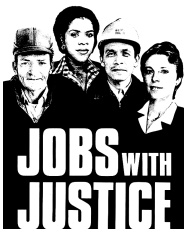




Job Loss Has Led To Downward Pressure on Wages and Living Standards

**New Reports Show 11,000 Jobs Lost in Oregon;
766,000 Jobs Lost Nationwide**



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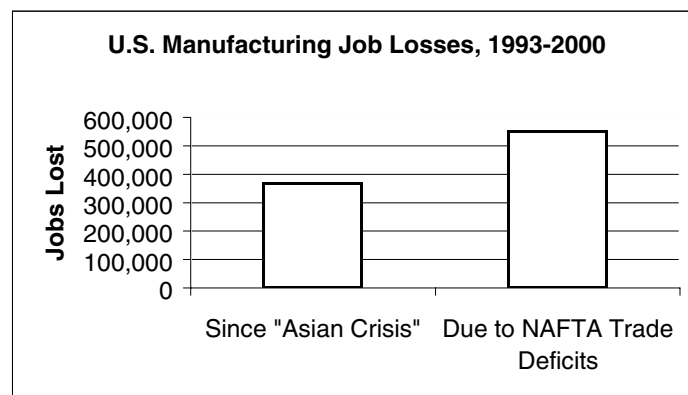
NAFTA's Impact on Oregon: Job Loss Has Led to Downward Pressure on Wages and Living Standards

New Reports Show 11,000 Jobs Lost in Oregon; 766,000 Jobs Lost Nationwide

When the North American Free Trade Agreement was being debated by the United States Congress in 1993, proponents argued that the passage of NAFTA would lead to increased job opportunities and rising living standards in the United States, Canada, and Mexico. Seven years later, evidence of economic gains for the majority of the population has failed to materialize in Oregon and the rest of the United States. Nor are the majority of people in Canada or Mexico better off as a result of NAFTA.

In Oregon and the United States overall, NAFTA has been a net destroyer of jobs, as a result of increased trade deficits. Nationally, a recent report from the Economic Policy Institute (EPI) shows, **more than three-quarters of a million** jobs and job opportunities were eliminated in the United States by increased trade deficits with Canada and Mexico during the operation of NAFTA.ⁱ **More than half a million** of these job losses were direct job losses in manufacturing, the sector principally affected by trade. By comparison, the net job loss in U.S. manufacturing since the 1998 "Asian financial crisis" largely induced by the International Monetary Fund and the World Bank's financial liberalization and austerity policies, which also caused huge job losses through increased U.S. trade deficits, was 368,000 jobsⁱⁱ (Table 1.) A state-by-state analysis by EPI shows **that eleven thousand of NAFTA's lost jobs and job opportunities were in Oregon**, with 7,700 direct job losses in manufacturing, including 3,400 in the manufacture of wood products.ⁱⁱⁱ By April 2001, the government's NAFTA -Transitional Adjustment Assistance program (NAFTA-TAA), which only counts some NAFTA job losses, had certified 7,302 workers in Oregon as having lost their jobs due to NAFTA (Table 2.)^{iv} The distribution of these job losses has led to downward pressure on living standards and a weakening of workers' bargaining power. There is little reason to expect negotiations underway to extend the NAFTA model of economic integration to the rest of the Western Hemisphere – the proposed "Free Trade Area of the Americas" [FTAA] – to lead to a different result.

Table 1



Thus, a central claim of proponents of NAFTA in 1993, that NAFTA would create jobs in the United States, has been refuted by actual experience. The failure of NAFTA to achieve this central claim made for it by its proponents justifies skepticism in evaluating present claims of benefits from expanding NAFTA through the FTAA.

Given NAFTA's failure to create jobs in the United States, it is now common for proponents of NAFTA and of NAFTA expansion to concede that the purpose of NAFTA was never to create jobs. Now it is claimed that NAFTA has nothing to do with job creation, that the real significance of NAFTA is in promoting economic efficiency and therefore economic growth through increased international competition, and it is pointed out that the number of jobs lost due to NAFTA is small compared with the number of jobs created during the last expansion of the business cycle.

But the fact that more jobs were created by the economic expansion than were lost due to NAFTA does not imply that NAFTA job losses were inconsequential, because not all jobs are equal. As we would expect, NAFTA job losses have overwhelmingly occurred in manufacturing, since it is mostly the products of the manufacturing sector that are traded internationally. But average wages in the manufacturing sector are higher than in the rest of the economy. While the overall level of unemployment is determined more by the interest rate policy of the Federal Reserve than by trade policy, trade policy is reshaping the distribution of employment.

Surveys indicate that when workers displaced by trade do find new jobs, their wages fall, with earnings declining by an average of over 13%.^v These displaced workers' new jobs are likely to be in the service industry, the source of the overwhelming majority of new jobs created in the last decade. Average compensation in the service sector is only 77% of that in the manufacturing sector.^{vi} With the current business cycle expansion ending, displaced workers will find even fewer opportunities.

Moreover, both the theoretical and empirical evidence for significant gains in economic growth from NAFTA-type trade and investment liberalization is extremely weak.

In a recent paper, economist Dean Baker of the Center for Economic and Policy Research estimated what the direct gains to the U.S. economy would be of removing all tariffs on imports. He found that the gain would be roughly \$10 billion a year, a mere 0.1 percent increase in the size of the economy. If such a gain were distributed evenly to all households, it would add about \$45 a year to an average family income, less than \$1 a week.^{vii} By comparison, this is about a quarter of what even lower-income households can expect to get from the tax cuts currently being considered by the Congress.

The empirical evidence that NAFTA-type trade and investment liberalization leads to higher growth is no stronger. In a recent study using World Bank data, the Center for Economic Policy Research compared economic growth rates for 116 countries in the last two decades – a period of NAFTA-style trade and investment liberalization promoted by the International Monetary Fund, the World Bank, and the World Trade Organization – with the previous two decades, when national barriers to trade and investment flows were

higher. The CEPR study found that three-quarters of the countries had significantly higher growth rates in the earlier period – exactly the opposite of what one would expect if trade liberalization had led to higher growth.^{viii}

In particular, neither Mexico nor Canada has seen broad economic benefits for the majority of working families under NAFTA. In Mexico, between 1991 and 1998, the share of workers in salaried jobs with benefits fell sharply. By 1998, the incomes of salaried workers had fallen 25%. Under NAFTA, manufacturing wages in Mexico fell 21%.^{ix} In Canada, real incomes declined for the majority of the population in the 1990s, as unemployment averaged near 10% of the workforce.^x

There is little evidence that NAFTA has generated broad economic benefits. The costs of NAFTA to working families in Oregon and the rest of the United States – lost jobs and wages, weakened environmental laws, restrictions on democratic decision-making – have not been offset by economic gains for the majority of working families, in the United States, Mexico, or Canada.

<p align="center">Table 2 Oregon NAFTA-TAA Certifications as of April, 2001</p>					
Company	City	What They Produced	Petitioners	Cause	Estimated Workers
Pictsweet Mushroom Farm	Salem	mushrooms	Workers	Mexican Imports	3
Blue Mountain Forest Products	Long Creek	dimension lumber	Workers	Canadian Imports	8
Pioneer Cut Stock	Prineville	wood products	Workers	NAFTA Imports	14
Fender Musical Instruments	Lake Oswego	amplifiers for sound musical equipment	Workers	Moved to Mexico	270
Westbrook Wood Products	Coquille	wood veneer and chips	Workers	NAFTA Imports	18
Crown Pacific	Redmond	plywood	Workers	Canadian Imports	7
Chas H. Lilly	Portland	herbicides and pesticides	ICW	Moved to Canada	30

Premier Edible Oils	Portland	vegetable oils for cooking	IBT	NAFTA Imports	50
Roundwood Timber Products	Chemult	posts and poles made from lodgepole pine	Company	Canadian Imports	12
Pendleton Woolen Mills	Portland	shirts, coats and jackets	Workers	Mexican Imports	75
Pendleton Woolen Mills	Milwaukie	shirts, coats and jackets	Workers	Mexican Imports	75
Kibak Tile	Redmond	stock tile	Workers	Mexican Imports	2
Willamette Industries	Dallas	plywood	WCIW	NAFTA Imports	44
Medite	White City	framing lumber	Workers	Canadian Imports	85
Alsea Veneer	Newport	green and dry veneers for plywood	Workers	Canadian Imports	15
Tyco	Beaverton	games and toys	Company	Moved to Mexico	207
Tyco	Portland	games and toys	Company	Moved to Mexico	208
Boise Cascade	Elgin	lumber	WCIW	NAFTA Imports	70
Bend Manufacturing	Bend	5/4 fingerjoint blocks	Company	Mexican Imports	11
Diamond Multimedia	Albany	computer modems	Workers	Moved to Mexico	60
Chase Packaging	Portland	woven fabric & mesh bags	Company	Mexican Imports	16
Green Veneer	Mill City	plywood	Workers	NAFTA Imports	145
Green Veneer	Idanha	plywood	Company	NAFTA Imports	145
Crown Pacific	Gilchrist	lumber from pine	Company	NAFTA Imports	165
Crown Pacific	Prinesville	lumber from pine	Company	NAFTA Imports	165

Eugene F. Burrill Lumber	White City	framing lumber	Company	Canadian Imports	111
Spalding and Son	Grants Pass	lumber	Workers	NAFTA Imports	26
Lone Pine Forest	Bend	fruit boxes ends & finger joint blocks	Workers	NAFTA Imports	12
Collins Products LLC	Klamath Falls	plywood handles	IAMAW	Canadian Imports	55
Lane Plywood	Eugene	plywood	Workers	Canadian Imports	200
American Cemwood	Albany	fibre cement roofing	Company	Canadian Imports	60
tops Malibu	Eugene	novelty candles	Workers	NAFTA Imports	8
Champion Pacific Timberlands	Lebanon	seedings	Company	Canadian Imports	13
Gorge Lumber	Portland	lumber boards	Company	Canadian Imports	3
Klamath Veneer	Klamath Falls	green and day veneer products	Workers	NAFTA Imports	41
Philomath Forest Products	Philomath	dimension lumber	Workers	Canadian Imports	167
Georgia Pacific	Lebanon	high density hardboard	WCIW	Canadian Imports	20
Sun Studs	Roseburg	softwood veneer	Company	Canadian Imports	26
Kinzua Resources	Heppner	dimension lumber	Workers	Canadian Imports	137
Plastech	Corvallis	injection-molded plastic parts	Workers	Mexican Imports	21
Brand S	Corvallis	hardwood plywood, hardwood veneer	Company	Canadian Imports	15
Puget Plastics	Tualatin	plastic injection molded parts	Company	Moved to Mexico	55

Columbia Controls and Panels	Portland	assembly of electrical control cabins	Workers	Moved to Canada	6
Asten Dryer Fabrics	Salem	paper machine clothing for paper making	Company	Moved to Canada	60
Quicksilver Contracting	Bend	wood pulp chips	Company	Canadian Imports	9
Stroh Brewery (The)	Portland	beer beverages	Company	Mexican Imports	232
Reach	Klamath Falls	studs and runners	Company	Canadian Imports	6
D and E Wood Products	Pineville	wood products, finger joint block	Company	NAFTA Imports	14
Ansell Pacific	Salem	natural rubber latex gloves	Workers	Moved to Mexico	42
La Pine Forestry Services	La Pine	logging and peeling	Company	Moved to Canada	4
Hewlett Packard	Corvallis	repair printers and fax machines	Company	Moved to Mexico	97
IMC Plastics	Tualatin	plastics injected molded parts	Company	Mexican Imports	41
Mobius	Eugene	store display fixture	Workers	Canadian Imports	150
U.S. Forest Industries	White City	softwood veneer	Workers	Canadian Imports	22
Sulzer Pumps	Portland	centrifugal pumps	Company	Moved to Mexico	55
Nordic Group (The)	Hubbard	swimwear & fleecewear	Workers	Mexican Imports	130
Collins Products LLC	Klamath Falls	plywood handles	IAMAW	Canadian Imports	55
Ochoco Lumber	John Day	lumber	Workers	NAFTA Imports	25
Fpson Portland	Hillsboro	printers	Workers	Moved to Mexico	220
Mattel Operations	Beaverton	view master reels	Company	Moved to Mexico	59

Lane Plywood	Eugene	plywood	Workers	Canadian Imports	200
Modoc Lumber	Klamath Falls	lumber	Workers	NAFTA Imports	28
Plastmo	Creswell	plastics	Workers	Moved to Canada	5
Hancock Lumber	Salem	medium density fiberboard	Workers	Canadian Imports	25
Friedman Bag	Portland	textile bags	Workers	Mexican Imports	60
Lone Pine Forest	Bend	fruit boxes ends &	Workers	NAFTA Imports	12
Raleigh Company (The)	Klamath Falls	plywood	IAM	Canadian Imports	70
Wallowa Forest Products	Wallowa	stud lumber	Workers	Canadian Imports	57
Crown Pacific	Gilchrist	lumber	Workers	Mexican Imports	73
Renaissance Industries	Troutdale	aluminum products	IAMAW	Moved to Canada	550
Canon Business Machines	Central Point	stud lumber	Workers	Canadian Imports	96
Louisiana Pacific	Hines	engineered wood products	Workers	Moved to Canada	128
Knowles Electronics	Lebanon	hardboard	Workers	Canadian Imports	47
Louisiana Pacific	Pilot Rock	lumber products	Company	Canadian Imports	
Oregon Natural Gas Development	Portland	natural gas	Workers	NAFTA Imports	9
Jeld-Wen of Bend	Bend	wood products ie. door frames & casings	Company	NAFTA Imports	110
Lakeview Lumber Products	Lakeview	lumber products	Company	Canadian Imports	60

W.R. Grace &	Portland	specialty vermiculite products	Company	Moved to Canada	13
Kenetech Windpower	Portland	natural gas	Workers	Canadian Imports	4
Pacific Power	All locations	electricity	UWUA	Canadian Imports	
Selmet	Albany	titanium golf club heads	Workers	Moved to Mexico	85
Ellingson Lumber	Baker City	lumber	Workers	NAFTA Imports	194
American Hardwoods	Tualatin	softwood lumber	Workers	NAFTA Imports	140
James River	Portland	frozen food packaging film	AWPPW	Canadian Imports	200
Mission Packaging	Tigard	bottles	Workers	Moved to Canada	52
Simpson Paper	West Linn	general purpose paper for printing	AWPPW	NAFTA Imports	120
Ostrander Resources	Lakeview	kiln-dried rough and surfaced lumber	Company	NAFTA Imports	30
Ostrander Resources	Paisley	kiln-dried rough and surfaced lumber	Company	NAFTA Imports	
Oregon Cedar Products	Springfield	softwood lumber	Workers	NAFTA Imports	90
UGG Holdings	Portland	sheepskin footwear	Company	Moved to Mexico	45
Timber Products	Springfield	dimensional lumber	Workers	Canadian Imports	16
Centry Pine Products	Redmond	softwood lumber products	Company	NAFTA Imports	20
Dolphin International	The Dallas	wood panels	Company	NAFTA Imports	42

Blue Mountain Forest Products	Pendelton	lumber	Workers	Canadian Imports	8
North Powder Lumber	North Powder	Studs lumber	Workers	Canadian Imports	81
Grant Western Lumber	John Day	dimension lumber	Workers	Canadian Imports	25
Consolidated Metco	Portland	parts for heavy duty trucks	Workers	Moved to Mexico	130
WEP, LLC	Portland	generators, starters & alternators, etc.	Company	Mexican Imports	70
Warren Logging	Gold Hill	softwood logs	Company	Canadian Imports	1
Puget Plastics	Tualatin	plastic injection molded parts	Company	Moved to Mexico	309
				Total	7302

ⁱ “NAFTA’s Hidden Costs – Trade Agreement Results in Job Losses, Growing Inequality, and Wage Suppression for the United States,” Robert E. Scott, Economic Policy Institute, April 2001, <http://www.epinet.org>

ⁱⁱ “National Employment, Hours, and Earnings,” Bureau of Labor Statistics, <http://www.bls.gov>.

ⁱⁱⁱ “NAFTA’S Impact on the States--The Industries and States That Suffered the Most in the Agreement’s First Seven Years,” Robert E. Scott and Jana Shannon, Economic Policy Institute, April 2001, <http://www.epinet.org>.

^{iv} More than 296,101 U.S. workers have been certified as of March 2001 by the Department of Labor under NAFTA TAA as having lost jobs directly due to NAFTA. See “A Sampling of NAFTA Related Job Loss... NAFTA Transitional Adjustment Assistance (NAFTA TAA),” web site of Public Citizen’s Global Trade Watch, <http://www.tradewatch.org/taa97acs/KEYTAA.html>, which explains some of the reasons NAFTA-TAA numbers do not capture all NAFTA job losses. In addition, NAFTA-TAA does not reflect jobs that would have been created in the U.S. had our trade deficit not increased.

^v *State of Working America: 2000-01*, Lawrence Mishel, Jared Bernstein, and John Schmitt, 2001, p. 24

^{vi} *State of Working America: 2000-01*, Lawrence Mishel, Jared Bernstein, and John Schmitt, 2001, p. 169.

^{vii} “Gaining With Trade?” Dean Baker, Center for Economic and Policy Research, April 2001, <http://www.cepr.net>.

^{viii} “The Emperor Has No Growth: Declining Economic Growth Rates in the Era of Globalization,” Mark Weisbrot, Robert Naiman, and Joyce Kim, Center for Economic and Policy Research, September 2000, <http://www.cepr.net>.

^{ix} “The Impact of NAFTA on Wages and Incomes in Mexico,” Carlos Salas, La Red de Investigadores y Sindicalistas Para Estudios Laborales (RISEL), in “NAFTA at Seven: Its Impact on Workers in All Three Nations,” Economic Policy Institute, April 2001, <http://www.epinet.org>.

^x “False Promise: Canada in the Free Trade Era,” Bruce Campbell, Canadian Centre for Policy Alternatives, in “NAFTA at Seven: Its Impact on Workers in All Three Nations,” Economic Policy Institute, April 2001, <http://www.epinet.org>.