TTIP and Worker Rights: 
An American Perspective

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Prepared for the Friedrich Ebert Stiftung
TTIP Stakeholder Forum
Why are Americans so skeptical of trade deals?

The typical American experience is that “neoliberal” trade agreements don’t work.

They produce concentrated gains for the 1%, but diffuse losses across those who work for a living. Yet they require no compensation to those who suffer those losses.
FTA supporters overpromise jobs

- The CGE Model has proven to be inadequate, overstating gains while failing to measure losses.
- Fails to adequately account for net welfare losses due to weakened regulations, working conditions.
- Fails to adequately account for wage and investment effects.
- NAFTA: 200,000 jobs predicted, 682,900 lost (net).
- Korea FTA: 70,000 jobs predicted, 60,000 lost (net).
- China: 2.7 million jobs lost (net).
Growing Together, Growing Apart

Real family income growth

- Poorest 20%: 117% 1973-2009, -6% 1947-1973
- Second 20%: 98% 1973-2009, 6% 1947-1973
- Middle 20%: 104% 1973-2009, 16% 1947-1973
- Richest 20%: 89% 1973-2009, 57% 1947-1973
- Top 0.1%: 454% 1973-2009
- Top 0.01%: 645% 1973-2009

Off the charts!

$3 million average income

$27 million average income

Source: EPI analysis of U.S. Census Bureau data.

*Average income includes realized capital gains.
What’s gone Wrong?

Ties that bind

As union membership rates decrease, middle class incomes shrink

What’s gone Wrong?

Unrewarding work
Labour costs as % of nominal GDP

Source: The Economist
Growth of real hourly compensation for production/nonsupervisory workers and productivity, 1948–2011

Note: Hourly compensation is of production/nonsupervisory workers in the private sector and productivity is for the total economy.
What’s gone Wrong?

CPRFIT/GDP

(Bl of $/Bl of $)


Shaded areas indicate US recessions.
2013 research.stlouisfed.org
Today’s “Trade” Agreements

- Are “economic governance” agreements that limit the policy choices future governments can make
- Have substituted corporate preferences for national interests
- Have promoted this race to the bottom in wages and worker rights
- But we’re not doomed: we can fix the problem if we understand it
Some of the Biggest Threats to Shared Prosperity in the TTIP Are:

- **The Deregulatory Agenda**
- **Possible Degradation of Public Services**
- **ISDS**: Excessive corporate rights threaten democratic decision-making
- **Opportunities to race to the bottom in labor rights** and environmental protections
  - UAW-Volkswagen election
  - Lone Pine v. Canada, Renco v. Peru cases
- **Lack of provisions to prevent currency manipulation**
- **Restrictions on Buy America and other domestic economic and social policies**
Extraordinary Investor Rights: Perhaps the Biggest Threat in the TTIP

• Investors make *no* commitments in the agreement, yet reap most of the rewards
• Are able to access unaccountable fora and substantive rights that domestic investors cannot
• *No net benefit for economies of ISDS* (even a [WTO study](#) found no significant increase in FDI as a result)
• It’s difficult to measure the legislative & regulatory chilling effect
• But it is easy to measure monetary losses, weaker regulations, legal costs that average $8 million/case
How can we invent a new trade deal for workers in the TTIP?

- Omit ISDS
- Ensure respect for democratic choices
  - Regulatory regimes
  - Economic development & job creation strategies
  - Public Services, including public health systems
- There cannot be a dual system of global laws for property but only guidelines for people
- Labor, environmental, and human rights provisions must be enforceable, meaning possible recourse to trade sanctions, and they must be meaningful, so that business cannot subcontract the problem away
How does secrecy prevent a new vision?

- President Obama on TTIP: “I would just caution everybody to wait until they actually see what has been negotiated before they engage in all these speculations.”
- Those not at the table will not have their interests protected.
- The U.S. believes that its procedure of Trade Advisory Committees is sufficient, but the results indicate otherwise.
- In what other area is domestic economic policy made behind closed doors?
• In sum, a few jobs at the expense of hard-won social protections, and permanent legal constraints, is unlikely to be a beneficial trade-off for workers in the long run.

• A clear commitment to sustainable, socially inclusive growth, and rules that promote such, is the better option.

• It’s an open question if the TTIP can achieve that.
More Resources on Trade

From the Economic Policy Institute (Work on Jobs, Wages & Deficits):

- [http://epi.3cdn.net/fdade52b876e04793b_7fm6ivz2y.pdf](http://epi.3cdn.net/fdade52b876e04793b_7fm6ivz2y.pdf)

Other:

- [http://www.aflcio.org/issues/trade](http://www.aflcio.org/issues/trade)
- [http://www.youtube.com/watch?v=gTXtOpNOYcU](http://www.youtube.com/watch?v=gTXtOpNOYcU)
- [http://www.citizen.org/trade/](http://www.citizen.org/trade/)
Questions?

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