

Portland Tribune

Are workers trading down?

Retraining can't keep up with flood of jobs lost overseas

BY STEVE LAW

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Those who preach the gospel of free trade say it will lift the whole world's economy, from rich nations to poor.

And, they say, if American workers lose jobs to workers overseas or cheap imports, they can get retraining — courtesy of the federal Trade Act — to learn higher-skilled jobs for the 21st Century.

Forty-year-old Daryl Payne lost a production technician job at Daimler Trucks on Swan Island when the German company shifted manufacturing to Mexico. Uncle Sam is now paying him to learn how to be a water-treatment technician.

Lake Oswego resident Mitch Besser, 48, lost his job as a software engineer for a Nevada casino company when it shifted operations to Beijing. Now, he hopes the government retraining program will pay him to study bioinformatics at Oregon Health & Science University.

Trade Act benefits are a lifeline for displaced workers at a time when replacement jobs are scarce.

“The economy is going to be turning around eventually,” says Bob Tackett, executive secretary-treasurer of the Northwest Labor Council in Portland. “This is a good time to train yourself up.”

But even supporters of the program say it's not enough to offset the jobs being lost as Oregon's manufacturing and high-tech base is dismantled due to free-trade pacts.

“This is just a Band-Aid on a large wound,” Tackett says.

In the past year, the U.S. Labor Department certified 10,902 Oregon workers as eligible for retraining and other Trade Adjustment Assistance because they lost jobs due to free-trade pacts, according to data compiled by the Oregon Fair Trade Campaign. The campaign's director, Arthur Stamoulis, says those lost jobs are evidence that unfair trade policies, not just a sour economy, are partly to blame for Oregon's stubbornly high unemployment.

If the sole reason for Oregon's huge job losses is the recession, says Greg Pallesen, vice president of Portland-based Association of Western Pulp and Paper Workers, then why is China booming right now?

In some ways, Pallesen says, the Trade Act was designed to mollify Congressional and citizen fears that free-trade policies would sacrifice too many American jobs. “It sounds terrible, but I almost believe this country would have been better off if the Trade Act had never passed.”



CHRISTOPHER ONSTOTT / PORTLAND TRIBUNE
Daryl Payne (left) and Carl Liesegamg work out a math problem during an Algebra class at Clackamas Community College, part of their retraining for new careers. The two former Daimler Trucks employees are among the 10,000 Oregon workers whose jobs have been lost in the past year due to free-trade pacts.

Is your job safe?

Princeton University economist Alan Blinder, in a 2007 paper, estimated that 22 percent to 29 percent of U.S. jobs are vulnerable to being “off-shored” in the next 10 to 20 years.

His list of the top 59 “**highly offshorable**” occupations included:

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|----------------------------|--------------------------------|
| ■ Computer programmers | ■ Desktop publishers |
| ■ Drafters | ■ Insurance claims clerks |
| ■ Actuaries | ■ Computer support specialists |
| ■ Mathematicians | ■ Writers and authors |
| ■ Statisticians | ■ Economists |
| ■ Film and video editors | ■ Fine artists |
| ■ Telemarketers | ■ Insurance underwriters |
| ■ Customer service reps. | ■ Graphic designers |
| ■ Office clerks | ■ Bookkeeping clerks |
| ■ Editors | ■ Biochemists |
| ■ Technical writers | ■ Biological scientists |
| ■ Interpreters/translators | ■ Medical records technicians |

Benefits expanded

The Trade Act of 1974 was designed to help retrain blue-collar manufacturing workers displaced by competition from cheap imports. The program was expanded in 2002 — timed with the new North American Free Trade Agreement, or NAFTA — to aid workers whose jobs were shipped overseas. The program was expanded again last year to include white-collar and service workers.

“It’s a great program,” Daryl Payne says. Workers can get extended unemployment benefits, health insurance subsidies and two years’ tuition for retraining if the Oregon Employment Department finds there are available jobs in the worker’s chosen new field.

But now, even stalwart Portland-area employers such as Tektronix, the granddaddy of the local technology sector, are shipping jobs overseas. That raises a troubling question for area workers and young adults pondering their future education: Just what is a secure job to shoot for these days?

There’ll always be toilets

As Payne notes, even X-rays are being sent to India so lower-paid X-ray technicians can interpret them.

But he figures you can’t offshore toilets, and local workers always will be needed in the water treatment field. So he enrolled in a two-year program at Clackamas Community College in Oregon City to learn a new trade.

Payne worked 15 years for Daimler as a production technician and doing quality assurance on the truck assembly line. He was laid off in early 2009, and got temporary work counseling fellow laid-off workers about Trade Act benefits.

Of 180 workers laid off in his group, only 85 signed up for any Trade Act benefits, Payne says. Of those, at least 40 sought retraining benefits, though some left their studies when Daimler called them back to their jobs.

Program’s limits

Many displaced workers don’t even bother to come to orientation meetings to learn about Trade Act benefits. “They’re mad at the world,” says Mark Warne, who helps link workers to the program as a work force liaison for the Oregon AFL-CIO labor federation in Portland.

Some workers can’t afford to live on unemployment insurance while going back to school, even if the government pays their tuition and 80 percent of health insurance benefits. That’s not enough to make house payments and pay children’s college tuition, especially if their spouse isn’t working, Warne says.

“A lot of them are intimidated about going back to school,” especially older workers, Pallesen says.

Some Daimler workers were tripped up by federal and health insurance paperwork issues, Payne says, and were denied benefits.

And the federal government is sometimes slow to certify that laid-off workers lost their jobs due to trade pacts. It took 18 months for workers at Weyerhaeuser's Albany trucking division to qualify for benefits, Warne says. By then, many had moved on.

Some companies resist filing for Trade Act benefits for their laid-off workers. "A lot of companies don't want anything to do with it," says Tackett, who previously had Warne's job. Unions or a minimum of three workers at an affected work site can file for benefits, but it takes longer without the employer's cooperation.

Payne figures he'll make out better than most of his peers. He couldn't handle going to college while he was working full time, but now has time to focus on his studies.

He's noticing that three or four job openings crop up each month in his intended new field. Though there are 50 to 80 applicants for each job, he's confident about his prospects.

No job is safe

Mitch Besser, 48, who lives with his wife in Lake Oswego, has a master's degree in software design and engineering, but still was out of work for two years. So in 2008, he secured a weekday apartment in Corvallis to take a job there with Reno-based International Gaming Technology, doing computer networking for slot machines. Besser earned \$90,000, but knew it was short-lived when the company brought in workers from China to be trained on how to do his job.

He was laid off in late-June and the operation was shifted to Beijing, where, he notes, casino gambling is illegal.

The typical argument of free-trade boosters, Besser says, is that the U.S. can afford to lose lower-skilled jobs overseas and focus on higher-skilled work here.

"I think it's a complete lie," he says. "Anyone's job can be moved."

A 2007 academic paper by Princeton economist Alan Blinder found that many jobs requiring college education are the most vulnerable to being shipped overseas in future years. Among his list of "highly offshorable" jobs are mathematicians, film and video editors, economists and authors.

As Besser weighs possible training opportunities, he doesn't think technology jobs are a safe bet any more.

"I have thought about other fields that are less likely to be outsourced," he says. "I have no idea how to avoid that, honestly."



TRIBUNE PHOTO: CHRISTOPHER ONSTOTT • Mitch Besser waits on hold to find out about his unemployment benefit status as his wife Diana organizes the home office. Besser worked for a software company that moved its operations to Shanghai, laying off most of its Oregon workers.

Living on the edge

Sergio Menor, 48, couldn't find work for six months after he was laid off from Daimler last fall. So he enrolled in a two-year renewable energy program at Portland Community College.

The Trade Act helps, Menor says, but it's still tough paying the bills. His wife has work as a medical

insurance technician in Portland, but they own a home in Clackamas and have two young sons to support. His wife cashed in her 401(k), and the couple has run up big credit card debts.

“Sometimes we miss our payments for the house, and the utility bills,” Menor says.

When he’s done with the two-year program, he thinks the only company hiring is Vestas, a Danish wind-energy company with regional headquarters in Portland.

Menor immigrated here from the Philippines in 1993 to get a better life. Now, it seems, many local jobs are going back to Asia.

Upside of free trade

Portland economist Joe Cortright and others point out that free-trade pacts are a boon for local employers competing well internationally, including the state’s largest locally based company, Nike, and Oregon’s largest private employer, Intel.

Consumers and businesses also enjoy cheaper prices on a host of imported goods.

“Oregon is a major exporter, being on the coast and near growing Asian markets. We gain from that,” says Nick Beleiciks, state employment economist for the Oregon Employment Department. Some of the same companies that lost jobs due to free-trade pacts might gain jobs in other units, he notes.

However, it’s not clear if Oregon has gained more jobs than it has lost due to trade pacts, Beleiciks says. The big fear when the U.S. endorsed NAFTA and other free-trade agreements was the loss of manufacturing jobs, and that has occurred, he says.

When the Great Recession gripped Oregon in July 2008, the state had 143,100 manufacturing jobs in durable goods — a category that includes trucks, other transportation, computers, computer components, metals, electronic instruments and wood products. Two years later, those jobs are down to 113,500, a drop of 29,600.

Since last October, 2,979 Oregonians filed to get new Trade Act benefits, including 696 from Portland’s tri-county-area, says David Allen, Trade Act program analyst for the Oregon Employment Department, which administers the benefits.

Usually only about half the Oregon workers displaced by trade policies seek some form of Trade Adjustment Assistance, such as extended unemployment insurance, Allen says. Among those, roughly 30 percent enroll in retraining programs, he estimates. That translates into one in seven affected workers.

A 2006 federal study found that most workers who do take retraining benefits get lower pay in their new jobs. Oregon workers using Trade Act benefits in fiscal year 2007-08 earned the equivalent of \$31,000 average salaries after leaving the program, according to the Department of Labor.

Denied benefits

Southeast Portland resident Steve Keller, 44, would love to get those training benefits, to become a heating, ventilation and air conditioning (HVAC) technician. He lost his job last year at Innovion Corp., a Gresham chip plant. But the Labor Department denied a petition to rule the layoffs were due to trade policies, Keller says. He’s puzzled by that, since workers at the company’s sister plant in Arizona did get Trade Act benefits when their plant closed for similar reasons.

So now Keller is job hunting like crazy, and can’t afford to get retrained. He’s unsure what jobs to pursue, and which ones are safe from being sent overseas.

“I think about it every day,” Keller says. “I don’t have a clue.”

Where jobs were lost

Here are the Portland-area employers that laid off workers since the recession began, due to stiff foreign competition or moving local jobs offshore. The U.S. Department of Labor has certified that the layoffs were due to free-trade agreements.

2008

- Credence Systems Corp.
- Merix Corp.
- Panasonic Shikoku Electronics Sales of America
- The Coe Manufacturing Co.
- Rohm and Haas Co.
- Sharkey Laboratories Inc.
- Intellicoat Technologies
- Barco Medical Imaging
- Pope and Talbot Inc.
- Electro Scientific Industries Inc.
- Cequent Electrical Products Inc.
- Fujimi Corp.
- Traeger Pellet Grills LLC

2009

- Maxim Integrated Products
- GE Security Supply Chain
- Daimler Trucks North America
- Indepak Inc.
- Idex Solutions
- Tarkio Corp.
- Tektronix, Inc.
- Blount Inc.
- Radsys Corp.
- Cascade Microtech Inc.
- Health Net Inc.
- Connor Manufacturing Services
- Sauer Danfoss US Co.
- Hirel Systems
- Carlton Co. Inc.
- Auto Truck Transport
- RM International Inc.
- The Boeing Co.
- Accelis Technologies
- Benchmark Electronics Inc.
- Cleanpak International
- Evraz Oregon Steel Mills Inc.
- Joseph T. Ryerson and Son Inc.
- Brooks Automation Inc.
- Boyd Corp.
- GemStone Systems Inc.
- Metso Minerals Industries Inc.
- Sonetics Corp.

2010

- Pendleton Woolen Mills Inc.
- Supervalu Inc.
- Cadence Design Systems Inc.
- Pentagon Technologies Group Inc.
- Tektronix Inc.
- Intel Corp.
- Comcast
- Lattice Semiconductor Corp.
- LaCie Limited
- Blue Heron Paper Co.
- Integrated Device Technology
- Graphic Arts Center Publishing Co.

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