Livelihoods Traded Away

Trade-Related Job Loss in Oregon as Described by Those Most Affected

The Oregon Fair Trade Campaign's Oregon Stories Project



www.oregonfairtrade.org

"Livelihoods Traded Away" Produced by the Oregon Fair Trade Campaign

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"Oh, they [Freightliner] weren't hurting as far as money. They made a lot of money here. They did well. But they want the pot to be bigger. They get greedier. The corporate hands want to make more money and so... They've taken advantage of saving a buck on the backs of workers and the working class families."

— Tony Mims, Portland

Introduction

Americans are often encouraged to believe that the global economy is primarily shaped by the forces of nature.

If true that the economy is a natural phenomenon, like hurricane dynamics or quantum physics, then questions about why the economy behaves the way it does are too complex for most people to spend time worrying about and are probably best left to the experts—people with PhDs from the University of Chicago or MBAs from the Wharton School. Likewise, there's really no one to hold accountable for the economy's *inevitable* ebbs and flows—that would be like trying to find someone to blame for gravity or a cloudy day.

Of course, the economy isn't really governed by laws of nature. It is very much shaped and molded by rules and regulations written by human beings and voted into place by our elected officials. You do not need an advanced degree to understand how certain economic policies are affecting your own community, and there are people much lower down the Totem Pole than God Almighty who are responsible for putting those policies into place.

The Oregon Fair Trade Campaign's "Oregon Stories Project" has interviewed over 150 people in more than two dozen cities and towns across the state to learn their perspectives on how one important set of economic policies—free trade agreements—have affected their families and communities.

Most of these individuals are men and women whose jobs were shipped abroad to, or displaced by increased imports from, countries with which the United States has a trade pact. Some are also local elected officials, union leaders, unemployment office and food bank staff who have witnessed this phenomenon play out over the past decade-and-a-half. In addition, some are immigrants, who were driven to Oregon only after losing their livelihoods in Mexico in the aftermath of the North American Free Trade Agreement (NAFTA).

The Oregon Fair Trade Campaign (ORFTC) believes that the shared experiences of working people across Oregon are a very legitimate way of gauging how well our nation's trade policies are or are not working. These experiences should serve as the basis of how our elected officials view existing trade agreements and should guide how they approach proposed changes and new agreements.

In this report, displaced Oregon workers describe in their own words how free trade agreements have impacted their livelihoods and their communities. These first-hand accounts are coupled with data from the federal government and elsewhere to present an even fuller picture of how trade deals have affected this state. ORFTC then uses this information to write a set of policy recommendations.

This report would not have been possible without the hard work of Stories Project organizers Kari Koch, Denice Martin and Rusa Fischer, and funding from the McKenzie River Gathering Foundation, Ralph L. Smith Foundation, Fund for a Just Society and Solidago Foundation.

ORFTC also thanks our friends within the Association of Western Pulp and Paper Workers, CAUSA Oregon, International Association of Machinists and IAM/Woodworkers, Northwest Treeplanters and Farmworkers United (PCUN), Oregon AFL-CIO, Unete, United Brotherhood of Carpenters and United Farm Workers for their help lining up recent interviews. *"I worked twenty-five years at Simplot and gave my life there. Any time they needed me, I was there, because they were the ones that put food on my table. After they shut down, I was left with nothing... Life without work and without medical insurance is hard."*

— Antonia Morales, Hermiston

Trade-Related Job Loss in Oregon

ree trade pacts like NAFTA and those within the World Trade Organization (WTO) have cost people their jobs in all corners of Oregon and across a wide range of industries.

People making circuit boards in Dallas, French fries in Hermiston, bike trailers in Eugene and rock climbing gear in Bend have all been affected. So have technical writers in Beaverton, call center representatives in Roseburg and computer programmers in Lake Oswego.

The Oregon Fair Trade Campaign estimates that 74,500 Oregonians have lost jobs as a result of free trade policies since NAFTA went into effect in 1994.

Through its certification process for the Trade Adjustment Assistance (TAA) program, the U.S. Department of Labor tracks some plant closures and layoffs that have resulted from shifts in manufacturing to or increased imports from countries with which the United States has a trade agreement. The TAA program allows certain workers to apply for federally subsidized job retraining benefits. Examining TAA records, ORFTC found approximately 35,000 Oregon jobs certified as being displaced as a result of U.S. trade policies between 1994 and 2007.

This data source is by no means representative of the full number of Oregonians who have lost jobs as a result of U.S. trade pacts. One major reason is that the TAA program does not cover all categories of employment. Both historically, and in the most recent year for which data is available, the Labor Department has denied more TAA applications from Oregon than it has certified. A reason for many of these denials is that certain types of workers are automatically disqualified even if their jobs are directly offshored to a country with which the United States has a trade agreement. In addition, only those displaced workers for whom petitions are filed are represented in the TAA data. If no petition is filed, no data is captured—even if an individual would have qualified for the program. Likewise, many companies chose to reduce their payrolls through attrition before finally resorting to layoffs. Those job losses are not accounted for in most TAA statistics.

As such, the estimate of 74,500 Oregonians displaced by trade is just that—an estimate. ORFTC is confident this figure is a solid, conservative estimate, but would nonetheless welcome efforts by the federal government to more precisely track trade-related job losses.

The Oregon Fair Trade Campaign

The Oregon Fair Trade Campaign (ORFTC) s a statewide coalition of labor, environmental and human rights organizations fighting for fair trade policies that:

- prioritize quality jobs in communities across the state;
- create markets for Oregon products by raising living standards in neighboring countries;
- enforce consistent standards for labor and the environment across borders; and
- allow local producers to compete on a level playing field.

Individuals can learn about ORFTC's latest campaigns, sign-up to receive our free, monthly e-newsletter or make an online donation at <u>www.oregonfairtrade.org</u>.

Organizations interested in learning more about joining ORFTC should call (503) 736-9777.

Shattering Oregon Families' Self-Security

Behind each up-tick in the number of Oregon jobs lost as a result of U.S. trade policies is an individual family's story. It is no exaggeration to say that trade-related job loss is shattering many Oregon families' sense of economic security. Many describe the feeling of rejection that comes when laid off—even when a downsizing or plant closure is no fault of one's one. Often, this initial psychological blow becomes overshadowed by difficult decisions regarding how to make ends meet on a reduce income.

Joan Miller lost her job during one of Freightliner's many downsizings as it shifted its Portland-based truck manufacturing to Mexico. She describes the pressure she felt:

"You kind of hit bottom line and you're going, 'Man, nobody wants me.' You know? The rejection you feel is depressing. Then you're depressed because you don't have the income. It's just like, depression from everywhere."

Debbie Risehman, who was also laid off from Portland's Freightliner Truck Plant, describes a similar feeling:

"When they posted the layoffs, it was kind of overwhelming and now that it's happened it has made a schismatic change in how we're going to live and how we're going to try to make it, because I'm a single parent, and actually, Freightliner has enabled me to have a better life. And basically, they just took it away."

William Kemp, who worked at the Dell Call Center in Roseburg, says:

"I lost my medical insurance. I had to use my 401k to live on. They did offer severance, which we were grateful for. But being 41, I had to redirect my whole entire life again. Going back to school. Taking care of my kids. Being on unemployment. All of that stuff takes a toll on the family. I think all of us, in the first month, were in depression."

Larry Durfee worked at Roseburg Forest Products for 22 years, before losing his job when the mill shut down due to increased imports under NAFTA. Approximately 300 of his co-workers also lost their jobs. Larry went back-to-school and eventually found new work, but it pays significantly less than his job at the mill did:

"All I can do is go to work every day and hope that the job will be there next week. I don't know... I've worked all my life and will have nothing to show for it. You have no security, no benefits. You're just working from day to day and existing. And hoping that something awful doesn't happen... The security is entirely gone."

A Widespread, On-Going Problem

Trade-related job loss is a problem that has affected communities throughout the state. In just 2006 and 2007, the two most recent years for which data is available, the U.S. Department of Labor certified 53 Oregon worksites as having lost jobs as a result of trade pacts. Layoffs occurred in Benton, Clackamas, Coos, Deschutes, Douglas, Grant, Harney, Jackson, Jefferson, Josephine, Klamath, Lane, Linn, Multnomah, Polk, Wallowa Marion. and Washington Counties—a full half the counties in Oregon, representing urban, suburban and rural areas across the state. In past years, most other counties have been also affected.

Layoffs resulting from U.S. trade agreements have not only covered a wide geographic area, but a wide array of industries, including agriculture, forest products, heavy manufacturing, hightech and even services.

The experience from one part of the state to another, and one economic sector to another, is often very similar. Free trade agreements are forcing local businesses to compete with companies abroad that often take advantage of sweatshop working conditions, lax environmental enforcement and sometimes even direct or indirect government subsidies. It is a losing proposition that is costing tens of thousands of Oregonians their jobs.

Mark Wettstein, a sugar beat grower from Ontario, describes how this dynamic plays out for Oregon farmers:

"In sugar, we can raise sugar beats as cheap as anywhere in the world, but the problem is that you're not working with a level playing field. When you've got some 8 or 9-year old kid who can got out and harvest that crop with a machete all day long and get paid \$2 a day, it's pretty hard to compete against that kind of wages. They don't have the medical. They don't have to worry about insurance. They don't have the minimum wage."

The same phenomenon hurting Oregon's agricultural community is hurting it's high-tech workers. Jim Scheet, who worked at Tyco Electronics in Dallas conducting quality control for circuit board manufacturing, describes how trade led to his plant shutting down:

"Wages in [other] countries are so much lower than they are here, and they pay people like, what, a dollar an hour or whatever, to make the same thing that I was making for \$12.50. They're still selling it for the same price as when I was making it, but because their wages are so much lower, their profit margin is higher."

Competition with poorly paid workforces abroad has affected a wide-range of manufacturing fields. Mark Weiss was a 19-year veteran of Royal Oak Enterprises, a charcoal briquette plant in White City that shut down in late 2005 as a result of increased foreign competition:

"China was infiltrating the market with less costly briquettes, due to them paying pennies for the man-hours and lesser restrictions on what they put into their products."

Increasingly, service sector workers are also facing the same issues. William Kemp worked at the Dell Call Center in Roseburg for two-and-ahalf years and was one of the top sales representatives during his time there. When the call center closed in 2008, the company said the jobs were "reabsorbed" into their other facilities worldwide. Kemp explains one school of thought on what happened:

"They outsourced us for other countries and stuff like that. Downsizing. Outsourcing or whatever. There's always been sales jobs in India and places like that for Dell... They had people from Dell in Roseburg going over to El Salvador to train workers there. It was a couple months before we closed."

The sweatshop wages paid overseas is perhaps the single biggest reason why Oregon is losing jobs under "free trade," but the lax environmental enforcement often found abroad is another factor. Greg Pallesen, currently vice president of the Association of Western Pulp and Paper Workers,



Marty Demaris of the IAM/Woodworkers in Klamath Falls speaks at an ORFTC press event in Medford about trade-related job loss in Oregon's forest products sector.

explains how this affected the mill where he worked in southern Washington:

"The machines I worked on were closed. Weyerhaeuser had invested about \$20 million on rebuilding the paper machines—they were huge machines, very expensive. They closed them stating the reason they closed was that they could not compete on the world market...

"The machines were sold to China. They were completely dismantled. Every nut, bolt, every piece of conduit and wire. Hard to believe. Over 300 containers shipped to China. And as we speak today, those machines are still operating, competing on a world market. Now I only know of two reasons why: cheap labor and no environmental standards.

"On the machines that were sent there, guess what the one part was that they didn't buy? The effluent treatment... So there's more than just a job loss impact. We have that. But the impact on the environment is just as catastrophic." Bill Kluting, now of the Carpenters Industrial Council, mentions the third major factor undercutting Oregon businesses on the global marketplace—government subsidies—in describing how he came to lose his union-wage job:

"My plant in Dallas, a plywood plant, closed in the year 2000. 180 people. Imports from Canada. They can make plywood cheaper than we could. Canada subsidizes their timber companies up there."

The nation's so-called "free trade" agreements are pitting Oregonians in a race to the bottom against workforces that are denied basic freedoms of speech and assembly; that suffer from inadequate environmental protections and enforcement; and that are, at times, propped up with direct and indirect government subsidies.

Earl Aylett is farmer from Umatilla County. He grew potatoes for the Simplot plant in Hermiston, which made frozen French fries for fast food restaurants around the country, until its operations moved abroad under NAFTA in 2004. According to Aylett, the negative effects of free trade agreements were immediately clear to many Oregon vegetable growers, but have only since become evident to people working in other sectors of the rural economy:

"It all started out simply as agricultural free trade. Now everybody's becoming aware after the fact...[because] it's hitting the other part of the economy. It's starting to hit that kid that needs that job, needs to be that operator that gives you directory assistance."

As the same trends that have hit Oregon's agricultural and manufacturing sectors begin to affect the state's white-collar, salaried professions, awareness of free trade agreements' true impacts on the state's economy may become even harder to ignore.

The Ripple Effect

Whenever a large employer closes its doors, there is a ripple effect throughout the wider community. Companies that counted upon the larger employer as a client lose business, as do restaurants, retailers and service providers whose customers included many of the laid-off employees.

Howard Jenkins, a former janitor at Freightliner in Portland, explains:

"It's a really sad situation for everybody. Not only just people that work at Freightliner, but people that work all over that deal with parts that Freightliner uses. They are affected by it."

Bill Johnson, of Salem, who handled procurement for the digital projection company InFocus before it moved its production to Asia, has also seen this effect in action:

"I worked with a lot of the local manufacturing companies. One in Hillsboro, specifically Arrow Electronics, manufactured all our replacement lamps for the projectors. It was a huge account. When I got laid off, that account went away. I was the glue holding that relationship together. They had set up three separate production lines just to manufacture our lamps, and two project managers to head that. When I went away, the majority of their labor force had to get let go. Again, the domino effect."

Roy Jay, president of Portland's African American Chamber of Commerce, describes an even broader domino effect reaching "corner markets, barbershops, lunch counters and flower shops" as a result of Freightliner's offshoring:

"This is all about economics for [Freightliner], but this impacts an entire community."

Brandon Maupin, of Merlin, who worked at Timber Products in Grants Pass before it closed due to competition from imports, has also seen the far-reaching consequences of trade-related layoffs:

"Since we're not making anything, and so many people have lost jobs, this is also affecting the rest of the economy in this area. The father of a good friend of mine, he works at an auto dealership. He's worked there for about 25 to 30 years, and this dealership has had to cut back on all of its departments and cut it down to bare bones since no one is spending any money. He is actually looking at losing his job after working 25, 30 years there. It's kind of affecting all of the economy in this area." "[Free trade agreements] are beneficial to businesses, not beneficial to American workers. The bottom line is that when they passed those trade pacts, they shipped our jobs overseas. They shipped our jobs overseas and then their Band-Aid was to try and retrain people."

— John Hilkey, Central Point

The Shortcomings of Retraining

f Imports Cost You Your Job... Apply for Trade Adjustment Assistance," recommends a fact sheet published by the U.S. Department of Labor.

Some workers whose jobs are lost a result of U.S. trade pacts can qualify for job training benefits under the department's Trade Adjustment Assistance (TAA) program. For certain categories of displaced workers, the program will cover up to two years of training for a new career in certain pre-approved tracks, as well as extended unemployment benefits for part of that time period. The program may also even provide job search and relocation allowances.

While many displaced workers are cynical about the TAA program, most seem to agree that it is better than no program at all. Clearly, individuals can benefit from the opportunity to take new courses or have a portion of their moving expenses reimbursed.

Criticisms frequently leveled against the program are that it is not affordable enough for many displaced workers; that its offerings are limited; that it does nothing to protect against age discrimination in employment; and, most importantly, that job retraining cannot help if there are not enough good-quality jobs to train for.

Many Find TAA Benefits Limited

Cheryl Rouse has worked at Freightliner's Portland Truck Plant for more than fifteen years. She and her husband are still employed there, but on a reduced schedule since most of the plant's production moved to Mexico:

"My daughter says, and people say, 'Well, you can go to college and become something,' but if Frank and I didn't have the job then we couldn't afford to send our daughter to college." The TAA program does not allow displaced workers the opportunity to get a four-year college degree. It provides two years of "approved" training that typically covers a basic certificate program, remedial education or English as a second language.

During that time, people have to find a way to survive on reduced-income unemployment benefits. Displaced workers with mortgage payments, childcare expenses and healthcare concerns often consider this an unrealistic option.

Derek Roane, who was laid off from Freightliner, describes it this way:

"They pay for schooling and what-not, but a lot of people can't afford to go to school. They depend on that employment to pay their bills, to support their family... They can't take advantage of it."

Mike Fassler, who worked at Roseburg Forest Products for eight years and currently works as an independent contractor doing kitchen and bathroom remodeling, says:

"We were given the opportunity to go through the unemployment office for [retraining benefits]. I thought it was limited on what you were allowed to retrain in, from what I'd like to have seen done. I don't know that it was managed all that well. It was a lot of money thrown out there to people with limited options. So it was a 'either do this or don't get any benefits' type of thing."

Bill Kluting, who has worked to help over 2,000 people access the TAA program, says that successful navigation of available retraining benefits can require real pushing and negotiation with program officials and educators. Even then, certain insurmountable problems built into the program can force people into less-than-ideal tracks: "Most of your two-year courses start in the fall. If you're not approved for [TAA] benefits by then, you either have to sit out—and remember, your unemployment benefits only last 24 months. Once you're approved, the clock starts ticking. So people take other courses."

Age Discrimination a Significant Barrier

Losing on-the-job seniority can cost you vacation time, retirement benefits, a good shift and more. Folks who worked at the same place for decades before their job was offshored face many challenges in finding a new career, not the least of which is age discrimination.

Blill Kluting puts it this way:

"It's against the law to discriminate against age, but let me tell you. They may not ask you what year you were born, but they'll ask, 'What year did you graduate from high school?"

John Breedlove, who worked at Roseburg Forest Products for 31 years before, explains the difficulty he had finding a new job after training for a new career:

"I graduated... with an Associate of Applied Science degree in business marketing and a Certificate of Proficiency in retailing... After I graduated I had more difficulty than expected finding long-term employment... I have not been able to locate a permanent long-term job here... I am 58 years old and part of my problem might be my age."

Larry Durfee, who worked at Roseburg Forest Products for 22 years, faced a similar situation:

"I tried to get a number of jobs and I felt it was age discrimination, even though I can't prove it. At 60 years old, I would be the first one to be notified that I wasn't needed in that particular position, and there were 8 or 10 jobs I applied for throughout the month. I finally got this one that pays \$8 an hour, and I was grateful to get in."

Antonia Morales, who went through the TAA program and has spent years looking for work after losing her 25-year position at Simplot, has no question in her mind why she's faced difficulty finding new employment:



Ron Rodgers of the United Steelworkers speaks at an ORFTC rally in West Linn opposing the Colombia Free Trade Agreement.

"Right now I do not have a job and am not able to find good work because I am older and most companies only want young people."

Accepting Less Pay Is the Norm

Greg Pallesen, a former displaced worker and current officer in the Association of Western Pulp and Paper Workers, describes the major shortcoming of the TAA program this way:

"Politicians who vote in favor of free trade agreements often act as if retraining alone is the answer. It isn't. Job retraining programs can be beneficial for individual displaced workers, but on the whole, these programs are inadequate if the jobs being shipped overseas aren't replaced with long-term, new jobs that provide equal pay and benefits."

Unfortunately, many Oregon communities that have been hit the hardest by trade-related plant closures and layoffs simply are not seeing the family-wage jobs shipped abroad be replaced. This reality has forced many Oregonians who lost decent-paying jobs as a result of U.S. trade poli-



Former Salem mayor Mike Swaim speaks at the Mid-Willamette Valley Assembly on Free Trade and Job Loss. Jim Gourley and Bill Kluting are also pictured.

cies to accept much lower-paying jobs to replace them.

Debbie Risehman, a single mother who lost her job at Freightliner in Portland, found new work relatively quickly, but it pays less:

"I haven't been able to sleep a full night. I got sleep before we got laid off, and I'm have problems sleeping... [because] now I'm working at—earning—about a third less of what I was being paid, which is a lot considering I was accustomed to living one way. We're going to make it. I just don't know how."

Jim Scheet, who worked at Tyco in Dallas, says of his former coworkers:

"I'll never forget the day of the closure announcement the looks on the faces of some of these people. Absolute terror... I saw people crying uncontrollably. They had no idea what the hell was going to happen to them. I saw a lot of my friends, 35, 50-years old—it still creeps me out. That's what this thing has done to them. Most people get to my age and they think they're going to be okay... I don't know of many people who have jobs, and of those that are working, only a handful are making as much money as they were."

Pallesen describes a Government Accountability Office study of the effects of Trade Adjustment Assistance benefits for displaced workers at the Weyerhaeuser plant where he worked, one of only five worksites studied nationwide:

"The end result, to make a long story short, is that... The people that were the most successful ended up at 80% of the pay and wage benefits as what they previously had. We know no one else who has done better. Absolutely no one."

The 2008 Financial Crisis

The failure of AIG and other financial institutions in late 2008 has further shattered the Washington consensus that free markets are the solution to the world's economic problems.

For decades, economic "experts" from government and business have argued that regulation is bad and that trade should take place without any significant public oversight or control. This overall framework for organizing the economy has failed time and again to solve the country's most-pressing problems regarding trade deficits, job creation, education, health care, global warming and, now, finance.

The latest financial meltdown provides additional evidence that economies require democratic oversight and public regulation.

Community Impacts

No amount of education and training can keep families afloat in communities that have few good-paying jobs to offer. In many communities impacted by trade-related job loss, the jobs being offshored simply are not being replaced with anything new. This is especially true in rural communities that do not have as diverse an employment base as other areas.

Larry Durfee, who was employed in the forest products sector, describes the impact that traderelated job loss has had in Roseburg:

"There's no good solid round to stand on. The community is falling down more and more with the wood industry—and that's what we pivot around, the wood industry itself, and it's falling apart. There are a lot of jobs out here at minimum wage. Most people can't afford those jobs. They'll lose everything. You just drive through the area and look at the 'FOR SALE' signs. It's terrible."

Sean Beeman, who moved from California to Roseburg to work for Dell, says the call center's move under the Central America Free Trade Agreement (CAFTA) has hurt the community even more:

"This was an old lumber community, but that has gone downhill over the past years. [The Dell Call Center] was a big positive for this area... A lot of people moved here because of it, and the community is dying because Dell left...

"Businesses in town are no longer accepting applications because the market is so flooded... I was looking to move out of here and rent out this place [his home], but it's damned near impossible because nobody has money. Nobody has a job. Everybody is looking to get out of this town, not into it... There's no jobs here."

Jim Scheet, who worked in the high-tech sector in Dallas, moved out-of-state after losing his job in circuit board quality control:

"[Staying in the area] was never a question because it was just a given that the job market was dead. In the first half of '07 roughly 1,500 jobs were lost in the Salem-Dallas area due to either mass layoffs or to closures, and in my opinion, retraining would have just left me waiting a year or two and then competing for the same lack of jobs with the same people. It would have just delayed the inevitable. My only option was to move so that I could support my family."

JoAnn Harris, who lost her job at the Simplot potato processing plant in Hermiston, worries about a similar trend playing out in eastern Oregon:

"Umatilla County, Morrow County. They're both just so dependent on food processing for tons of their money... The problem we're seeing is that if Simplot can pick up and leave, then any of them can pick up and leave. Unfortunately, with the laws that are in place right now, it's pretty easy for them to move overseas.... What would happen if all these big processing plants left? We'll be a ghost town."

Downward Pressure on Wages for Everyone

When a community is suddenly faced with large numbers of people out of work and looking for employment, it can create intense competition for the jobs that remain. Debbie Risehman, laid off from Freightliner, gives voice to the stress and desperation that can rise when one is struggling to figure out ways to make ends meet after a layoff:

"We went to the [TAA] orientation, and that alone... They said, 'Yeah, we know it's overwhelming. It will be okay.' ... I'm still not over it. It's, it's a lot to do. They're asking a lot of you. And when it was just so simple to just let me keep my job. Let me keep my job. I'll work really hard."

Hundreds of people in need of work and "willing to work really hard"—especially in those communities where, as Sean Beeman describes, "businesses in town are no longer accepting applications because the market is so flooded"—can create a downward pressure on wages and benefits in those jobs that do remain.

Jim Scheet describes the mentality of management when he worked making circuit boards in Dallas:

"Shut up and get to work, you can be replaced.' That was something Tyco's CEO emphasized. You can be replaced...

"Somebody said that the place would close if anyone tried to form a union... What would have happened after that, nobody knows, because nobody called their bluff. I certainly can't afford to be out of work. I've got a wife and a teenage daughter to support."

The economic data backs up what people's experiences predict. Worker productivity has increased in Oregon in recent years, yet the bottom 80 percent of Oregonians' incomes did not keep pace with inflation between early 2003 and 2007 according to a May 1, 2008 revision of the Oregon Center for Public Policy's study "An Economy for the Few." Working harder for less compensation is a common experience throughout Oregon.

When Communities Compete, Taxpayers Lose

JoAnn Harris points out that plant closures not only effect employment, but can also hurt a community's tax base:

"If these processors, the companies and all the other big manufacturing move out... we won't get all the taxes that they pay."

Trade and the Environment

By facilitating a shift in Oregon-based manufacturing and resource extraction to countries with weak environmental standards, free trade agreements are massively increasing pollution levels and ecological degradation worldwide. Free trade deals also undercut efforts at local sustainability by flooding Oregon markets with artificially-cheap products produced in areas throughout the world with weak environmental, product safety and worker rights standards—a practice that establishes an unfair competitive advantage that makes it harder for local businesses doing the right thing to survive.

Different people have different views on the degree to which Oregon's environmental protections create an incentive for local companies to offshore jobs—just as people have different views on the role that Oregon's minimum wage plays in this practice. Where labor and environmental advocates strongly agree is that if trade policies were enacted requiring imports to either meet local standards or else pay tariffs, the incentive to offshore would be eliminated.

Some Oregon communities have already moved past the idea of collecting taxes from large employers, just so long as there is someone left to employ people. Anna Braun, a former city council member from Salem, describes how this has played out:

"What we wanted was family-wage jobs, but what we didn't do was get any guarantees that they would stay. Often we would find that a corporation would come in, and we would give them tax subsidies and taxpayer dollars, and they would turn around and leave after they got the benefit. The community as a whole, in a long term kind of way, would not get the benefit that we were hoping for."

Former Mayor Mike Swaim describes the phenomenon in greater detail surrounding the City of Salem's attempts to attract high-tech company Sumco to the city:

"[Sumco] was given significant tax benefits to come to the City of Salem and expand. We put them in what was called an 'enterprise zone.' How does this affect taxpayers here? *"I lived in a small town in Oaxaca with 60 homes, 60 families. Before NAFTA, we were able to support ourselves. Now it is basically abandoned and is sort of like a ghost town. There aren't any young people or kids there. It's only old people."*

— "Carlos," Woodburn

Free Trade and Forced Migration

Like many developing countries, Mexico's economy is heavily dependent upon agriculture. NAFTA required that Mexico end the majority of its subsidies and credit programs for small farmers. NAFTA also required Mexico to eliminate tariffs on agricultural imports from the United States. This resulted in a flood of cheap staple foods into Mexican markets. Corn imports alone increased by more than 500%.

Imports from the United States are cheaper than food grown in Mexico because U.S. staple crops like corn receive billions of dollars in U.S. taxpayer subsidies, allowing large agribusiness exporters to sell them on the international market for less than what it actually costs farmers to grow them.

The flood of imported food from the United States has forced well over a million Mexican farmers out-of-business. According to the Economic Policy Institute, by the end of 2004, there were 6.8 million unemployed agricultural workers in Mexico. The poverty rate in rural areas has climbed to over 80 percent.

This has led to an exodus from Mexico's agricultural communities to Mexican cities and border towns—and, ultimately, to the United States. According to the U.S. Census Bureau, the number of Mexican-born people living in the United States increased by more than 80 percent between 1990 and 2000. Hundreds of thousands of Mexicans continue to migrate to the U.S. each year, with more than two-thirds coming from corn-producing regions.

"Frank" from Woodburn describes the impact that NAFTA has had on his grandparents' farm in Central Mexico:

"My grandparents still work in the fields, living the farm worker life... [Their community] was always a really, really poor place, but there was always enough food to give to other people. Now it is difficult for them to even provide for themselves. Every single year becomes more difficult. People have to move to the cities to survive. My grandparents are very old now, and there are no young people even left in the community to help them in the fields, because everyone has left."

"George," who currently lives in the Salem area, describes how increased corn imports affected his tortilla-making business in Michoacán, first by lowering his expenses, but then by reducing his customer base:

"I was buying the corn that was cheapest, not even knowing where it was from, because that is what we had to do for the business... I wanted to use the corn that was grown in the community, but it wouldn't work. It would maybe be enough to pay the upkeep of machinery, but I wouldn't be able to earn a living in competition with other tortilla-makers...

"I put another tortilla-making machine in the factory. I did not really understand why the business was struggling... People told me, 'This idea that you will stay here and work in your factory is a good one, but there are some problems. First of all, there's no people left. They're all going to the United States, and they're not coming back. They're leaving their land untended.' At the time, I didn't understand why so many people were leaving our community, abandoning their land, and moving to the United States...

"I eventually understood that it wasn't ever going to work, and I sold my business' assets. I've seen this phenomenon happen to others, too... Without a doubt, these free trade agreements have affected us... The more and more time I've spent in the United States, the less and less I see a possibility of returning to my community."

The ripple effects of NAFTA have impacted more than just Mexican agricultural workers. "Cecilia," who also lives in the Mid-Willamette Valley, was affected by NAFTA in another way:

"I lived in Mexico City, and I always thought that free trade agreements wouldn't affect me because we lived in the capitol. It was a really big surprise to me when the clothing factory where I was working closed, and I lost my job. One of the reasons they told us that it closed was that it would be more convenient for them under the new free trade

When we put a business into an enterprise zone that relieves them from the responsibility of contributing taxes by way of real property taxes and personal property taxes to our general fund. They're in our canoe, but they don't have to paddle.

"With little start-up businesses, maybe some of that makes sense, but we're talking about ... a wholly-owned subsidiary of one of the wealthiest corporations in the history of the world. They came here begging for demanding might be a better way to describe it—these tax incentives or they would go somewhere else. So they're constantly juggling the opportunities that they would have for a handout from the public.

"I said that they don't give any commitment that they'll stay, and they don't, and they didn't, and they're no longer here. It's an expensive proposition investing in an illusion that has a disastrous impact when they leave, and leave a lot of their workers behind who then surcharge the unemployment statistic as well as your social services."

At one point, Sumco employed 660 people in Salem. It no longer employs any. According to Swaim, inadequate attention is given to job quality and job longevity when playing the "tax break" game:

"Too often we hear the 'rah, rah' of 'jobs, jobs, jobs' without a question of what type of jobs and at what wages and what benefits. So we hear of a call center going in, 600 jobs, and people are jumping up and down and about agreement to be closer to the border, so they were moving there."

According to Dagoberto Morales, who founded and directs Unete, an immigrant and farm worker rights organization based in Medford:

"Many of the immigrants living and working in southern Oregon risked their lives crossing the border only after losing their livelihoods in Mexico due to the unfair trade practices imposed by NAFTA. Trade deals like NAFTA are extremely harmful for working people on both sides of the border, and we need to show unity in opposing them."

to hold a parade on Main Street about that announcement, and then you find out they are minimum wage jobs."



Dagoberto Morales of Unete speaks about the connections between trade and immigration at an ORFTC forum in southern Oregon.

"Working in the high-tech industry is not the promised land for displaced workers."

— Mitch Besser, Lake Oswego

The Future of Offshoring

n the early 1990s, President Bill Clinton cited NAFTA and other free trade policies as the cornerstones of "our country's first national export strategy," and promised they would be particularly good for workers in high-tech industries. He said that some workers would be hurt under thenpending trade agreements, but that these workers would be retrained for better jobs.

The strategy of acknowledging some jobs lost due to trade, while promising better jobs tomorrow, continues to this day, with presidential candidates like Senator John McCain saying in 2008, "I understand free trade is not a positive for everyone. If a worker loses a job we must retrain them and prepare them for 21st Century jobs."

The notion that what could presumably be called "20th Century jobs" in heavy manufacturing, textiles, forest products and agriculture are in some way expendable is highly offensive. Just as offensive is the idea that low-paid workers overseas are somehow unable to compete in the socalled "21st Century" fields of computers, biotechnology, finance and more.

Mitch Besser, a high-tech worker from Lake Oswego with a Masters in Software Design and Development and more than 20 years of experience in the sector, says:

"High tech is often presented as a field where displaced workers can find a six-figure salary with minimal training. If you work in high-tech industries it is extremely likely you will be threatened with having your job sent overseas. Companies across the board are looking globally for the cheapest sources of labor they can find."

Ben Joy of Portland worked for approximately 10 years at InFocus, a Wilsonville company that produced top-of-the-line digital projectors. In 2004, just months after being praised by President George W. Bush during a visit to Oregon, the company moved its manufacturing operations to Malaysia. At first, Joy, did not believe his white-collar job would be impacted:

"My job was not directly eliminated because of the manufacturing outsourcing, because I worked with the development teams. Later on, a decision was made to outsource the engineering, research and development... You put so much into your job, doing anything necessary to make it succeed. Overseas companies won't ever value me as a worker in that way—and we don't value overseas workers in that way."

Bill Johnson, who worked in the InFocus purchasing department, lining up contracts with local

Jobs Vulnerable to Offshoring

A 2007 study by Princeton economist Alan Blinder ranked occupations by their vulnerability to offshoring. Its list included:

- 1. Computer Programmers
- 5. Actuaries
- 9. Film and Video Editors
- 21. Computer Systems Analysts
- 30. Architectual and Civil Drafters
- 39. Multimedia Artists
- 40. Graphic Designers
- 47. Biochemists and Biophysicists
- 52. Atmospheric and Space Scientists
- 59. Financial Analysts
- 60. Financial Managers
- 74. Software Engineers
- 76. Fashion Designers
- 78. Accountants and Auditors
- 84. Biomedical Engineers

vendors, describes how his job was moved abroad:

"You started to see, not just the laborers' jobs go overseas, but the supervisors' jobs—the jobs that supported manufacturing and production... They gave me almost three weeks worth of notice, but in that two to three weeks they said, 'Ok, we're moving the entire purchasing department to Singapore, and we're going to have two people from Singapore come over here and you're going to train them how to do your job.' So they basically hired two people in Singapore for what they were paying me, which I guess they felt would be more efficient."

According to Besser, things could be worse:

"My friend was sent overseas to train his replacement, and upon returning found out he was not even eligible to receive TAA because he 'did not produce a tangible good."

Diane Newell, a technical writer living in Beaverton, foresees things getting worse:

"It started with contract manufacturing: 'Here's our product, you make it.' But now we do what's called co-development. So their engineering team over in Asia and our engineering team work together to develop the product, and then they produce it, which our engineers don't like because... we're basically teaching other people how to do our jobs."

In 2007, Princeton economist Alan Blinder, who had served as Vice-chairman of the Federal Reserve under the Clinton administration, published a study that ranked hundreds of different U.S. occupations according to which are most vulnerable to offshoring. Many of the job categories most vulnerable to being shipped overseas are relatively high-paying, white-collar "21st Century" positions, such as computer programmers, insurance underwriters, graphic designers, network systems and data communications analysts, architectural and civil drafters, microbiologists, film and video editors, chemical engineers, accountants and auditors, fashion designers and—irony of ironies—economists.

When the Economic Policy Institute (EPI) conducted an analysis of Oregon jobs using Blinder's methodologies and assumptions, it found

The Increasing Difficulty of Estimating Job Losses

As more-and-more jobs in service-oriented sectors of the economy are lost to international competition, estimating the number of Oregon jobs eliminated as a result of U.S. trade policy will become increasingly difficult.

The Oregon Fair Trade Campaign relies on data from petitions to the U.S. Department of Labor requesting Trade Adjustment Assistance (TAA) when estimating the number of jobs lost due to trade pacts.

This data pool was never intended to provide an accurate count of the number of jobs lost due to trade. For starters, only those workers for whom petitions are filed are counted in the TAA tally. More importantly, because the TAA program typically applies only to workers involved in some way in the production of physical goods, large segments of the workforce are automatically excluded from the program, and as a result, from its data sets.

As service sector jobs—in science, technology, financial, customer service, entertainment, government and other fields—continue to move overseas in higher numbers, TAA data will become an increasingly inadequate tool in developing an estimate of total trade-related job losses in any given state.

The federal government should specifically track the numbers of jobs lost and created as a result of U.S. trade policies across all sectors of the economy.

279,000 existing Oregon jobs vulnerable to offshoring—a full 18.3% of the state's workforce. According to EPI's findings, the percentage of jobs vulnerable to offshoring in Oregon is slightly higher than the national average.

Oregon politicians banking on high-tech jobs replacing those that have been lost in other sectors should heed the warning Intel Chairman Craig Barrett voiced to a *USA Today* reporter several years ago. In describing the opportunity to save his company money by moving jobs from the United States to tech-savvy communities in India and China, Barrett said, "From an Intel perspective, I'm as happy as a clam... As a U.S. citizen looking at the future for my grandchildren, I'm more pessimistic." *"Big business cares about the bottom dollar, not the human being. So we need politicians out there looking out for constituents. Somebody has to."*

— Sean Beeman, Roseburg

Recommendations

t doesn't take any special training to recognize that existing trade agreements are not working for the majority of Oregonians. Job loss, wage stagnation and undocumented immigration are just a few of the easy-to-read signs in our own communities that the government's current trade policies are fundamentally flawed.

The more than 150 interviews the Oregon Fair Trade Campaign has conducted with affected individuals across the state suggest some very obvious solutions.

Stop Replicating the Failed Trade Models of the Past

There were plenty of people arguing *before* NAFTA was passed that eliminating tariffs between the United States and developing countries would shift good-paying American jobs across borders to wherever labor is the cheapest and regulations are the weakest. These people should have been listened to then.

Fifteen years later, there are tens of thousands of Oregonians who can tell you from first-hand experience that the "NAFTA model" of trade is completely busted. But even with all these stories to point to, there are still politicians right here in Oregon who continue to vote for new NAFTAstyle trade agreements and who refuse to acknowledge that a different model of trade is possible.

Sterling Allen, a ten-year veteran of Roseburg Forest Products who lost his job due to increased imports, says it well when he argues:

"[Corporations] go where the labor is cheaper. So basically that's what is costing everyone their jobs. If they kept it more local to the country, we'd be a lot better off."

The first step towards "keeping it more local" is to stop passing new trade agreements that pit American workers against poorly-paid workers overseas, costing Oregon and the nation even more jobs.

At a minimum, this means refusing to approve any trade pact that fails to include, in its core text, strong and enforceable labor and environmental measures that put the International Labor Organization's core conventions and existing Multilateral Environmental Agreements on equal or stronger footing with trade provisions that protect against things like copyright infringement. It also means opposing investment, procurement, agricultural and food safety provisions that facilitate the offshoring of Oregon jobs.

It wouldn't hurt to go a step further and actually spell out some goals for future trade deals. Commonsense goals that go beyond existing trade pacts' *de facto* goal of simply expanding the volume of international trade include straightforward ideas like creating new jobs and increasing wage levels in both the United States and other nations.

Study and Address the Problems in Existing Trade Pacts

Mike Swaim, the former mayor of Salem, believes:

"Workers are essentially being sacrificed to the name of profits in these multinational treaties. I am not in favor of them at all. I feel they need to be renegotiated."

Taking the time to fix what's broken with the nation's existing trade pacts should not be a novel idea. Yet fifteen years since NAFTA was first implemented, the federal government has yet to conduct a comprehensive review of its impacts on our economy—or the economies of our trading partners.

A comprehensive review of existing trade agreements should examine not only their impact on the volume of trade or countries' Gross



Displaced mill worker Mike Carroll talks about the lack of family-wage jobs in his community during an ORFTC forum in Portland.

Domestic Products, but also their impact on regular working people. How have the pacts affected job loss and job creation in the United States and abroad? How have they affected income levels across different sectors and occupations? How have they affected things like immigration and the environment?

These are the questions elected officials need to be asking, and as noted here, many Oregonians are ready with answers. With this information in hand, policymakers should then get to work renegotiating our existing trade agreements so that they better meet the goal of improving living standards for Americans and others.

People in other countries are just as anxious to rewrite global trade agreements as Americans are—but should another nation's government refuse to negotiate, we should not hesitate to remove ourselves from these pacts altogether.

Greatly Increase Public Participation and Oversight

Antonia Morales, who has struggled to support herself and her family since losing her twenty-five year food-processing job under NAFTA, says: "I am one of many people who have lost a job because the company we worked for moved to another country... I am not in agreement with trade policies that help companies move abroad. It's time for Congress to listen to my family's concerns."

Large, transnational corporations have always had a seat at the table when international trade pacts are written. The voices of working Oregonians who have lost their jobs as a result of these policies are rarely heard. Elected officials responsible for approving the nation's trade policies need to pay much greater attention to the experiences of their constituents.

The expiration of "Fast Track" trade promotion authority in mid-2007 was a positive first step. By rushing trade pacts through Congress in a process that circumvented ordinary hearing, amendment and debate procedures, the Nixon-era policymaking procedure led to some of the most damaging trade agreements in our nation's history.

Fast Track should not be reauthorized for any president under any name. But the death of Fast Track alone is not enough to guarantee that affected individuals have an effective voice in trade policymaking.

The review process for trade pacts recommended above should include a public comment period, with open hearings across the country and opportunity for written testimony to be submitted. These processes are in place when it comes to environmental regulations and broadcast media policies; they should be applied to trade policymaking as well.

Beyond that, elected officials should go out of their way to solicit feedback on trade proposals from their constituents—and listen carefully to what they are told. All too often in Oregon, policymakers have turned their backs on displaced workers whose lived experiences should be the starting point for any consideration of how to best construct new rules for international trade.

Closing Words

Increased trade can ultimately be a good thing, but only if it benefits working people in Oregon and around the world.

For the past fifteen years, U.S. trade policies have been written to facilitate the movement of good-paying jobs around the globe to wherever labor is the most exploited and environmental protections are the weakest. This is not good for American workers—nor is it sound policy for improving living standards in developing countries.

The experiences, needs and desires of Oregon's displaced workers should guide decisions regarding the renegotiation of existing trade pacts and the negotiation and approval of future agreements. Policymakers should be listening to their concerns, and Oregonians should be organizing to ensure that these concerns cannot be ignored.

Victor Pierce is currently employed as a Machinist at the Freightliner Truck Plant in Portland. He points out that Freightliner no longer makes "Freightliner" trucks there, since production has moved to Mexico; he now works on another line of trucks purchased primarily by the military. Pierce has been forced to work a reduced shift since production has moved under NAFTA, and he worries that what's left of his job may soon be shipped abroad, too. He argues:

"NAFTA affects everyone in the United States who wants the quality of life of our parents before us. The cream of Middle America is being skimmed off. We have been asleep and in the dark for too long."



Clockwise from top left: Intern Briana Carp speaks with a reporter outside an event featuring the U.S. Trade Representative; Mexican community organizer Centolia Vasquez decribes the impacts of NAFTA in Mexico during an ORFTC press conference; laid-off Freightliner workers participate in a rally opposing the extension of Fast Track; and displaced workers from the forest products, manufacturing and high-tech industries speak at the Portland Assembly on Free Trade and Job Loss.

Profiles of People Quoted

The Oregon Fair Trade Campaign thanks the following individuals—as well as those who wished to be anonymous—for sharing stories that were quoted in this report. For additional "Oregon Stories Project" interview highlights, please visit <u>www.oregonfairtrade.org</u>.

. 0 4	Sterling Allen Myrtle Creek, OR	Allen was a 10-year veteran of Roseburg Forest Products until the plant where he worked closed its doors in 2003 due to increased imports.
	Earl Aylett Hermiston, OR	Aylett is a potato grower in Umatilla County who lost a major market for his crops when the Simplot potato processing plant moved under NAFTA in 2004.
	Sean Beeman Roseburg, OR	Beeman worked at the Dell Call Center in Roseburg until it moved its operations under CAFTA in 2007.
	Mitch Besser Lake Oswego, OR	Besser has a Masters in Software Design and Development and more than 20 years of experience in the high-tech sector.
(23)	Anna Braun Salem, OR	Braun served on Salem City Council from 2001 to 2004.
	John Breedlove Roseburg, OR	Breedlove lost his 31-year position at Roseburg Forest Products when the plant where he worked closed in 2003 due to competition from imports.
	Larry Durfee Roseburg, OR	Durfee worked at Roseburg Forest Products for 22 years, before losing his union-wage job when the mill shut down due to increased imports under NAFTA.

Fassler worked at Roseburg Forest Mike Fassler Products for almost 8 years, before it Roseburg, OR closed due to imports in 2003. **JoAnn Harris** Harris worked at J.R. Simplot until it moved abroad under NAFTA in 2004. Hermiston, OR John Hilkey Hilkey is a staff member at the IAM/Woodworkers union which represents Central Point, OR employees at Roseburg Forest Products. Jay is president of the African American Roy Jay Chamber of Commerce in Portland. Portland, OR Howard Jenkins Jenkins worked as a janitor at the Freightliner Truck Plant until laid off during Portland, OR a shift in production under NAFTA in 2007. Bill Johnson Johnson worked as a purchasing agent at InFocus in Wilsonville until his job moved Salem, OR overseas in 2004. Joy was on a development team at InFocus Ben Joy until his position was shifted overseas in Portland, OR 2004. Kemp lost his two-and-half year job at the William Kemp Dell Call Center when it closed in 2007, Roseburg, OR moving many positions to El Salvador.

For more interviews and profiles, visit: www.oregonfairtrade.org

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K	Bill Kluting Monmouth, OR	After losing his job at a plywood plant in Dallas due to trade, Kluting eventually took a position with the Carpenters Industrial Council helping displaced workers obtain Trade Adjustment Assistance benefits.
	Brandon Maupin <i>Merlin, OR</i>	Maupin worked at Timber Products in Grants Pass until his job was cut in 2006 due to increased competition from China.
	Joan Miller Portland, OR	Miller lost jobs due to trade at both the Freightliner Truck Plant and Reynolds Aluminum.
	Tony Mims Portland, OR	Mims lost his job at the Freightliner Truck Plant when it shifted production to Mexico under NAFTA in 2007.
13	Antonia Morales Hermiston, OR	Morales worked at Simplot for 25 years before the potato processing plant moved abroad under NAFTA in 2004.
	Dagoberto Morales Medford, OR	Morales is the founder and director of Unete, a farm worker and immigrant rights organization in southern Oregon.
	Diane Newell Beaverton, OR	Newell is a technical writer in Beaverton who has worked for InFocus.
and the	Greg Pallesen Portland, OR	Pallesen lost a job at a mill in southern Washington due to trade, and is currently vice president of the Association of Western Pulp & Paper Workers, headquartered in Portland.

For more interviews and profiles, visit: <u>www.oregonfairtrade.org</u>

C TID UN	Victor Pierce Portland, OR	Pierce is a Machinist at the Freightliner plant in Portland, working reduced hours due to the plant shifting most of its produc- tion to Mexico.
	Debbie Risehman Portland, OR	Risehman lost her Machinist job at Freightliner when it moved production abroad under NAFTA in 2007.
	Derek Roane Portland, OR	Roane lost his job at the Freightliner Truck Plant in Portland in 2007 when it shifted production to Mexico under NAFTA.
	Cheryl Rouse Colton, OR	Rouse has worked at Freightliner for over 15 years, now on a reduced shift due to the movement of most production to Mexico.
	Jim Scheet Dallas, OR	Scheet moved his family out-of-state in search of work after losing his job making circuit boards at Tyco Electronics.
	Mike Swaim Salem, OR	Swaim was the mayor of Salem from 1997 to 2002.
2	Mark Weiss White City, OR	Weiss lost his 19-year position at Royal Oak Enterprises, a charcoal briquette plant that closed in 2005 due to increased Chinese imports.
13	Mark Wettstein Ontario, OR	Wettstein, a farmer active in the Nyssa- Nampa Sugar Beet Growers Association, lost markets for several crops due to increased imports under NAFTA and CAFTA.



