Ohio workers peg job losses to trade agreements — but should they?

Free-trade proponents say that in the long run they improve U.S. economy; fair-traders scoff

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WASHINGTON — The list of companies reads like a Who's Who of Ohio's onetime manufacturing greats.

Delphi. General Motors. Chrysler. Mr. Coffee. Huffy. LTV Steel.

Each had to cut jobs, at least in part because of U.S. trade policy, and some of those workers have no hope of recovering their lost wages.

Jason Woods, 36, of Chillicothe just found out he'll lose his job at NewPage Corp. in August, the third time he's been laid off in 10 years. "There are not a lot of manufacturing jobs left in our area," he said.

Jon Spears, 37, of Amelia has been unemployed for more than two years after losing his job at Delphi in Dayton.

And Dan Lamb, 46, of Farmersville, is waiting to start a new job at a GM warehousing facility after making brakes at Delphi for nine years. He's thankful he'll have a job, but it is one that will pay him 60 percent less than he earned at Delphi.

"That's a foreclosure waiting to happen," he said.

Trade is emerging as a major issue in the presidential election, and not just in Ohio. Last week, Sen. John McCain highlighted his free-trade position during a three-day campaign swing through Colombia, Mexico, Indianapolis and Pennsylvania.

McCain admits he has some work to do in convincing people in Midwestern industrial states like Ohio that free trade policies ultimately help the nation's economy. McCain and other free-trade proponents argue that policies that promote trade preserve jobs by opening access to foreign markets.

But to Ohioans like Spears, Woods and Lamb, such policies are just another excuse to trade U.S. jobs for cheaper labor overseas.

The government has long acknowledged that trade abroad can cost jobs at home. Since 1975, more than 1,300 companies have successfully sought Trade Adjustment Assistance for their employees — an acknowledgement by the federal government of jobs lost in part because of U.S. trade policy.

Ohio has been hit hard. It is also one of four states that lost more than 40,000 jobs because of trade policy between November 2002 and September 2007, according to government figures. During that same period, the state lost more than 105,000 manufacturing jobs.

Spears, who lost one of those jobs, is bitter because he feels no one in politics is doing anything to help people like him.

"It seems like nobody cares," he said.

A new era

When politicians heralded the North American Free Trade Agreement's passage in 1994, they promised a new era of booming exports to Mexico. The agreement provided a free trade zone between the United States, Canada and Mexico, and lifted tariffs on a majority of domestically produced goods.

With NAFTA, then-President Bill Clinton boasted in September 1993, businesses will have a tougher time relocating "solely because of low wages or lax environmental rules." NAFTA became the prototype for later trade agreements — and a political punching bag for those who saw it as a job drain. Free trade advocates squared off against politicians promoting what they called "fair trade," and in 2006 the so-called "fair-traders" scored most of the victories. In Ohio, Sen. Sherrod Brown's trouncing of incumbent Republican Sen. Mike DeWine is often attributed to Brown's steady attacks on "job-killing trade agreements."

"It is a very tough issue politically," admitted former U.S. Trade Representative and Ohio Congressman Rob Portman, a free-trade Republican who is on the list of McCain's vice-presidential possibilities.

A May 1 poll by the Pew Research Center for the People and the Press reflects that sentiment: In April 2008, 48 percent of those polled said they considered the impact of free trade agreements on the country "a bad thing," while 35 percent considered it a "good thing." In September 1997, meanwhile, those views were reversed: 47 percent said the agreements were good for the country, while 30 percent considered them bad.

Ohioans too are beginning to view trade policies more skeptically. A poll taken last August by Quinnipiac University found that Ohio voters by a 58 to 32 percent margin favored policies that would make them pay more for imported goods in order to save American jobs. Ohioans also said, by a 53 to 30 percent margin, that the growth of the global economy has mostly hurt their family's financial situation.

Ned Hill, a professor and distinguished scholar of economic development at Cleveland State University, said while the job losses are very real, the blame is misplaced. "A number of companies have said (they lost jobs) because of trade, when in fact it was bad management," he said. "It isn't China's fault GM, Ford and Chrysler couldn't design a car people wanted to buy."

Ohio's gross domestic product increased between 2001 and 2006 — which is more a sign that it was productivity, not trade, that spurred companies to let people go, Hill said. And the steel industry began to disintegrate in Ohio long before NAFTA was ever signed.

"The real issue in Ohio isn't NAFTA," Hill said. "That's the UAW's issue. The real issue in Ohio is middle class economic insecurity."

Exporting products

Not all of Ohio's job numbers are bleak. Counting agriculture jobs, for example, the state gained more than 77,000 jobs across all sectors between December 2000 and April 2008, according to the Bureau of Labor Statistics.

Exports in the state also have grown — by $10.7 billion over the past five years. In fact, Ohio is the only state that has seen its exports increase every year since 1998.

And despite all the bad news about manufacturing jobs, exports are responsible for some 317,700 Ohio jobs, including 174,300 manufacturing jobs, according to the National Association of Manufacturers.

"There is no question that some jobs have gone to Mexico," said Sen. George Voinovich, R-Ohio, "but the point is, in terms of competition, in terms of the Ohio economy, there's no question in my mind that we have benefited from NAFTA."

One success story is Marathon Monitors in West Chester. Marathon executives watched in the late 1990s as fellow Ohio manufacturers began going overseas to make products to sell in the United States.

"We decided we didn't want to do that," said Eric Boltz, president of the company, which makes parts that control industrial processes such as heating and hardening.

The company instead opened up a subsidiary in China selling their U.S. products. Now the company has 15 percent of the Chinese market in heat-treating products. It has succeeded — Marathon was Ohio's 2007 Exporter of the Year — by positioning itself as the "Mercedes Benz" of their product. Boltz credits sales and service forces in China with helping boost the product's reputation.

"If people want something that works, they buy ours," he said.

Exporting jobs

Brown disputes free trader arguments that agreements such as NAFTA help to open new markets to U.S. companies. He said they're really written to diminish the risk to U.S. corporations that want to locate overseas.

"If they really believed that it just opened up new markets, you'd see a five-page Colombian Trade Agreement that would negotiate tariffs down to close to zero and that would be the end of the trade agreement," he said. "Instead, we have 800 pages of protections."

Lori Wallach of Global Trade Watch, a group that describes itself as for "fair trade," said before NAFTA, companies were reluctant to move their workforces overseas. They feared that the country they were moving to would demand, for example, wiring the community surrounding the overseas factory for electricity, or obeying certain environmental laws.

But NAFTA and ensuing trade agreements, she said, made it possible for companies to sue the country where they want to locate to seek relief from such restrictions.

In the United States, meanwhile, business still must abide by U.S. rules and regulations. The agreements, she said, "are an incentive to leave."

"These agreements aren't about trade," she said. "They're about investment."

Delphi's demise

To people like Dan Lamb, they are about something else: betrayal.

Clinton promised "jobs, American jobs, and good-paying American jobs," when he signed the NAFTA agreement in 1993. But Lamb is still waiting for one of those "good-paying" American jobs and, fair trade advocates say, so are a lot of other people.

Median wages actually fell in Ohio between 2000 and 2004, and rose only slightly between 2005 and 2006. Of U.S. manufacturers laid off between 2003 and 2005, 30 percent remained without a job in January 2006, according to the U.S. Department of Labor. And 29 percent of the re-employed reported earnings losses of 20 percent or more in their new jobs.

The shifting winds in Ohio's economy can perhaps best be captured in this statistic. In 1995, GM was Ohio's leading employer. In 2007, the leading employer was a company that doesn't pay nearly as well.

That company was Wal-Mart.

Lamb believes something is very wrong with this picture. Competition from cheaper, Chinese products played some role in Delphi's demise, according to Lamb, and that it was allowed to happen was an act that he says borders on treason.

"We manufactured brakes, which was the number one safety component on a vehicle," he said. "With all the products coming out of China — poisoned pet food, poisoned toys — how can we afford to have the number one safety component on a vehicle go to China?"