

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. The TPP has been negotiated in secret – except for 600 corporate advisors who get to see the text and work with the negotiators. There are many concerns with the TPP including its adverse impact on food safety, drug prices, the global financial system and our democracy. It also would lead to the loss and off-shoring of many jobs, reduce our wages and erode labor rights.

LOST US JOBS

■ **The TPP will reduce US jobs in the service, public and manufacturing sectors.**

— Service Sector and Call Center Jobs. We have already lost an estimated 3.4 million service sector jobs. 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 have lost over 700,000 public sector jobs since 2008. But there are also millions of private sector jobs that depend on the public sector as the purchaser of their goods and services. The TPP will place both public sector and related private sector jobs at risk.

- 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 requiring federal and state governments to give preferences for government purchases from US-based providers like “Buy American;” “renewable/recycled;” “sweat free;” and obligations for firms to meet prevailing

wages could be challenged by foreign firms before UN and World Bank panels.

— 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.

■ **Estimated 132,000 US jobs to be lost to just two TPP countries - Japan and Vietnam.**

— Estimated net loss of 91,500 US auto jobs to Japan along with a reduction of 225,000 automobiles produced in the U.S. Thus, the TPP will exacerbate the 2009-2012 trend in which the US lost 130,000 US jobs due to a \$77 billion increase in our trade deficit.

— Estimated 40,500 jobs will be lost to Vietnam. These jobs will be lost due to the TPP’s projected \$9 billion increase in our trade deficit with Vietnam. Thus, the TPP will exacerbate the 2009-2012 trend in which the US lost 26,700 jobs due to a \$6.5 billion increase in our trade deficit.

■ **Past Trade Deals – Bad Precedents for Jobs**

— NAFTA 1994: a net loss of 700,000 US jobs due to trade with Mexico — despite administration estimates that it would create 170,000 new jobs

— China into the WTO 2001: a net loss of 2.7 million US jobs despite promises it would increase jobs in the U.S.

— Korea 2012: a net loss of 40,000 US jobs (mostly manufacturing jobs) in just one year despite US International Trade Commission estimates it would create 70,000 jobs

LOWER US WAGES

■ The hourly minimum wage in Vietnam is just 28 cents per hour. This is less than half of China’s minimum wage and just 4% of the \$7.25 US minimum wage.

■ A recent report from the Center on Economic and Policy Research found that the U.S. median wage

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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...”

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

NAFTA included a specific side letter that promised to improve 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. However, since NAFTA workers' rights in both the U.S. and Mexico have been eroded.

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

- 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.” (US Department of State).
- “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.” (US Department of State).
- “Migrants in transit continued to face abduction, murder and forced recruitment into criminal gangs. Migrant women and children were at particular risk. (Amnesty International).

■ 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. (US Department of State)).
- “The law prohibits all forms of forced or compulsory labor. The government did not effectively enforce the law in all cases...” (US Department of State).
- “...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 Colombina trade union movement continues to plague the country and trade unionists are still being killed, forcibly disappeared and intimidated.” (International Trade Union Confederation)

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.

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