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

- Middle 20%: 104% (1947-1973: 16%, 1973-2009: 29%)
- Top 0.1%: 57% (1947-1973: 57%, 1973-2009: 57%)
- Top 0.01%: 57% (1947-1973: 57%, 1973-2009: 57%)

454% rise in income*

$3 million average income

645% rise in income*

$27 million average income

*Average income includes realized capital gains.

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

What’s gone Wrong?

Ties that bind
As union membership rates decrease, middle class incomes shrink

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.
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 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 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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