

TTIP and Worker Rights: An American Perspective

Celeste Drake
Trade & Globalization Policy Specialist
AFL-CIO

cdrake@aflcio.org

Twitter: @cdrakefairtrade

Office: 1-202-637-5344

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Why are Americans so skeptical of trade deals?

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

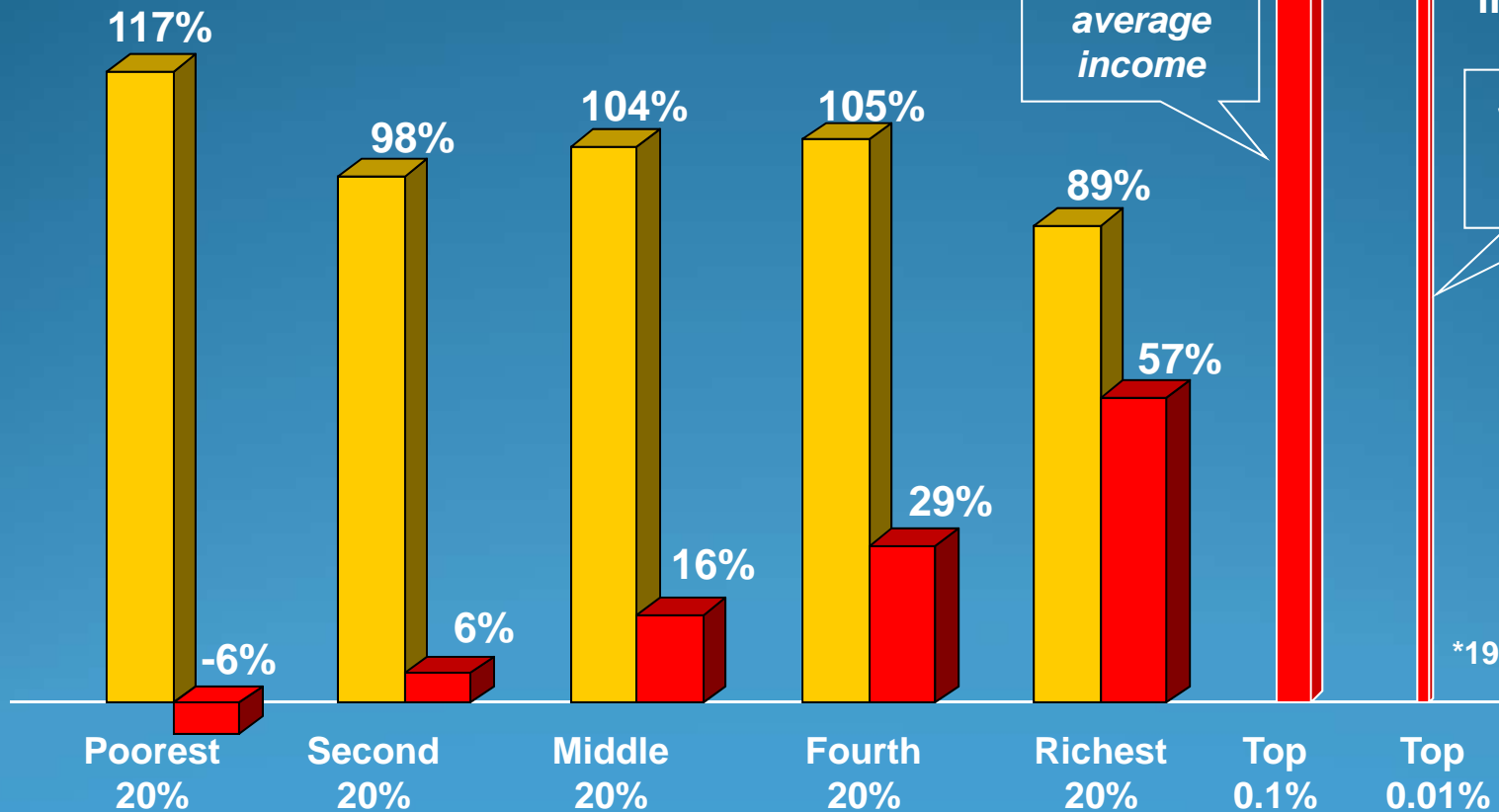
They produce concentrated gains for the 1%, but diffuse losses across those who work for a living. Yet they require no compensation to those who suffer those losses.

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



Off the charts!

645%
rise in
income*

\$27 million
average
income

\$3 million
average
income

454%
rise in
income*

*1973-2008

*Average income includes realized capital gains.

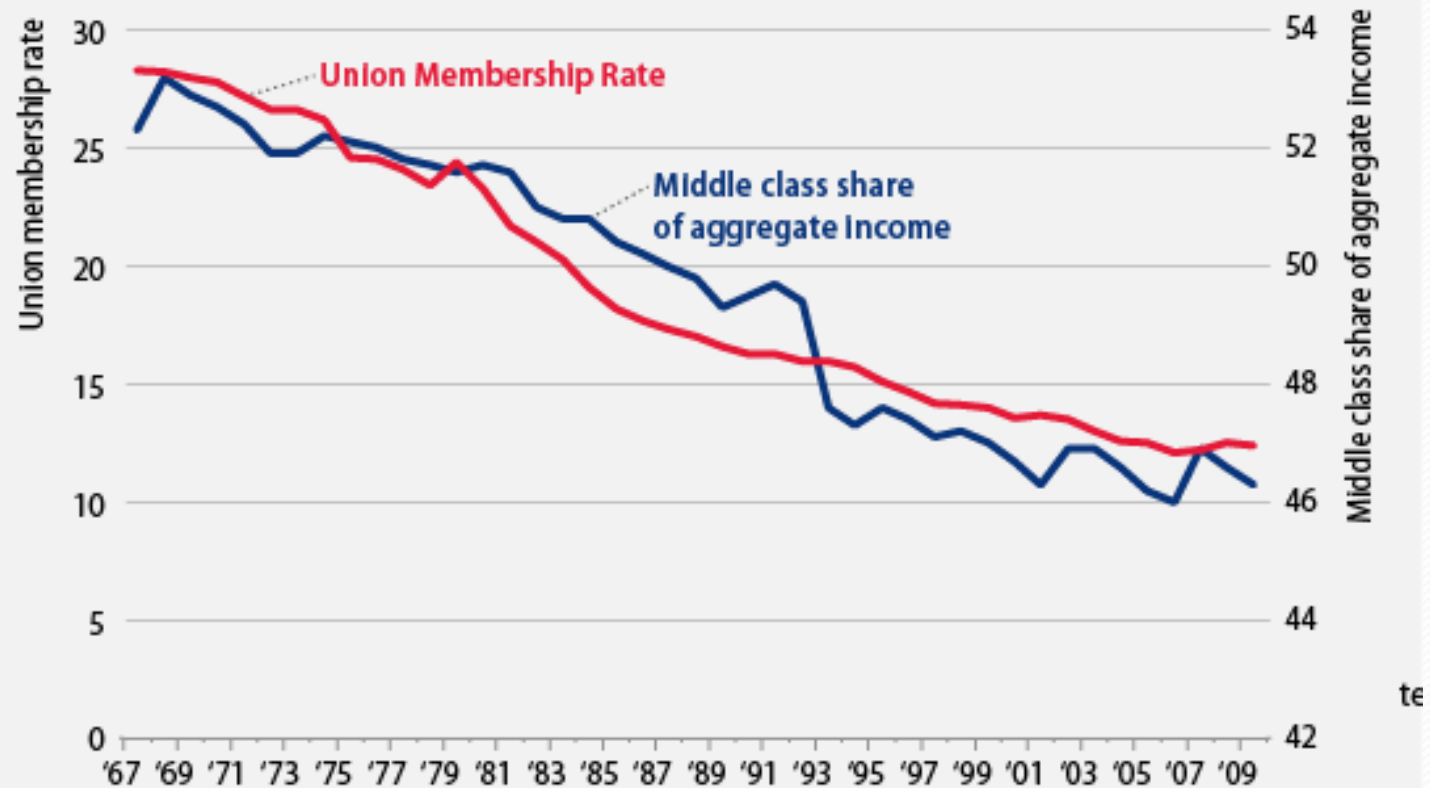
Source: EPI analysis of U.S. Census Bureau data.

■ 1947-1973 ■ 1973-2009

What's gone Wrong?

Ties that bind

As union membership rates decrease, middle class incomes shrink



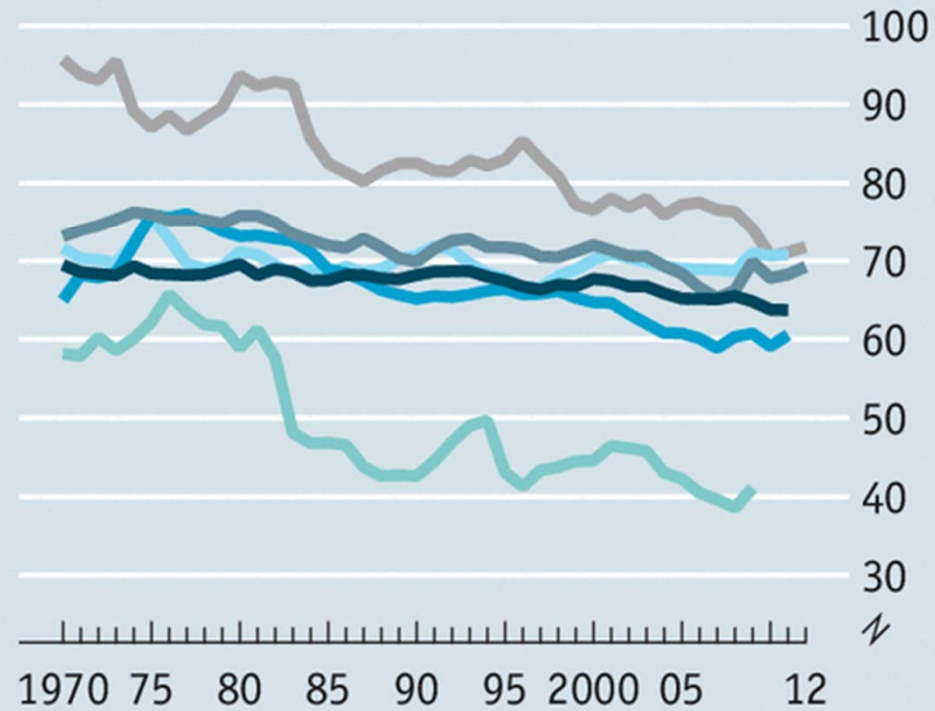
Original figure by David Madland, Karla Walters, and Nick Bunker. Sources: Union Membership Rate is from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No.7, July 2001. Middle Class Share of Aggregate Income is from United States Census Bureau.

What's gone Wrong?

Unrewarding work

Labour costs as % of nominal GDP

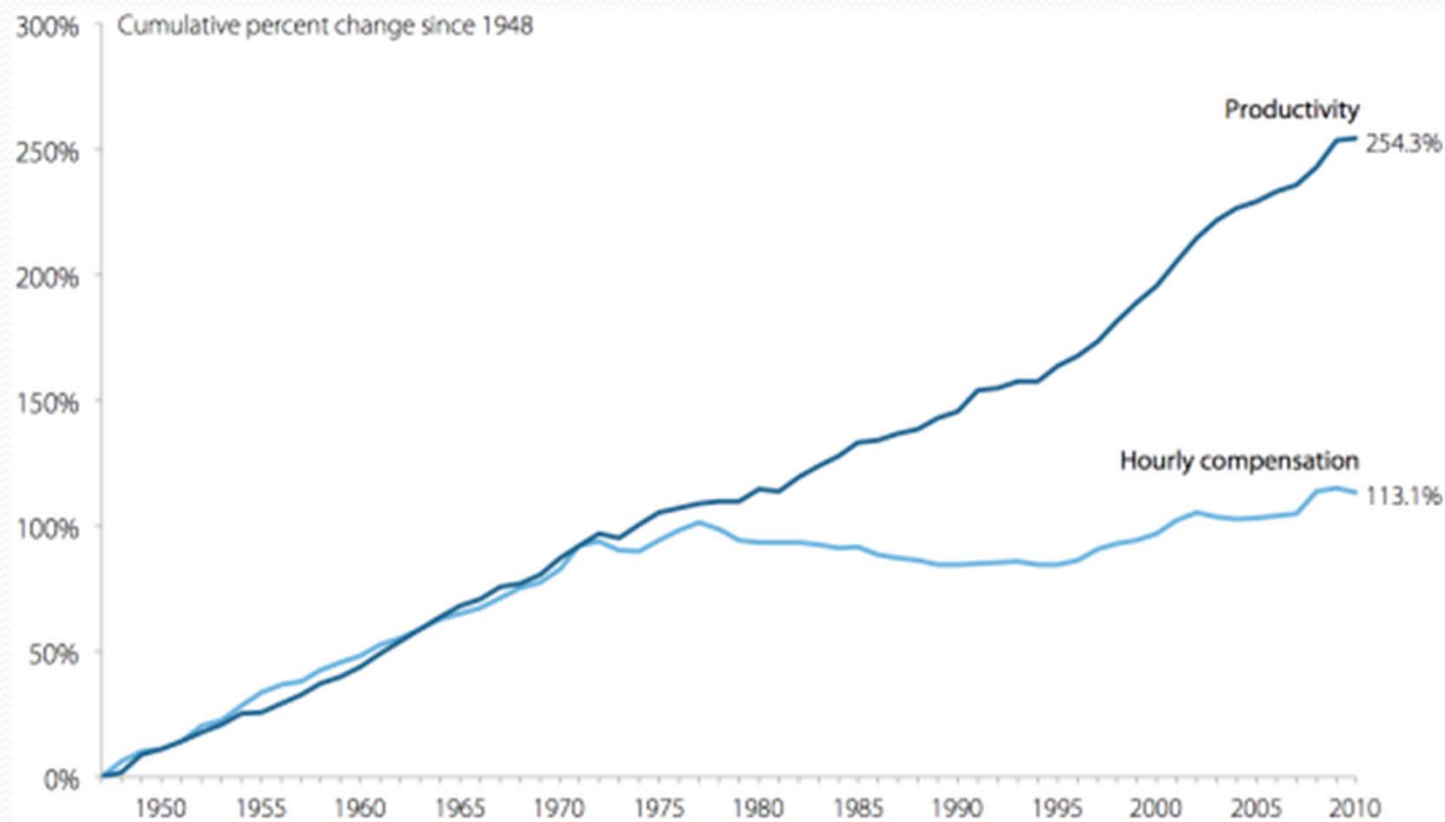
— South Korea — Germany — Japan
— Britain — United States — Mexico



Source: OECD

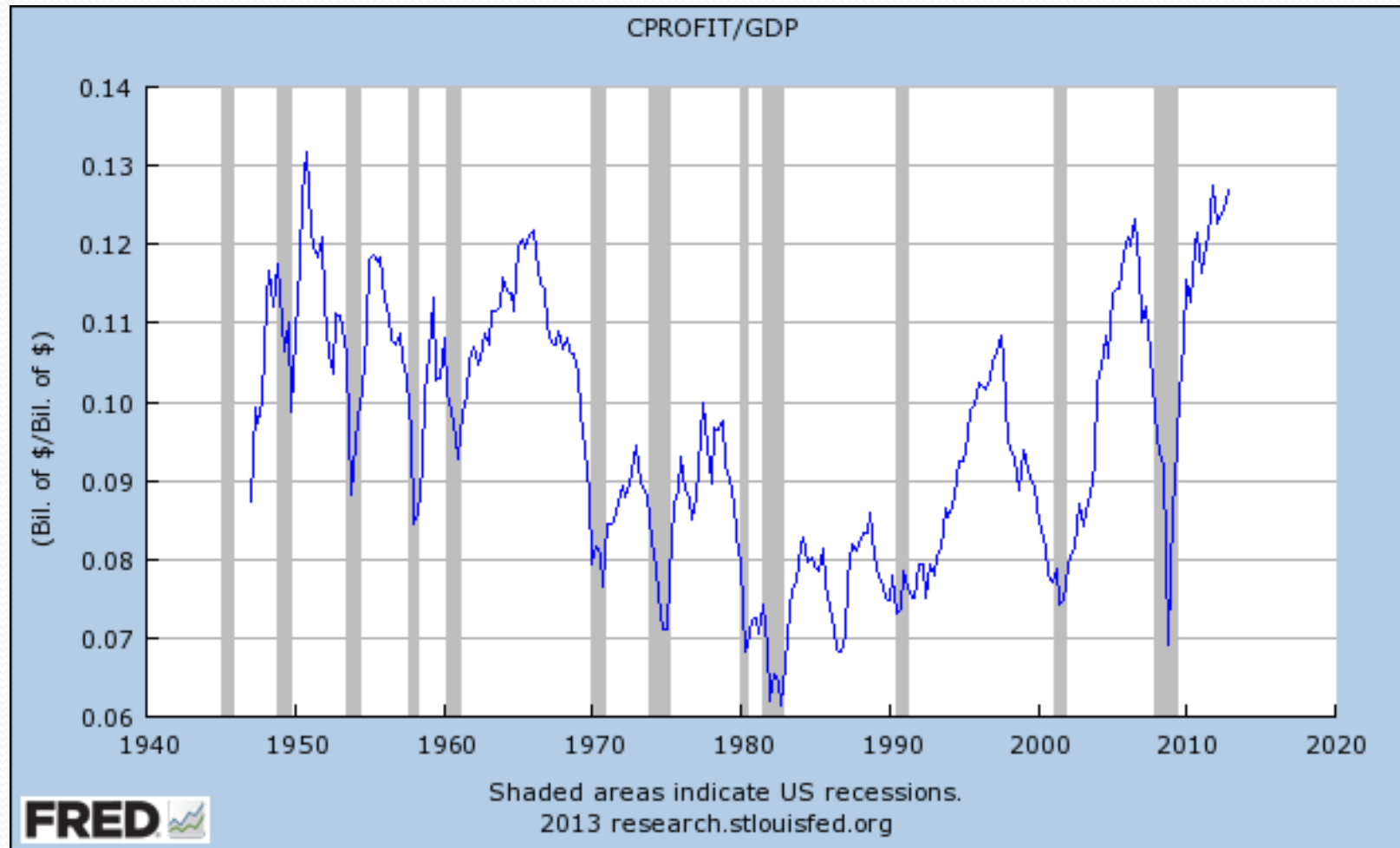
Source: The Economist

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.
Source: Economic Policy Institute using economy data from Bureau of Labor Statistics, Labor Productivity and Costs program and Bureau of Economic Analysis, National Income and Product Accounts public data series

What's gone Wrong?



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?

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- **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://www.epi.org/blog/signing-trade-deals-terrible-jobs-strategy/>
- <http://www.epi.org/publication/infographic-free-trade-agreements-have-hurt-american-workers/#.UegMbFEshi4.twitter>
- http://epi.3cdn.net/fdade52b876e04793b_7fm6ivz2y.pdf
- <http://www.epi.org/publication/trading-manufacturing-advantage-china-trade/>

Other:

- <http://www.aflcio.org/issues/trade>
- <http://www.youtube.com/watch?v=gTXtOpNOYcU>
- <http://democracyctr.org/new-report-unfair-unsustainable-and-under-the-radar/>
- <http://www.citizen.org/trade/>

Questions?

- cdrake@aflcio.org
- Twitter: @cdrakefairtrade
- 1-202-637-5344
- Skype: drake.celeste

