

**Testimony of Scott N. Paul
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Before the International Trade Commission
Hearing on
Distributional Effects of Trade and Trade Policy on U.S. Workers
Investigation No. 332-587
April 19, 2022**

Chairman Kearns and commissioners, on behalf of the Alliance for American Manufacturing (AAM), thank you for the opportunity to testify at today's public hearing for Investigation No. 332-587, *Distributional Effects of Trade and Trade Policy on U.S. Workers*.

About the Alliance for American Manufacturing (AAM)

AAM is a non-profit, non-partisan partnership formed in 2007 by some of America's leading manufacturers and the United Steelworkers. Our mission is to strengthen American manufacturing and create new private-sector jobs through smart public policies. We believe that an innovative and growing manufacturing base is vital to America's economic and national security, as well as to providing good jobs for future generations. AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America's manufacturers and workers.

Impact on Black Workers and Communities

For the past 15 years, I've spent an extraordinary amount of time in nearly every corner of America, in cities big and small, listening to our diverse working families about their lives, their communities, their hopes and their dreams.

Manufacturing workers of all backgrounds faced hardships because of offshoring and the incredible loss of factory jobs in recent decades. But Black workers suffered the most, and I'd like to use my testimony to highlight this often-overlooked history.

While Black working-class Americans experienced generations of discrimination and hard ceilings, in the mid-20th century, manufacturing offered an opportunity to earn a good wage and begin to build wealth. Black factory workers bought houses. Thriving Black communities in cities like St. Louis, Chicago, Baltimore, Detroit, and Youngstown, Ohio emerged.

Then as import competition intensified, the factories began to shut down, and these communities were left gutted. Trapped in place by redlining and discrimination, industrial flight had a devastating and disproportionate impact on Black workers. Black Americans couldn't find new jobs as quickly as white counterparts. When they did find other work, they were often paid significantly less. Black families didn't have as much in savings or other support to fall back on. Black workers didn't have the network or resources to move to a new city for new opportunities.

Deindustrialization began in the late 20th century, but the story continues to play out today. When a factory moves out, wages go down in town. Many people stay in these communities, drawn by culture and family, trapped by discrimination, or squeezed by underwater mortgages or debt. But without the revenue generated by the factory — along with factory workers eating at

local restaurants, shopping at local stores, donating to local charities — everyone and everything suffers, including the ability to fund and provide essential public services.

When times are bad, the social fabric of the community is ripped apart when it can least afford it.

This shock has been felt in thousands of towns across America, and particularly in the Industrial Heartland. Add social discrimination and structural inequities to all of this, and one can quickly understand why standard economic analysis of trade and trade policies may overlook far-reaching and deep consequences.

This is why, for instance, an owner of the Baltimore Orioles more accurately analyzed the contribution of import competition, shifts of production, and deindustrialization to the massive social unrest his hometown saw back in 2015 than any trade model ever could.¹ Surging imports of steel and shifts of production in other industries over decades reduced manufacturing employment in Baltimore by more than 100,000 from 1950 to 1995, driving up poverty and despair in the process. Between 1995 and 2022, another 20,000 jobs were lost in the city.²

The social and economic fabrics of our nation, and of distressed communities, are interwoven. One cannot be strong without another.

Relevant Studies

As the ITC considers these matters, several studies bear careful consideration and thorough digestion.

First, *The Decline in African-American Representation in Unions and Manufacturing, 1979-2007*, authored by John Schmitt and Ben Zipperer at the Center for Economic Policy and Research.³ The study traced the decline in Black worker representation by unions to a steep drop in manufacturing jobs, which other studies have demonstrated is highly correlated with import competition and shifts of production abroad. This decline in union representation, as other studies show, meant a loss in real wages and the ability to initiate or sustain wealth accumulation.

Second, *The effects of plant closing or threat of plant closing on the right of workers to organize* by Kate Bronfenbrenner of Cornell University for the North American Commission For Labor Cooperation in 1996.⁴ This study demonstrated the rapid acceleration of the threat (and follow-through) of employers to close factories during collective bargaining actions in the wake of the implementation of the North American Free Trade Agreement. In more than one in 10 cases, employers directly threatened to move to Mexico if the workers voted to unionize. This

¹ See <https://www.pbs.org/newshour/show/orioles-john-angelos-system-failing-baltimore> and <https://ftw.usatoday.com/2015/04/orioles-john-angelos-baltimore-protests-mlb>

² See <https://beta.bls.gov/dataViewer/view/timeseries/SMU24925813000000001;jsessionid=F2A3666DAE11ED4D9783B8D360EAF536>

³ See https://cepr.net/documents/publications/unions_aa_2008_02.pdf

⁴ Accessed via https://www.academia.edu/811973/Final_report_The_effects_of_plant_closing_or_threat_of_plant_closing_on_the_right_of_workers_to_organize

demonstrates how trade policy tilted the scale towards employers once tariff-free or low-tariff access to American markets was secured. The most vulnerable workers then suffer the most severe consequences.

Third, *Unmade in America: Industrial Flight and Decline of Black Communities* by Gerald Taylor for the Alliance for American Manufacturing in 2016.⁵ Gerald's research showed that massive factory job loss hit America's black communities especially hard. Proportionally, more black workers were unemployed than white workers — and stayed unemployed for longer. The wealth gap and housing discrimination also made things worse for black manufacturing workers to rebound.

Fourth, *Botched policy responses to globalization have decimated manufacturing employment with often overlooked costs for Black, Brown, and other workers of color* by Robert E. Scott, Valerie Wilson, Jori Kandra, and Daniel Perez at the Economic Policy Institute in 2022.⁶ This research “shows that the loss of manufacturing jobs has been particularly devastating for Black and Hispanic workers and other workers of color, who represent a disproportionate share of those without a college degree, and for whom discrimination has limited access to better-paying jobs.”⁷ EPI estimates that between 2001 and 2011, the growth of the trade deficit with China displaced 958,800 jobs held by workers of color—representing 35.0% of total jobs displaced by the growing trade deficit with China.

Conclusion

The commissioners and staff should be commended for the manner in which you are approaching this important task. Outreach to impacted communities ensures that workers' voices are at least present throughout this investigation, and we are grateful for the sincerity and thoroughness of your efforts. Too many trade policy conversations and formal methods of analysis have failed to capture many of the long-lasting and indirect costs of trade agreements and other policy decisions that have led to more intense import competition and shifts of production abroad. It's well past time for a change, and we look forward to productively engaging with you as this process moves ahead.

Thank you.

⁵ See <https://s3-us-west-2.amazonaws.com/aamweb/uploads/research-pdf/UnmadeInAmerica.pdf>

⁶ See <https://www.epi.org/publication/botched-policy-responses-to-globalization/>

⁷ Ibid.