The U.S.-EU Trade Agreement: Ensuring Shared Gains from Trade

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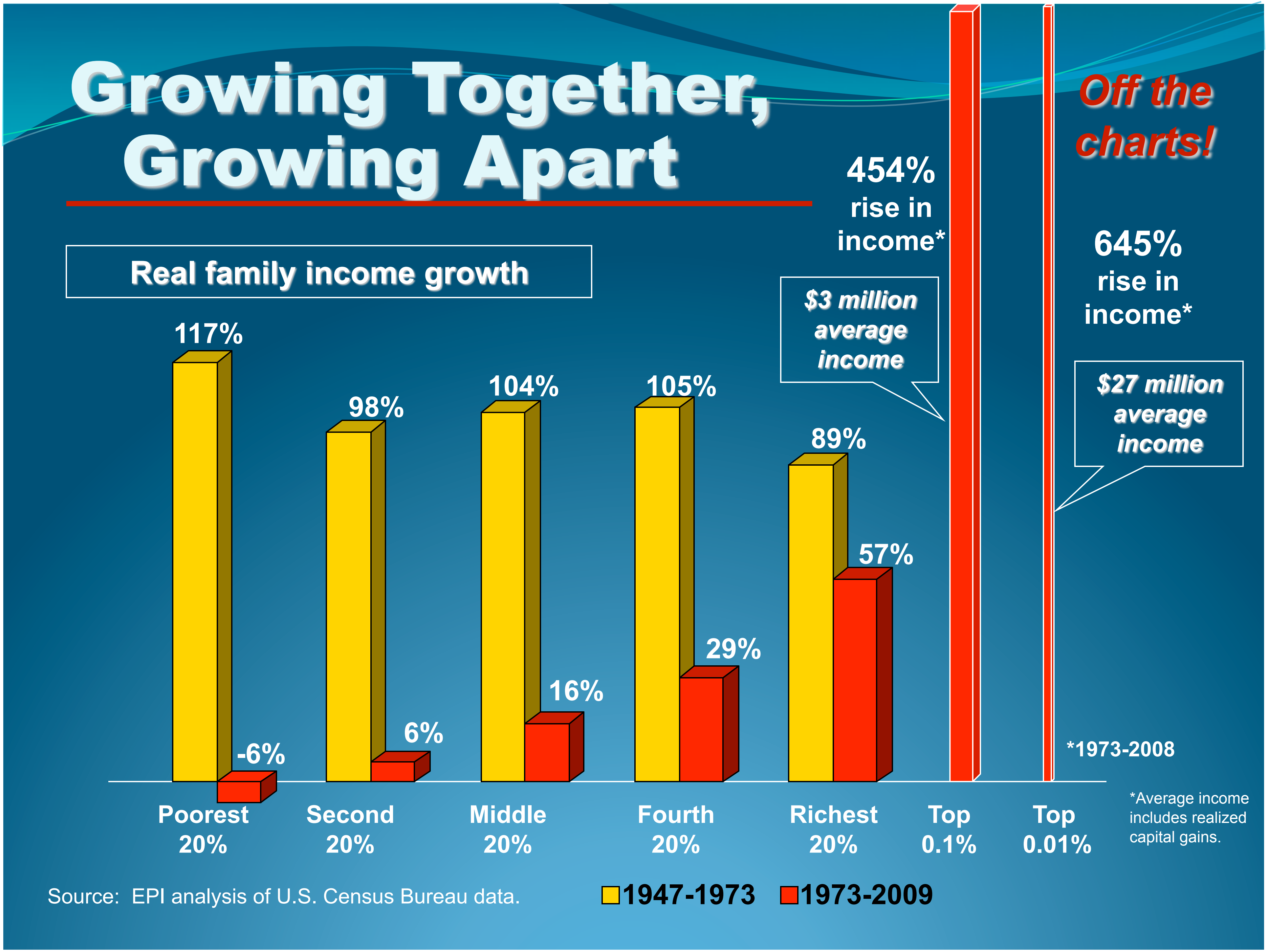
Neoliberal trade agreements don't work.

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
117%
-6%
98%
6%
104%
16%
105%
29%
89%
57%
454%
rise in
income*
$3 million
average
income
Off the
charts!
645%
rise in
income*
$27 million
average
income
*1973-2008
Poorest
20%
Second
20%
Middle
20%
Fourth
20%
Richest
20%
Top
0.1%
Top
0.01%
*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.

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

Followed by even more bad choices after the 2008 crisis:

- **Banks got bailed out, but families didn't.**
- **Labor Rights & Social Protections are under attack, here and in Europe.**
- **Austerity in the U.S. and Europe killed even more jobs.**
- **Spain, Greece and others are in a crisis that more corporate power won't fix.**

Trade Agreements Must Be Redesigned to Promote Shared Gains

- Labor Chapter that is enforceable, includes ILO core conventions, and <u>promotes</u> 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 labor rights in trade agreements?

Labor rights *are* human rights

- UN Declaration of Human Rights
- International Covenant on Economic, Social and Cultural Rights

Lack of Labor Rights Protections Can Distort Trade

Some countries make systematic use of non-observance of labor rights in order to create a competitive advantage; this process is encouraged and abetted by bad-actor MNEs

The OECD pointed out in a 2000 report, International Trade and Core Labor Standards, "countries which strengthen their core labor standards can increase efficiency by raising skill levels in the workforce and by creating an environment which encourages innovation and higher productivity."

Why labor rights in trade agreements?

- **Only when workers are empowered to act collectively can they offset the incredible power of global capital**

- **This agreement should create a "gold standard" in labor and social protections, improving on commitments the U.S. and EU have separately made in prior agreements**

Why “investor rights”?

- Investors make no commitments in the agreement, yet reap most of the rewards
- Are able to access fora and substantive rights that domestic investors cannot
- Forum & treaty shopping
- No net benefit (even a WTO study found no significant increase in FDI as a result of ISDS)
- Specific advice available in our comments at regulations.gov

Questions?

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