

The U.S.-EU Trade Agreement (TTIP): Can We Ensure Shared Gains from Trade?

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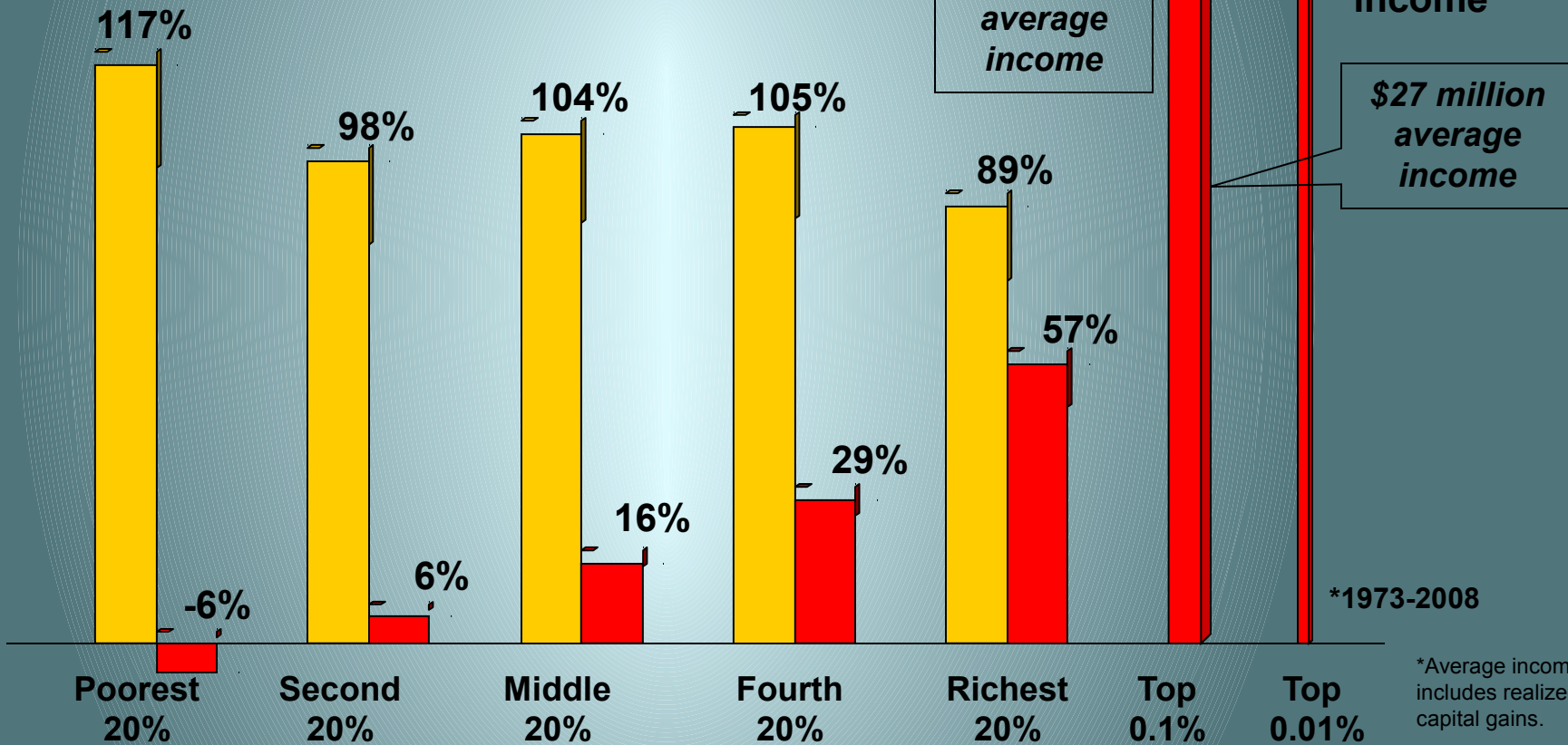
Prepared for GUE/NGL Seminar, held in
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The U.S. Experience: Neoliberal trade agreements don't work.

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.

Growing Together, Growing Apart

Real family income growth



Off the charts!

645%
rise in
income*

\$27 million
average
income

*1973-2008

*Average income includes realized capital gains.

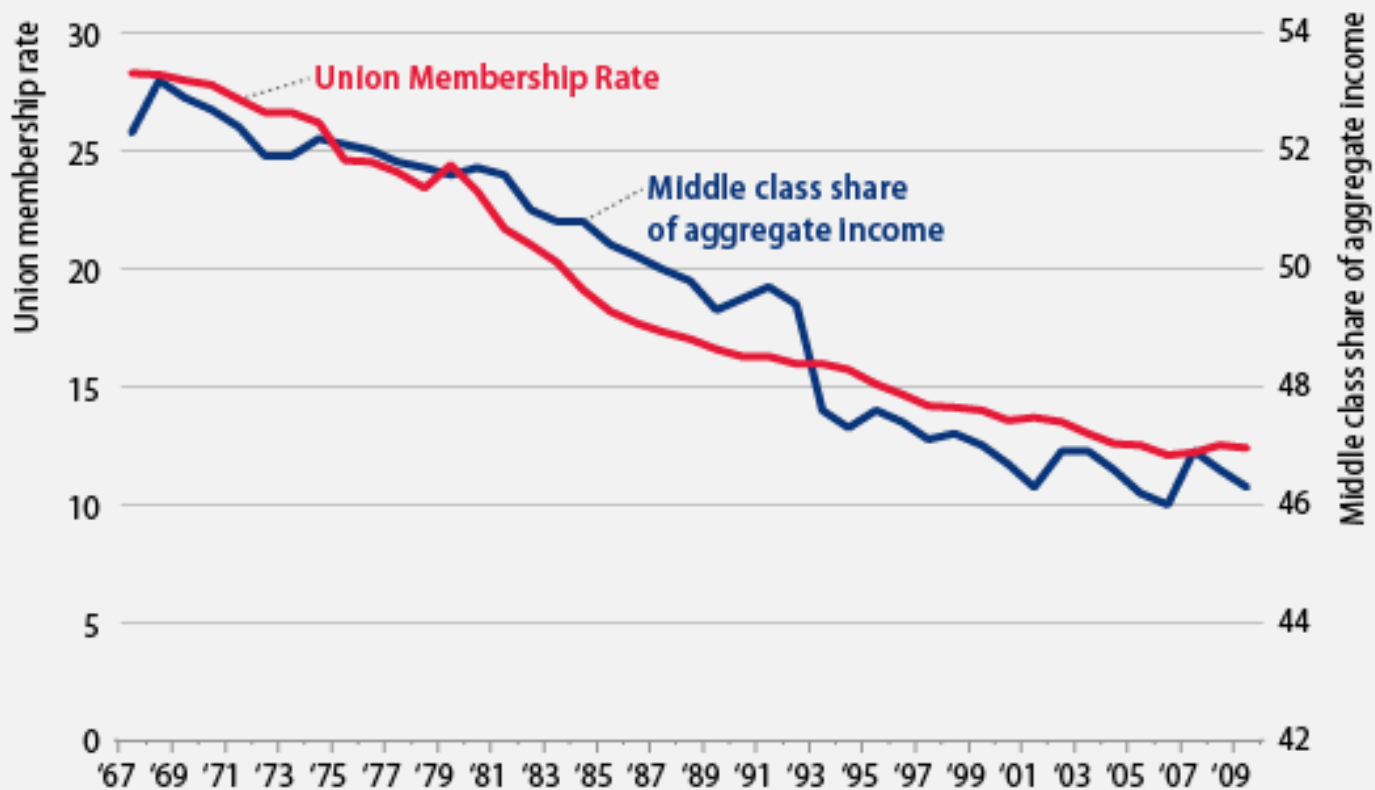
Source: EPI analysis of U.S. Census Bureau data.

■ 1947-1973 ■ 1973-2009

What's gone Wrong?

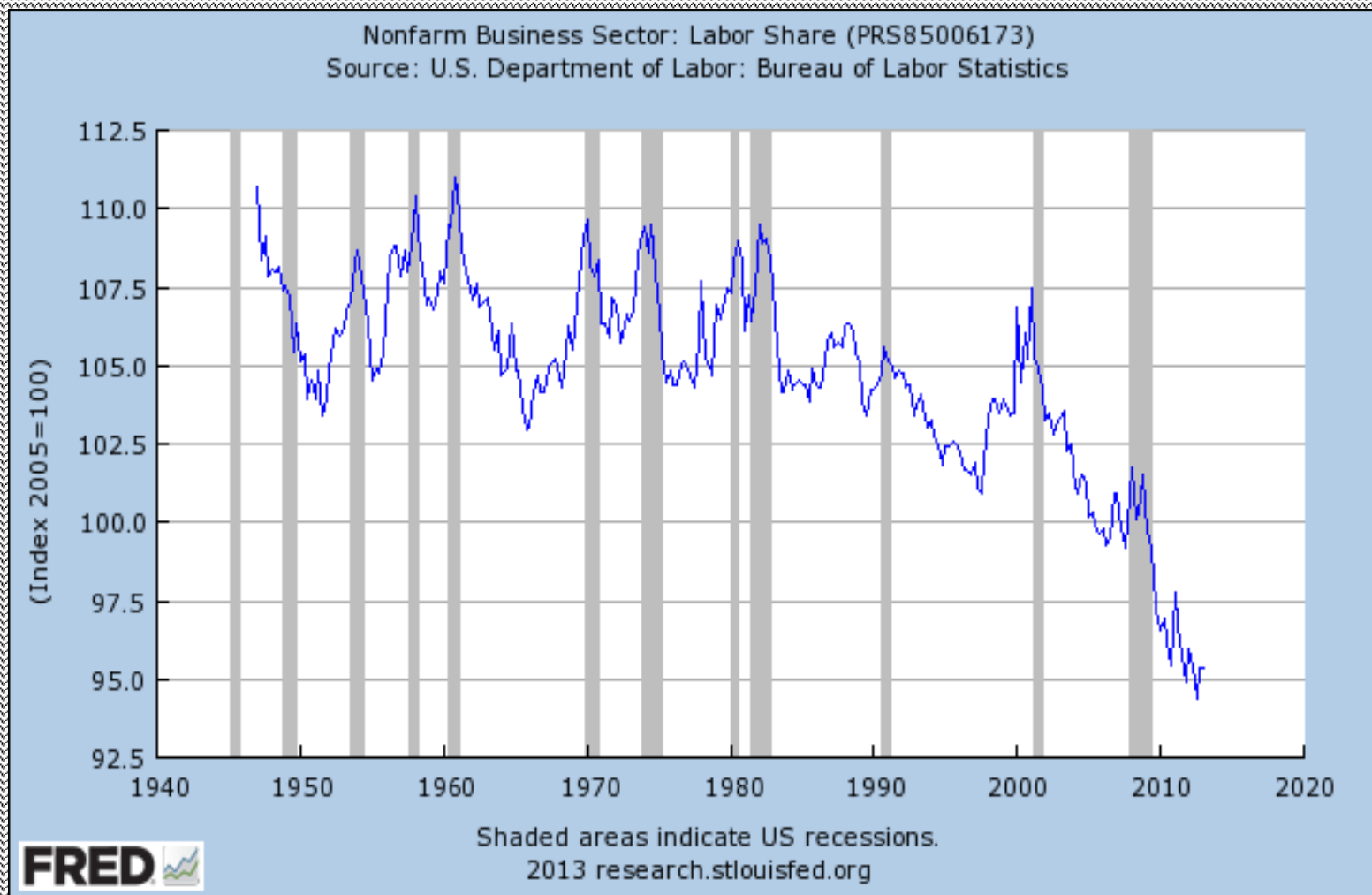
Ties that bind

As union membership rates decrease, middle class incomes shrink

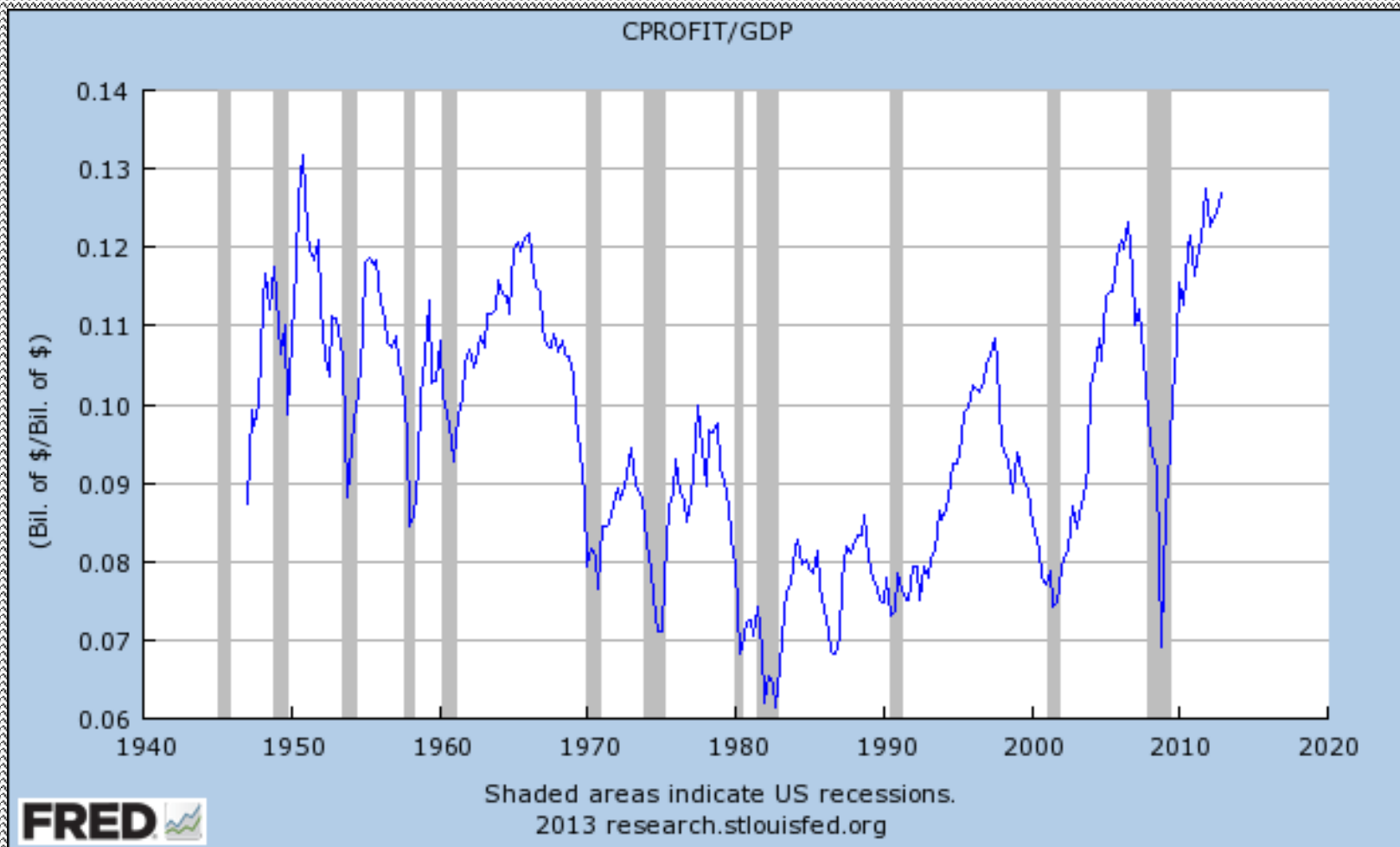


Original figure by David Madland, Karla Walters, and Nick Bunker. Sources: Union Membership Rate is from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No.7, July 2001. Middle Class Share of Aggregate Income is from United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

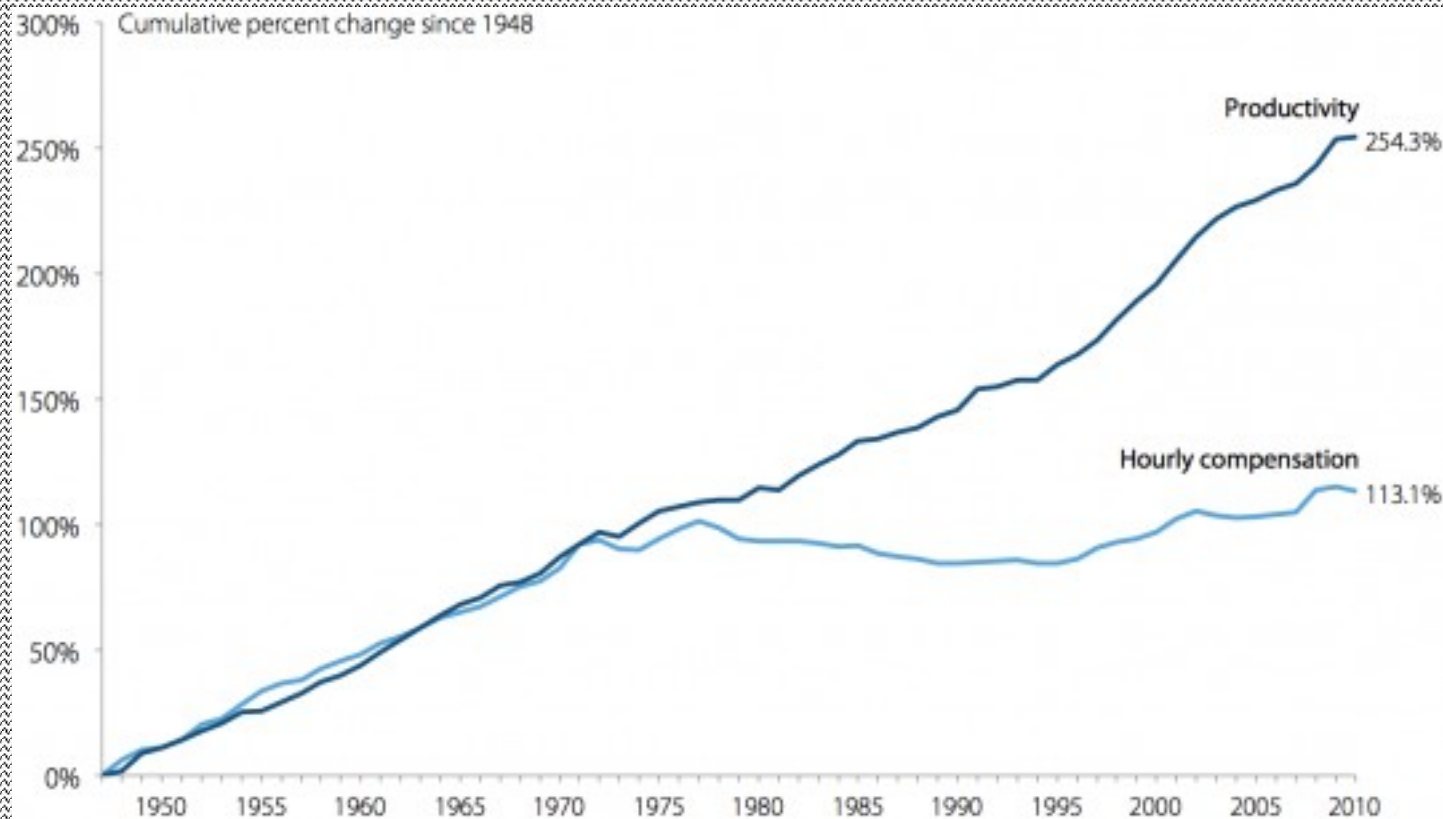
What's gone Wrong?



What's gone Wrong?



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.

Wage Suppression

- If the wage trend up to 1973 had continued, the average salary for a male in the U.S. today would be **\$65,000** instead of **\$36,000**

• Source: Dr. Salvatore Balbones, University of Sydney, 2011

Trade Agreements Must Be Redesigned to Promote Shared Gains

- **Labor Chapter that is enforceable, includes ILO core conventions, and promotes collective bargaining**
- **Elimination of harmful provisions that lock-in the deregulatory agenda (food safety, financial, environmental)**
- **Elimination of provisions that limit a government's ability to stimulate the economy, promote social justice, etc. (Buy American, conservation, DBE)**
- **Promote and protect public service choices**
- **Elimination of anti-democratic investor "rights"**

Why enforceable labor rights standards in trade agreements?

- ◆ **Lack of Labor Rights protections can and do distort trade**
- ◆ **Countries with higher labor standards increase efficiency, innovation, and productivity (OECD)**
- ◆ **Only when workers are empowered to act collectively can they offset the incredible power of global capital**

Possible Threats to Public Interest Laws & Regulations

- ◆ The U.S. Chamber of Commerce wants to “overcome regulatory sovereignty”
- ◆ USTR Ambassador Froman wants to “go after regulatory standards”
- ◆ REACH program, labeling requirements, sustainable energy policies, and food and drug safety could be attacked
- ◆ Workers must be part of *all* standards setting bodies and processes

Possible Threats to Economic Growth & Social Justice

- ◆ The EU, BusinessEurope, & CBI want to eliminate local content & purchasing requirements
- ◆ Procurement standards requiring “green purchasing,” prevailing wages, and preferences for disadvantaged groups must be allowed
- ◆ US’s weak anti-trust model must not prevail

The TTIP Must Protect Public Services

- ◆ Public services play a major role in sustaining economic growth and reducing inequality
- ◆ Public services are already under threat due to misguided austerity policies that don't work
- ◆ US's weak anti-trust model must not prevail

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

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-amer>
- http://epi.3cdn.net/fdade52b876e04793b_7fn6ivz2y.pdf
- <http://www.epi.org/publication/trading-manufacturing-advantage-china-trade/>

Other:

- <http://www.aflcio.org/issues/trade>
- <http://www.etuc.org/r/522>
- <http://www.youtube.com/watch?v=gTXtOpNOYcU>
- <http://democracyctr.org/new-report-unfair-unsustainable-and-under-the-radar/>
- <http://www.citizen.org/trade/>

Questions?

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