primarily the domain of large corporations, not small businesses.

Nine out of Ten New Jersey Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 10 percent of New Jersey's small and medium enterprises export any products, compared with 50 percent of the state's large firms.



TPP and TTIP Would Empower 1,418 Foreign Firms to Attack New Jersey Policies

The TPP and TTIP would empower foreign corporations to bypass domestic courts and challenge U.S. and New Jersey 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 New Jersey and U.S. policies to an unprecedented increase in ISDS liability, given the 1,418 firms in New Jersey 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, Uniwold, Center for Economic and Policy Research, Economic Policy Institute