

The Trans-Pacific Partnership

Lost Jobs, Wages and Workers Rights

The Trans-Pacific Partnership (TPP) also known as “NAFTA on Steroids” is poised to become the largest free trade agreement ever. Current negotiating countries account for 38% of the global economy and include the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Negotiators have refused to release the text of the TPP to the public but have given access to members of special advisory committees which are dominated by hundreds of corporate officials, lawyers and lobbyists. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP would lead to the loss and off-shoring of many jobs, reduce our wages, and erode labor rights

LOST U.S. JOBS

■ The TPP will reduce U.S. jobs in the service, public and manufacturing sectors

— Service Sector and Call Center Jobs. Corporations have off-shored an estimated 3.4 million U.S. service jobs.¹ The TPP will further promote the off-shoring of jobs in call centers, computer programming, engineering, accounting, medical diagnostics and more by including both investment rules (making it safer to invest overseas) and service sector rules (guaranteeing access for cross border services here).

— Public Sector and Related Jobs. We lost over 700,000 public sector jobs from 2008 through 2013.²

- The TPP will give foreign firms operating in the U.S. equal access to the vast majority of federal procurement contracts creating even more incentives for privatization and contracting out.
- Programs like “Buy American” that require federal and state governments to give preferences to U.S. made goods for their purchases would be undermined. Rules requiring “renewable/recycled” or “sweat free” standards and obligations for firms to meet prevailing wages could be challenged by TPP governments before international trade tribunals.

— Manufacturing. The TPP will provide special benefits and rights to firms that off-shore investment and jobs. These new rights would reduce the risks and costs usually associated with off-shoring to countries like Vietnam that impose low wages and

unsafe working conditions by violently suppressing workers' rights.

■ Hundreds of thousands of U.S. jobs could be lost just in the auto and textile sectors

— Projected loss of 91,500 U.S. auto jobs to Japan with a reduction of 225,000 automobiles produced in the U.S. according to the Center for Automotive Research.³

— Projected loss of 522,000 jobs in the U.S. textile and related sectors to Vietnam over an eight year period according to the National Council of Textile Organizations.⁴

■ Past Trade Deals – Bad Precedents for Jobs

— NAFTA 1994: a net loss of 700,000 U.S. jobs despite White House estimates that it would create 170,000 new jobs.⁵

— China into the WTO 2001: a net loss of 3.2 million U.S. jobs despite promises it would increase jobs.⁶

— Korea Free Trade Agreement 2012: a net loss of nearly 60,000 U.S. jobs in just two years despite U.S. International Trade Commission estimates it would create 70,000 jobs.⁷

LOWER U.S. WAGES

■ The 2014 hourly minimum wage in Vietnam averages just 52 cents an hour.⁸ This is less than ½ of China's minimum wage and just 8% of the \$7.25 U.S. minimum wage.⁹

■ A recent report from the Center on Economic and Policy Research found that the U.S. median wage would fall as a result of the TPP. “Taking into account the un-equalizing effect of trade on wages, this paper finds the median wage earner will probably lose as a result of any such agreement. In fact, most workers are likely to lose...”¹⁰

EROSION OF WORKERS RIGHTS

Politicians routinely promise that trade agreements will improve the rights of workers in the U.S. and other countries. And they point to the existence of labor side agreements or labor chapters in these trade deals. However, the reality is that workers' rights have been eroded. Only two of many examples are discussed

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below: the North American Free Trade Agreement and the U.S-Colombia Free Trade Agreement.

NAFTA included a specific labor side agreement that enumerated “guiding principles that the Parties are committed to promote...to the maximum extent possible.” These principles included the rights of workers to organize and collectively bargain; the right to strike; labor protections for children and young people; minimum employment standards; the elimination of employment discrimination, protection of migrant workers, and more.¹¹

■ Erosion of Workers' Rights in the U.S.¹²

— Employers are now twice more likely to use ten or more coercive tactics in their anti-union campaigns than they were before the adoption of NAFTA in 1993.

— Employer threats made during organizing campaigns to close plants if workers voted for a union rose from 29% in the mid-1980s to 50% in the two years following the adoption of NAFTA to 57% during the mid-2000s.

— Actual plant closings where these threats were made following union elections rose from 2% to 15% during this period. While there are many reasons for plant closings, the incentives to off-shore jobs and investment due to trade agreements are clearly important.

■ Erosion of Workers' Rights in Mexico

— “The Mexican government’s general failure to enforce labor and other laws left workers without much recourse with regard to violations of freedom of association, working conditions and other problems.” (U.S. Department of State).¹³

— “Although the law prohibits all forms of forced or compulsory labor, the government did not effectively enforce such laws. Forced labor persisted in both the agricultural and industrial sectors.” (U.S. Department of State).¹⁴

— “Migrants in transit continued to face abduction, murder and forced recruitment into criminal gangs. Migrant women and children were at particular risk. (Amnesty International).¹⁵

■ Erosion of Workers Rights in Colombia

In April 2011, Colombia and the U.S. negotiated the “Colombian Action Plan related to Labor Rights” in an effort to kick-start the stalled Colombia Free Trade Agreement negotiations. The Colombia Free Trade Agreement was passed by Congress in October 2011.

— “Violence, threats, harassment and other practices against trade unionists continued to affect the exercise of the right to freedom of association and collective bargaining.” (U.S. Department of State).¹⁶

— “The law prohibits all forms of forced or compulsory labor. The government did not effectively enforce the law in all cases...” (U.S. Department of State).¹⁷

— “...figures on violence against trade unionists... vouch for the existence of a human rights crisis not consistent with random and indiscriminant violence. They reflect a policy of extermination, implemented over a sustained period and manifested by the thousands of lives claimed.... Although some progress has been made, the longstanding violence against the Colombian trade union movement continues to plague the country and trade unionists are still being killed, forcibly disappeared and intimidated.” (International Trade Union Confederation).¹⁸

We don't need another free trade agreement that provides incentives for corporations to pad their profits by off-shoring our jobs, reducing our wages and eroding our rights. Instead, we need a real Fair Trade agreement that benefits all Americans.



www.stopthetpp.org

Communications Workers of America



1 John C. McCarthy, *Near-Terms Growth of Offshoring Accelerating*, Forrester Research Inc. May 14, 2004. The projection is for the 2004-2015 time period.

2 Bureau of Labor Statistics, *Employment, Hours, and Earnings from the Current Employment Statistics Survey*, Government Sector from December 2008 to December 2013.

3 Sean McAllinden and Yen Chin, *The Effects a U.S. Free Trade Agreement with Japan would have on the U.S. Automotive Industry*, Center for Automotive Research, August 21, 2012.

4 Inside U.S. Trade, *NCTO-Sponsored Study Predicts Huge U.S. Textile Job Losses from TPP*, June, 6, 2013

5 Robert Scott, “Heading South: US-Mexico Trade and job displacement after NAFTA,” May 3, 2011.

6 Robert Scott, *China Trade, Outsourcing and Jobs*, Economic Policy Institute, December 11, 2014

7 Robert Scott, *U.S.-Korea Trade Deal Resulted in Growing Trade Deficits and Nearly 60,000 Lost Jobs* - See more at: <http://www.epi.org/blog/korea-trade-deal-resulted-growing-trade/#sthash.K8rzIVs6.dpuf>

8 Socialist Republic of Vietnam, *Decree Stipulating Region Based Minimum Wage Levels*, November 14, 2013 http://36mfjx1a0yt01ki78v3bb46n15gp.wpengine.netdna-cdn.com/wp-content/uploads/2013/11/2014-Minimum-Wage_Decree-182-EN.pdf Vietnam has different minimum wages for four separate regions. The average minimum wage was calculated as a simple average of the minimum wage in the four regions. The Vietnamese dong was converted to U.S. dollars using the average exchange rate of 21,138 dong to the U.S. dollar as calculated over the six-month period extending from January 15, 2014 to July 13, 2014.

9 WageIndicator.org, *China Minimum Wage Levels*, <http://www.wageindicator.org/main/salary/minimum-wage/china-custom>

10 David Rosnick, *Gains from Trade? The net effect of the Trans-Pacific Partnership Agreement on U.S. Wages*, Center for Economic and Policy Research, September 2013.

11 North American Agreement on Labor Cooperation Supplemental Agreement to the NAFTA released September 14, 1993. <http://www.nathannewman.org/EDIN/trade/NAFTA/sideLab.html>

12 Kate Bronfenbrenner, *No Holds Barred: The Intensification of Employer Opposition to Organizing*, American Rights at Work and Economic Policy Institute, 2009

13 US Department of State, “Mexico 2012 Human Rights Report,” pp. 39-42

14 Ibid.

15 Amnesty International, *2013 Annual Report: Mexico*, <http://www.amnesty.org/en/region/mexico/report-2013>

16 US Department of State, “Colombia 2012 Human Rights Report,” p. 55

17 US Department of State, “Colombia 2012 Human Rights Report,” p. 59

18 International Trade Union Congress, *Annual Survey of Violations of Trade Union Rights 2012: Colombia* <http://survey.ituc-csi.org/Colombia.html?edition=336>