

People of Color Beware: Your Jobs, Wages, and Health Are at Risk

The Trans-Pacific Partnership (TPP) 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 kept the TPP text secret from the public but allowed access to members of special Advisory Committees which are dominated by hundreds of corporate advisors. However, based on leaked text, public statements, news reports and previous trade agreements, we can safely conclude that the TPP poses a special threat to people of color.

Minority Workers Lose a Disproportionate Number of Jobs to Free Trade Agreements

Past trade deals and globalization have disproportionately impacted people of color. The TPP will speed up the elimination of U.S. manufacturing and service jobs since corporations will tend to offshore investment to countries like Vietnam, which has a 2014 minimum wage that averages just 52 cents per hour – just 8% of our minimum wage.

■ Nearly 4 million net U.S. jobs have been eliminated by trade deals with Mexico (NAFTA), China (World Trade Organization) and Korea. People of color accounted for more than 30% of the total number of displaced workers.¹

■ Globalization and trade deals have also impacted service sector jobs. It has been projected that more than 3.4 million service sector jobs will have been offshored from 2003-2015.² Call center jobs provide a good example. People of color account for 56% of the customer service representatives in the wireless telecommunications sector and 40% in the wired sector. Overall, women account for two-thirds of these jobs.³ Yet,

many call center jobs have been off-shored. There are 400,000 call center agents in the Philippines primarily serving the U.S. market.⁴ The Philippines has formally announced a “road map” to enter the TPP.⁵

Displaced Minority Workers Suffer a 29.6% Cut in Wages due to Free Trade Agreements

The almost 1 million minority workers who lost their jobs because of the increased deficit following the China trade deal also suffered a 29.6% cut in net pay. Their average pay dropped by almost \$10,500 a year – from \$45,800 in the jobs displaced to \$35,340 in the new jobs. These minority workers are losing a total of \$10.1 billion in net wages per year.⁶ The TPP will make things even worse since it provides incentives for corporations to offshore jobs to countries that pay lower wages and have fewer worker and environmental protections.

Central Cities Devastated by Trade and Globalization

The loss of firms, factories, jobs, and wages had a significant impact on many cities where people of color constitute a large share of the population. This entire process has frayed the social safety net as local governments were simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization. The result has been a significant crisis for local government services – including education – in the areas hardest hit.

The U.S. landscape is littered with many communities suffering significant economic stress due to trade deals. Here are some examples of the impact of globalization on good paying manufacturing jobs in cities with a large percentage of people of

color. The following figures are for the 1998-2011 time period (these are the earliest and latest years for which comparable data is available) and all dollar figures are adjusted for inflation.⁷

■ **Detroit** – People of color constitute 92.2% of Detroit’s population of more than 700,000.⁸ Detroit is the most famous victim of globalization and unfair trade deals – especially in terms of the devastation of the auto industry caused by NAFTA. From 1998-2011, Detroit lost 111 or 20% of its auto factories, 66,300 jobs or 50% of its auto workforce, and \$6 billion or 58% of the total annual wages paid by the auto sector in Detroit.⁹ These factors contributed to a loss of 26,000 public sector jobs or 22% of Detroit’s entire public sector workforce.¹⁰

■ **Cleveland** – People of color constitute 63% of Cleveland’s population of 391,000. From 1998-2011, Cleveland lost 85,100 of its manufacturing jobs, \$4.5 billion of its annual wages in manufacturing and 1,200 manufacturing establishments.

■ **Memphis** – People of color constitute more than 70% of the 655,000 people living in Memphis. From 1998-2011, the Memphis metro area lost 20,000 or 36% of its manufacturing jobs, \$762 million or 30% of its annual manufacturing payroll, and 289 or 25% of its manufacturing establishments.

■ **Chicago** – People of color constitute 55% of Chicago’s population of 2.7 million. From 1998-2011, Chicago lost 206,000 or 35% of its manufacturing jobs, \$9.3 billion in annual wages paid by its manufacturing sector, and 2,600 or 20% of its manufacturing establishments.

The impact of the TPP will be similar to other free trade agreements – more offshored jobs, more plant closings, lower wages, and less revenue to fund vital public services and their associated public and private sector jobs.

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Loss of Retirement Security

Globalization and previous trade deals have eliminated 6.8 million U.S. manufacturing and service sector jobs, which have removed \$284 billion in wages from our economy. This has resulted in an annual loss of \$35 billion in Social Security revenue.¹¹ The TPP will speed up this race to the bottom. Social Security is especially important to people of color.¹²

- About 80 percent of African Americans and Hispanics and 70 percent of Asians age 65 and older depend on Social Security for part of their family income.

- People of color are much more likely to receive Social Security than any other source of retirement income. Although people of color typically receive lower Social Security benefits than other groups, they rely on them more. One-third of older African Americans and Hispanics in families receiving Social Security depend on it for more than 90 percent of their family income.

- Social Security keeps roughly one-third of older African Americans and Hispanics and 20 percent of older Asians out of poverty.

Medicare and Medicaid Cuts

AARP, Consumers Union, and other groups have warned that the TPP could undermine

public programs like Medicare and Medicaid. For example, the TPP would prevent \$3.8 billion in savings because it would prohibit a reduction of the period during which big drug companies have exclusive rights to biologic test data.¹³ The TPP would also allow medical device corporations to actually patent surgical methods leading to increasing costs for Medicare and Medicaid. Consumers Union, and 9 other groups stated that the TPP places the following policies at risk:¹⁴

- Medicare Part D discounts for those who fall in the donut hole

- Use of preferred drug lists by state Medicaid programs

- Medicaid prescription drug rebates

- Mechanisms that discourage the use of costlier treatments that are no more effective than existing

People of color will be directly affected by these changes because they disproportionately rely on Medicare and Medicaid.¹⁵

- People of color account for 14% of the nation's elderly but about 16% of the total Medicare population.

- People of color are far more likely than whites to rely solely on the traditional Medicare program for insurance protection.

- African Americans and Hispanics are more likely than whites to rely on Medicaid to supplement Medicare. More than a third

of African American beneficiaries and over a quarter of Hispanics receive some level of Medicaid assistance compared with 11 percent of whites.

Higher Prescription Drug Prices

AARP warns that the TPP could lock in higher prices for popular drugs and undermine public programs like Medicare and Medicaid. For example, biologics (drugs developed through biological processes) are used to treat a variety of ailments including multiple sclerosis, rheumatoid arthritis, and different forms of cancer. Annual costs for such drugs can reach \$400,000. These high prices reflect the drug makers' 12-year exclusive right to the test data which makes it very difficult for generic versions to enter the market. Last year, the Obama administration's budget proposed a reduction of the exclusivity period to 7 years which would generate more competition, lower prices, and significant savings for Medicare and Medicaid.¹⁶ Unfortunately, a leaked document shows that the TPP includes the 12-year period that would prevent any shortening of the period because a trade agreement takes precedence over domestic laws.



**Join the Fight to Protect Your Jobs,
Wages, Health and Retirement**

CWA

www.stoptheTPP.org

Communications Workers of America



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3 Jeff Hayes, Robert Drago, Heidi Hartman, Industry in Flux: The status of the Information and Communications Technology Sector 1990-2009, Institute for Women's Policy Research, p. 46

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5 Embassy of the Philippines, PH Unveils Roadmap for Participation in TPP Trade Pact, March 16, 2013

6 Robert Scott, Economic Snapshot, Displaced minority workers suffered 29.6% drop in wages from the growing trade deficit with China, Economic Policy Institute, October 10, 2013, <http://www.epi.org/publication/minority-workers-suffered-29-6-percent-drop/>

7 The following statistics for both state and metropolitan areas are from the U.S. Census Bureau, MSA Business Patterns (NAICS) 1998 and 2011 using code 31 for manufacturing which can be found at <http://www.census.gov/econ/cbp/> and for population statistics from the Census Bureau at <http://quickfacts.census.gov/qfd/index.html>

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10 U.S. Bureau of Labor Statistics, State and Area Employment, Hours and Earnings, Economy at a Glance <http://www.bls.gov/eag/Detroit-Livonia-Dearborn>, <http://data.bls.gov/pdq/SurveyOutputServlet>

11 Communications Workers of America, Department of Research calculations based on loss of jobs to globalization and trade deficits, average U.S. wage and social security tax.

12 The following statistics were taken from AARP Public Policy Institute, Social Security: A Key Retirement Income Source for Older Minorities, November 2012

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13 AARP, Letter to USTR Froman, October 22, 2103 <http://infojustice.org/wp-content/uploads/2013/10/AARP-Letter-to-USTR-TPP-Biologics-10-22-13.pdf>

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16 The Hill, AARP warns trade deal could lock in high drug prices, October 23, 2012, <http://thehill.com/blogs/reg-watch/healthcare/330199-trade-agreement-could-lock-in-high-drug-prices-aarp-warns>