

E #1

Emery Deabay
Bucksport

While getting ready to testify tonight and looking back on the impact of trade on the people I know and work with I couldn't help but think of the devastation it has caused with in my own family and friends. When people talk about jobs being lost I only have to think of my brother in law who worked at a sawmill in Costigan and watched it shut down because of bad trade deals. I think of friends I grew up with in Ashland who no longer have a mill to go to because of bad trade deals. I have 4 cousins who worked at the GNP mills in Millinocket and East Millinocket. Two lost their jobs in the nineties, one retired, and one is still hanging on.

I along with my co-workers go to work at the Bucksport mill everyday wondering when we are going to get the big announcement. We read about jobs lost everyday because of trade deals. Because this hangs over our head we take cuts, job and monetary, to try to remain competitive. The only problem is we are not playing on the same field as some of these other countries. We couldn't possible get competitive when we compete against countries that use slave labor, have no problem with child labor, and kill people trying to organize workers. You go to work every day in this type of atmosphere and try to be upbeat, it's not easy.

This is why when word started leaking out about this bill that would include labor standards in all trade bills there could be heard a buzz going through the communities that maybe we would have a chance to make things a little better. We could have hoped that maybe we wouldn't loose our jobs in an unfair trade deal. That is why I am here asking you to support the TRADE Act bill put forth by Rep. Mike Michaud. This bill has core labor standards all countries should adhere to whether they have trade deals are not. These standards are the right way for all working people to be treated.

I would like to present you each with a copy of The TRADE Act, and ask you to endorse this urgent change in trade policy that we all need.

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Good evening. My name is Bonnie Preston, and I'm a member of the Alliance for Democracy. The Alliance belongs to the Maine Fair Trade Campaign, and I represent the organization on the Board. In addition to our trade interests in Maine, we are involved in water issues in the state. This evening, I would like to trace the connections between these issues, Atlantica, and the TRADE Act.

I attended your meeting last summer at which Brian Crowley, representing the Halifax-based Atlantic Institute of Market Studies (AIMS), spoke about Atlantica, a project being driven forward by AIMS. One of many things that he didn't mention in his presentation is that Atlantica is a part of the Security and Prosperity Partnership (SPP), although the planning for Atlantica pre-dates the SPP. The Security and Prosperity Partnership was finalized in Texas in 2005 when Pres. Bush, Pres. Fox, and Prime Minister Martin shook hands on the deal, by-passing Congress, which was showing increasing resistance to NAFTA. The SPP is a comprehensive plan to integrate the U.S., Canada, and Mexico to enhance security and global competitiveness. The security part of the deal relates to enhanced border security, ensuring that economic migrants are increasingly stopped at the borders, while money, of course, gets through. One piece of the prosperity part is what Crowley described at the meeting in June; giant cargo ships bringing goods from low-wage countries into ports in the U. S., Canada and Mexico, and dispersing the goods from those ships throughout the countries via super highways. The other piece is accelerated extraction of raw materials.

The SPP has the same goals of the free trade agreements: promote the interests of transnational corporations by removing all barriers to trade, even laws and regulations intended to protect people, communities and the environment, while insuring that capital flows without any constraints, even those intended to protect national economies from capital flight. The SPP goes further by promoting the physical and security infrastructure to accelerate trade by transnational corporations. It is implemented through working groups consisting of government officials from the three countries and leaders of multinational corporations. There are three security groups and ten prosperity groups covering major economic sectors, from energy and financial services to transportation and health. The aim of these groups is to fully integrate the economies of the three countries to insure a free flow of goods. In practice, it creates a parallel governing structure consisting of corporate and financial elites working directly with government officials and by-passing the people's representatives in Congress.

For me, the highlight of that summer meeting was when Sen. Raye asked Dr. Crowley "What's in this for Maine?" That excellent question was never answered; Crowley knows the real answers are all negative.

So, what's in it for Maine? One thing is the private east-west toll highway proposed by Peter Vigue, who is on the board of directors of AIMS. The corridor for this highway would be a 2000 foot wide strip running from Calais to Coburn Gore, which would create unparalleled environmental devastation in the north woods. Once built, it would carry the 20 mile long convoys of trucks that Crowley described across the state, spewing out pollution all the way. Who would be driving these trucks? Not Mainers. Crowley said, in a speech in April of this year, that his plan is to bring Mexican guest workers to drive them, at a fraction of the cost of hiring Americans and Canadians.

And what will the highway itself bring to Maine? Certainly very high tolls, high enough to not just pay back the cost of the investment, but to make a profit for the

investors. How many Mainers will be able to afford to use it? Vigue envisions hunters and fishermen; I suspect it will be mostly corporate trucks and summer people on Plum Creek land. There will be a few low-wage jobs for toll takers, and for workers at the truck stops built by Irving Oil.

Another thing that Maine may get, which worries me tremendously, is more mining of our water resources. As you know, water resources are becoming scarce world-wide. The corporate answer to solving the water shortages is not, of course, to conserve what we have, and devise ways to ensure that everyone gets a fair share, but to commodify water and sell it to the highest bidder. T. Boone Pickens is going to tap into aquifers deep under his ranch in Texas and pipe water to thirsty cities in Texas willing to pay his price. Who will want Maine's water, and how much will they take? If our water is opened to international trade, it will be difficult or impossible to limit the amount that can be taken. The highways planned for the SPP, and being built in Texas and Arizona right now, not only include gas pipelines, which Vigue has mentioned, but water pipelines. If this system is built, where will Maine's water go?

Brian Crowley's vision is so 20th century. There is no global warming, the economy has not collapsed, and people everywhere are happy to see the money flow inexorably upward to the richest 1%. In his world, big box retail and resource extractors will benefit greatly (assuming that consumer spending recovers). But big-box retail with its low-wage workers is not economic development, and resource extraction is what a colonial power does to its colonies. Transnational corporations are now the world's colonial powers. Economic development for Maine has to bring good jobs to Maine's people, and local, sustainable, value-added production to Maine's resources. We should not simply be the pass-through from the kitchen where goods are produced to the dining rooms in Boston, New York and Montreal where people will partake of these goods.

Atlantica is a top-down plan for what should be a bottom-up world. Trade with Canada should be beneficial for the people of both countries. Planning for trade should involve all sectors of society, in a true democratic fashion. Atlantica, while not technically a trade agreement, must be judged in the way NAFTA and all the other trade agreements are judged, to see if it meets our needs.

The provisions of the TRADE Act are important to this judgment. They not only strengthen labor and environmental standards and enforcement provisions, but they are especially valuable to the states by giving them opt-in possibilities, rather than making the provisions opt out or mandatory. (See TRADE Act, section 4(14) Federalism. for the specific language.) If we treat Atlantica like a trade agreement, we can simply not opt in. Let Brian Crowley do what he wants to do to Halifax, but not what he wants to do to Maine. You can also ask Rep. Michaud to expressly include the Security and Prosperity Partnership in the TRADE Act, so it will be clear that the choice is ours.

Bonnie Preston
49 Mattson Ln.
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Maine Citizen Trade Policy Commission, 4 December 2008

#4



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Testimony to the Citizen Trade Policy Commission December 4, 2008

Good evening. My name is Jon Falk. I am director of PICA (Peace through Interamerican Community Action), which is a non-profit organization based here in Bangor. For more than 20 years we have been working for social and economic justice, both here in Maine and elsewhere in this hemisphere. We have a close relationship with our "Sister City," the community of Carasque, El Salvador. Our focus on addressing issues that affect both the people of eastern Maine and the people of El Salvador led us to be co-founders of the Maine Fair Trade Campaign, and to work for the establishment of this Commission.

I'd like to take a few minutes to tell you a little about our newest program, which we call "kNOw US AND THEM." You will probably be hearing more about aspects of kNOw US AND THEM in other testimony at this hearing, but it may be helpful for you to have a little background.

Free trade policies and subsidized American food commodities have devastated the rural economies of Latin America. In our sister city of Carasque, El Salvador, it now costs Carasqueños more to grow corn than they can buy it for in the market. An estimated 500-700 men and women leave the tiny country of El Salvador daily, driven by economic desperation to attempt to emigrate to the U.S.

This Commission is well aware that Maine's small farmers and factory workers face many of the same problems as their Central American counterparts. Many Mainers now understand the harm that "free trade" has done to Maine's economy. Yet few Mainers see the ways in which international economic forces and trade policies connect their own lives with what is being experienced in the Central American countryside. It has been difficult to date, both in Maine and elsewhere in the U.S., to bridge divisions of race, language, class, national origin, and political orientation to build broad support for trade and immigration policies, whether at the state or national levels, that benefit the mass of people, both North and South.

We have created the kNOw US AND THEM program with the goal of building that broad support for just policies. The centerpiece of the program is a "Listening Project," in-depth, non-judgmental interviews of small farmers, displaced manufacturing workers, and immigrants in Maine, along with interviews of Carasqueños in our sister city in El Salvador. We began a few months ago, and have completed about 16 interviews to date. We hope to have 25-50 done by the time we finish the Listening Project.

We will be bringing the results of our work to audiences across Maine. We hope to generate discussion and build broader understanding of the ways in which trade policies affect all aspects of our lives, and of the ways free trade and immigration are inextricably linked. We have not yet started to analyze our findings, but I can share a few observations from our interviews with you:

- o Free trade continues to devastate Maine communities. As a laid-off mill worker in Ashland told us, “They’re building a new school here, but are we going to have any kids to put in it?”
- o Free trade is doing the same kind of damage in the mountains of El Salvador. In Carasque there are plenty of kids, but a shortage of parents, because so many of them have been forced to come to the U.S.
- o For the immigrants we have spoken with, and for their families, immigration has not been a “choice,” but an economic necessity that they have undertaken at great personal cost to themselves and to their families.
- o Americans and Salvadorans use similar language to describe the sense of displacement and loss of community that they feel.
- o The forces that are hurting towns in Maine, and the forces that are driving Central American to head north and cross the border into the U.S., are really the same forces.

We will putting Listening Project results on the Web and in other media, and will be conducting workshops about kNOw US AND THEM in the coming months. Anyone who is interested in learning more, in arranging a presentation, or in getting involved in our work, should contact PICA.

Jonathan Falk
PICA Director

Speech for Maine Fair Trade

Hello yes my name is Husson and I'll save everyone the trouble of asking later – yes I'm related to the college-my grand pappy was the founder and I am an alumni. I was a non traditional student attending nights and working days and you haven't lived unless you have taken intermediate micro economic analysis between 7:10 and 9:45 at night.

Eventually I graduated with a bachelors degree in Business Administration with a certificate of honor in with my diploma. By the time I graduated I had discovered I had no real interest in being a businessperson and preferred the life of a working stiff. Also at that time the conservatives had taken power under Ronald Reagan and if their philosophy was right then what I'd learned out here was wrong. After all economics is about finding the optimum points to maximize the public good by balancing government, business and labor. Conservatives seem to want to eliminate government and labor involvement.

Anyway I remained a working stiff until we were laid-off by DHL and I started working for FAM. If you haven't heard of FAM we are a non profit dedicated to organize, educate and empower workers and or communities in the fight for economic and social justice. FAM believes that by working together with unions, farmers, community members, and faith based organizations we will create solutions and positive change. One of the projects FAM turned me loose on was a study off laid- off workers in the eastern Maine area.

- About the study- and still ongoing
- The part I will concentrate will be Mill workers who lost their jobs to foreign trade 92 in all so far
- All were union jobs Plug for EFCA
- Statistics demonstrating the loss of pay and quality of life suffered by the mill workers (I have the proof)
- Human side of the lay-offs (I have the quotes)

In conclusion-The numbers and stories of the laid off mill workers easily demonstrates the impacts on workers and their families caused by the free trade acts. - Very depressing at times while surveying. – But this survey does not include the impact on our local communities. The disappearance of money coming in. Less disposable income to be spent at local business car dealerships mom and pop stores. Less revenues for our schools, churches police and fire depts. More money ^{spent} for unemployment and retraining. The free trade acts have been short sighted and economically unsustainable. The folks at FAM would like the Commission to support the Fair Trade Act as a way to start moving forward. I urge everyone here to get and stay involved –educate friends and relatives- We need to pull together to change these Acts to turn around our communities.

Testimony of Kathleen Caldwell
Citizen Trade Policy Commission Hearing
December 4, 2008
Husson University, Bangor

My name is Kathleen Caldwell. I live in Brooksville, Hancock County, Maine.

My remarks tonight relate to the observations I have made during two visits to our Central American trade partner El Salvador – first in October 2003 and more recently in November of this year – returning less than two weeks ago. During those visits, I spoke with farmers and workers who are directly affected by our free trade policies, including those imposed by CAFTA. I saw some positive – but mostly negative – affects for those workers.

On my 2003 visit, our Bangor-based PICA delegation met with three women who worked in foreign-owned tax-free clothing assembly factories – or maquiladoras – in San Salvador. Many such women moved into the city from the countryside when the agricultural-based economies of their rural communities collapsed under the weight of cheap imported commodities – corn, beans, chickens, avacados and coffee. After returning from that visit, I wrote an article for Hope Magazine about my observations in El Salvador. I'd like to read you this short excerpt:

The women are introduced to us as Margarita, Marisa, and Maria Luz—not their real names. They fear that they would be fired if their employers found out they were telling us their stories. These women display a beguiling blend of shyness and a down-deep strength, earned through generations of struggle for survival and dignity. They talk about the many maquilas where they have worked; the meanness of their supervisors; the factory that made co-workers sick and then closed down with no warning; the tight rationing of health care; the sub-poverty-level pay that forces most women to work second “informal sector” jobs on the weekend—babysitting, taking in laundry, prostituting themselves. We knew many of the gruesome facts beforehand, but, hearing the details firsthand, I feel sad to the core. They speak proudly of their efforts to organize and improve their working conditions, although they have little bargaining power. Too many companies are already leaving for China.

Then a member of our delegation asks the key question: “You’re all mothers. How do you balance the difficulties of working full-time at minimum-wage jobs and caring for your children?” Seismic shift. The women's outer layers of strength and pride fall away. They weep. Everyone in the room is riveted by their words. Our tears flow, too.

They are working for their children and yet feel that they are letting their children down. Margarita cannot afford to buy milk for her son, who asks for it. Marisa is disheartened because her eldest daughter left school at the end of seventh grade to work in a maquila; even with the added earnings, some days they have only money for the bus fare to work and must labor all day without food.

Some supervisors bully them, and the workers often fear for their jobs. "At work sometimes it seems like, along with the operating machines, we're the machines as well," says Maria Luz. When they fail to meet aggressive quotas, management dictates that they work on Saturdays, leaving even less time to spend with their children. Maria Luz says she sometimes wishes she didn't exist. "At the same time I have someone to struggle for, and those are my children..." she says.

These women are poor, lonely, afraid, and sometimes pushed over the edge, becoming mentally or physically ill. By they somehow carry on. Their strength in the face of adversity humbles me.

I realize that many well-meaning people – including intelligent heavy hitters like Thomas Friedman – advocate for continuation of our current trade policies. But after listening to the stories of these El Salvadoran workers, I am not convinced by their arguments. I see that, despite the best intentions of people who believe that expanding our economic model into other parts of the world, our current policies are not people-friendly.

What the El Salvadorans I met were asking for - and are working on - is an economy that is built from the bottom up. An economy that relies on their own skills and resources – not on consumption of imported goods and export of their own labor force to the United States. Although this model may appear messy and inefficient to us, I have seen it working in the rural communities of El Salvador. If we want to support people-friendly efforts to eliminate poverty around the world, we will listen to these people and support them in new ways – lending our support to their efforts, not imposing our pre-conceived notions of what is good for them and their economies.

We can start by re-negotiating the harmful trade agreements that we already have with countries like El Salvador. The enhanced labor and environmental standards included in the proposed TRADE Act of 2008 (Sections 4 (b) (1) and (2)) would go a long way to correcting the problems we and other developed nations have created by setting up tax-free sweatshops in poor countries. I am also encouraged by the agricultural provisions of the bill, calling for "adequate and stable market returns for farmers in all countries that are parties to agreements" and the prohibition of "dumping agricultural commodities below the cost of production." (Sections 4 (b) (8) (A) and (E)) Our trade policies with El Salvador have contributed to the ruin of their agricultural sector causing, in turn, the disintegration of rural communities. It is hard to see a return of their cherished way of life absent the return of agriculture.

Thank you for listening to my thoughts and observations from El Salvador. I am hopeful that as we enter a new era in U.S. relations abroad, we will be able to reverse some of the harm that we have caused.

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Marian Heintz

learning good fight inspired works visionary

Out of the CLOSET

in the fray

As we shop for cheap clothes, we contribute to the grief of families around the world—but we can make other choices. by Kathleen Caldwell

CLOTHES. IT'S ALL about clothes. If you survived a suburban, post-World War II upbringing, as I did, you may recall the annual fall bus ride downtown to shop for wool sweater and plaid skirt sets. They had to match. Most of these clothes carried the union label. Two or three carefully selected outfits drained the school-clothes envelope kept in my parents' upper-right-hand dresser drawer.

Now, driving to work, I see hundreds of cars filling the striped acres of a Wal-Mart Superstore parking lot. Instead of one or two school outfits, shoppers heap their carts with \$5 tee-shirts and \$15 jeans. A few years ago, I went to Wal-Mart as a last resort to find ballet slippers for my daughter, who needed them the next day. When I had to take them back because they didn't fit, I stood in line behind a woman who was returning three large, black garbage bags full of clothes. I watched in amazement, wondering how many she had kept at home and

where she stored them.

Clothes. We are buried in clothes. They are defacing the entire planet. Goodwill Industries, for instance, stopped recording annual receipts of our castoffs in 1999, when they mounted to a billion pounds—that's 500,000 tons—but Goodwill's sales and numbers of donors continue to rise. I recently reviewed a book about a young American on a solo venture in Papua New Guinea. As her canoe drifts toward an isolated village deep in the jungle, she is greeted by a woman in a threadbare Mötley Crüe tee-shirt.

Where are we headed with all of this? Is there some hidden benefit here, or is this escalating spiral of consumption as crazy and misguided as it seems?

I ZERO IN on these questions when I travel to El Salvador in October 2003 with a sixteen-member fact-finding delegation

sponsored by a local committee of the North American–Central American Sister Cities network. Our small city of Bangor, Maine, is sistered with the farming village of Carasque, near El Salvador's Honduran border. Our mission is to learn everything we can in ten days about the trade relations between the United States and El Salvador and how our trade policies are affecting the lives of average El Salvadoran workers.

We learn that since the tax-free-trade-zone garment assembly plants, called *maquiladoras* (*maquilas*, for short), have moved into the city of San Salvador, many women have relocated there on the promise that *maquila* work will support them and their children. At the same time, the rural way of life is deteriorating: the country is importing cheap crops like corn, putting small farmers out of business. To survive financially, many rural families are splitting up. Going to work in

the urban *maquilas* or taking low-wage jobs in the United States are two of the most common choices.

Although we meet with economists, bureaucrats, social activists, doctors, and farmers, to name a few, my understanding of the social impact of “free trade” is grounded by three single mothers who assemble clothes in *maquilas* and by the women and girls of the Carasque sewing co-op, who happily stitch away as they sit in circles with their aunts, daughters, and neighbors on the porch of a small stucco community building, the Bangor House. Granted, these brief encounters do not constitute a statistically valid analysis of global trade policies. But for me these contrasting stories leave no doubt: something is terribly amiss. As we shop for carts full of cheap clothes, we are contributing to the grief of families around the world.

THE YOUNG *MAQUILA* workers are carefully dressed in colorful, out-of-date office wear—recycled from the United States, I surmise. We are meeting at the Mélida Anaya Montes (MAM) center, which provides support to San Salvadoran women on many issues—domestic violence, child-support collection, pay, and working conditions. Through a translator, the *maquila* workers greet us warmly, laughing heartily at our bad jokes. They have taken the day off from work to speak with us—a major sacrifice, as we will learn. They are introduced to us as Margarita, Marisa, and Maria Luz—not their real names. If their employers found out they were telling us their stories, they would be fired.

These women display a beguiling blend of shyness and a down-deep strength, earned through generations of struggle for survival and dignity. They talk about the many *maquilas* where they have worked; the meanness of their supervisors; the factory that made co-workers sick and then closed with no warning; the tight rationing of health care; the sub-poverty-level pay that forces most women to work second “informal sector” jobs on the weekend—babysitting, taking in laundry, prostituting themselves. We knew many of the gruesome facts beforehand, but, hearing the details firsthand, I feel sad to the core. They speak proudly of their efforts to organize and improve their working conditions, although they have little bargaining power. Too many companies are already leaving for China.

Then a member of our delegation asks the key question: “You’re all mothers. How do you balance the difficulties of working full-time at minimum-wage jobs and caring for your children?”

Seismic shift. The women’s outer layers of strength and pride fall away. They weep. Everyone in the room is riveted by their words. Our tears flow.

They are working for their children, and yet feel they are letting their children down. Margarita cannot afford to buy milk for her son, who asks for it. Marisa is disheartened because her eldest daughter left school at the end of seventh grade to work in a *maquila*; even with the added earnings, some days they have only money for the bus fare to work and must labor all day without food.

Some supervisors bully them, and the workers often fear for their jobs. “At work sometimes it seems like, along with the operating machines, we’re the machines as well,” says Maria Luz. When they fail to meet aggressive quotas, management dictates that they work on Saturdays, leaving even less time to spend with their children. Maria Luz says she sometimes wishes she didn’t exist. “At the same time I have someone to struggle for, and those are my children...,” she says.

Our session ends with a circle. We sing songs of solidarity, cry, smile, and hug each other. These women are poor, lonely, afraid, and sometimes pushed over the edge, becoming mentally or physically ill. But they somehow carry on. Their strength in the face of adversity humbles me.

THE NEXT DAY we travel by bus up a narrow, washed-out road, past lovely mountain vistas, to the impoverished village of Carasque. At the center of the village, connected by steep dirt trails, is a cluster of adobe homes, from which townspeople of all ages emerge to greet us. Women with crooked teeth but open-hearted smiles serve us corn coffee and sweet bread, and children play marbles in the dirt. During the next several hours, we are overwhelmed by the generosity and joy of this place.

A few years ago, our sister city group raised money and bought Carasque a 1982 rebuilt, fourteen-foot Mercedes diesel truck. When two members drove it to Carasque, the flatbed was filled with donated goods, including used sewing machines. During the next several months, some Jesuits provided sewing

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lessons to the women and teenage girls—the beginning of the Carasque sewing cooperative. Today about three dozen women and girls stitch aprons, tote bags, tableclothes, and napkins and embroider them with bright colors. A crochet group hooks multicolored hats and purses. Recently the group has begun sewing Guatemalan-style *apilleras*—three-dimensional wall hangings depicting village life. Our Bangor group helps sell all of these handcrafts.

We sit in a circle in the village church, dedicated to San Francisco de Asís. The room is simply furnished except for the altar, which is adorned with plastic flowers, wreaths, and crucifixes—reminiscent of a bad aisle at the dollar store but for the care with which each object is placed, transforming it into a touching display of faith. Using their real names—beautiful names—the women introduce themselves: Sonia, Orielia, Rosa, Estela, Emelina, Ofelia, Concepcion. Despite the language barriers and their shyness, I love the whole scene: women of all ages, teen and pre-teen girls, young mothers with babies—all so comfortable, working happily four hours every morning to design and create products that they are proud to display and sell. We see no loneliness, no desperation, no tears. The news that the women will hold a market for us the next morning sets off a buzz among delegation members—most of whom eschew shopping at home.

In the morning, we are all on the porch of the Bangor House, pawing through aprons, trying on hats, oohing and aahing at an *apillera* featuring tiny dolls of Carasque's farm animals and a bright sun coming up over the cloth mountains. This is a market worth having—no children screaming for Blow Pops at the checkout counter and certainly no shortage of personal service. Each woman has taped her name on the items she created. I buy a turquoise apron embroidered with figures of children standing on the globe for my mother-in-law (made by Elsie) and a dark blue, crocheted purse for my daughter. We had mentioned at yesterday's meeting that some of our North American customers had been asking for zippered purses. The purse I buy today has a zipper, sewn in by hand early this morning.

IT HAS BEEN a year since I returned from El Salvador. I continue to read all I can

on our country's free-trade policies. The Carnegie Endowment's report, "NAFTA's Promise and Reality: Lessons from Mexico for the Hemisphere," came out last November, concluding that "NAFTA has not helped the Mexican economy keep pace with the growing demand for jobs... [p]roductivity growth has not translated into growth in wages... and NAFTA has not stemmed the flow of poor Mexicans into the United States in search of jobs." Arguments about our trade policies swarm: inflamed charges and counter-charges fly. One politician argues that the environmental and labor standards in trade agreements are getting tougher; the legislative aide who traveled with us to El Salvador says they are deteriorating. The week after I returned, there were grocery store strikes in California, where owners said they could no longer afford to pay good wages and benefits while struggling to survive competition from Wal-Mart, which draws so heavily on Third World sweatshops. How can anyone honestly argue that we are not engaged in a "race to the bottom" here?

If you work a steady job while raising kids, as many of us do, it seems almost

impossible to become a "free trade" expert. I've probably spent more time than the average American trying to get my head around these issues. I still feel like the puzzle is too complex for me to piece together—never mind finding the ultimate solutions.

But I know one thing for sure, and it is etched on my heart: the impoverished women of Carasque are beautiful and happy; their *maquila*-working counterparts are beautiful and scared, lonely and misused. Some wonder if their lives are worth living. But for their children, they might give up. Their faces, their courage, and their tears revisit me when I read op-ed pages—and I know that pundits and policymakers who have not met these women cannot possibly know what is best for them. We will continue to build and support the Carasque sewing cooperative because we must. There has to be a better way to organize the work of the world. ▲

Kathleen Caldwell has been a legal services attorney for low-income families for almost twenty-five years. She lives in Brooksville, Maine, and writes frequently for *Hope*.



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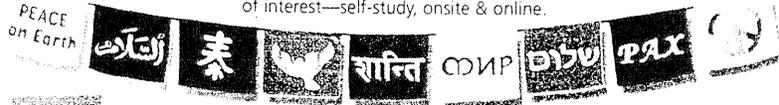
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Two weeks ago I had the privilege of meeting and talking with residents of Bangor's Sister City, Carasque in El Salvador.

From those discussions, I came to realize that many of them have been adversely affected by our country's heavy-handed trade practices to date.

These trade agreements were designed to grease the wheels of commerce between the US and its trading partners, but often at the expense of a stable and secure lifestyle for those who had no say in the development of the trade relationships.

As we travel through the 21st Century, I believe that policy and decision-making must come from below. The voice of the people should be heard.

The need for this paradigm shift is clear to those who understand how trade agreements, multinational business and the world's current economic troubles are directly and indirectly tied to climate change and the growing levels of poverty and hunger.

The beauty of the Trade Act is that it affirms the need to think about the potential "collateral damage" of proposed agreements. How will new agreements help or hurt people and the world in which they live?

This is a fundamental recognition of the need to Care, a big change for the better, and I support it wholeheartedly.

John Greenman
Old Town, ME

12/4/08

For information about how the Trade Act and this commission are part of a world paradigm shift, see The Great Turning website:

<http://thegreatturning.net/>

H/11

Testimony before the Maine Citizen Trade Policy Commission - 12/4/08

My name is Margaret M. Baillie and I live at 214 Norway Rd., Bangor. During the 1950's I was a garment worker in Boston and later worked for the International Ladies Garment Workers' Union. At that time there ^owas a garment industry in Massachusetts and a few organized shops in Maine.

In 1996 I became active in the Bangor Clean Clothes Campaign against sweatshops. We were able to get hundreds of signatures on a petition to the Bangor City Council to make Bangor a city where sweated clothes would not be found. A number of local stores signed up to be Clean Clothes Retailers. The City Council voted to check where all clothes and footwear it purchased were made and under what conditions. At the state level legislation was passed to require the state to do the same. It became apparent that large institutions buying together could have a real impact on the garment industry, if these institutions required no sweated clothes.

A few other states and local governments have become sweatfree and there is a plan to form a sweatfree consortium. The State of Maine should be a leader in this effort. I hope this Commission will tell Gov. Baldacci that he should take the initiative to contact ^eevery governor and urge them to join the sweatfree consortium.

The State of Maine must have the right to demand that clothes made in sweatshops are not purchased by the state. If more NAFTA-like trade policies are passed, we could loose that right. Thank you.

16

Impact of NAFTA and Corrective Actions Needed

Submitted by: **Bill Murphy**
Director, Bureau of Labor Education
University of Maine

Introduction

1. As a university labor educator my goal this evening is to share information on:
 - A. The impact and results of NAFTA since it took effect in 1994 on both the National and Maine economies.
 - B. The action needed to correct the shortcomings of NAFTA.

National Impact

1. A highly reliable, empirical resource which documents NAFTA's impact can be found in a study done by the Economic Policy Institute entitled: Revisiting NAFTA, Still Not Working for North America's Workers.
2. Some brief highlights of this report's findings regarding NAFTA's impact in the U.S. since 1994 are as follows:
 - A. "Growing trade deficits with Mexico and Canada have displaced production that supported 1,015,291 U.S. jobs.
 - B. Workers with at most a high school education were particularly hard hit by growing Trade deficits—they held 52% of jobs displaced; these workers make up 43% of the workforce.
 - C. Most of the jobs displaced by NAFTA trade deficits are in the manufacturing sector, which employs a higher share of such workers than any other major industry.
 - D. NAFTA displaced into lower-paying jobs 523,305 workers with a high school degree or less."¹

¹ Economic Policy Institute (by Robert Scott, Carlos Salas, Bruce Campbell and Jeff Faux), Revisiting NAFTA, Still Not Working for North America's Workers, Washington D.C.: EPI, 2006, p. 4.

Impact on Maine

1. NAFTA's impact on Maine's economy and workers has been particularly devastating and hurtful:
 - A. Since NAFTA, Maine has lost over 24,000 manufacturing jobs, constituting a third of its manufacturing base.²
 - B. The latest economic downturn in Maine's economy, which has been hurt significantly by NAFTA, is occurring at the Wausau-Mosinee Paper Company in Jay, Maine.
 - 1) According to a very reliable source, it is anticipated that next week there will be a permanent curtailment of a paper machine in this company with no expectation of a future start-up of this machine.³
 - 2) This permanent curtailment will result in the loss of 146 full/time papermaking jobs.
 - 3) In addition to the great economic and personal hardships this job loss will impose on these workers and their families, the economic loss to this community and area in terms of lost payroll and related jobs will be devastating.
 - 4) For example, based on \$28.86 as the annual average hourly wage in the Maine Paper Manufacturing industry, this paper machine curtailment will result in an annual payroll loss of at least 8.7 million dollars for this area.⁴
 - 5) And, this does not account for the job loss and curtailments which will occur in other services and enterprises dependent upon this mill, its operation, and employees.

Corrective Action Needed:

1. The authors of the EPI study point out how NAFTA provides investors with the freedom to move investments as well as factories and businesses from the U.S. to Mexico and/or Canada.⁵

² Source: Maine Department of Labor

³ It is significant that factors cited for this curtailment involved foreign competition, economic and market related conditions, high fiber and energy costs.

⁴ Source: Quarterly Census of Employment & Wages, U.S. DOL, 2007. Computed as follows: \$28.86 x 2080 annual hours of pay x 146 workers equals \$8,764,205.

⁵ EPI, p. 4.

2. These researchers also emphasize how:

“no protections were contained in the core of the agreement to maintain labor or environmental standards. As a result, NAFTA tilted the economic playing field in favor of investors, and against workers and the environment, resulting in a hemispheric ‘race to the bottom’ in wages and environmental quality in the United States, Canada, and Mexico.”⁶

3. All of these shortcomings need to be corrected through federal enabling legislation such as that found in the Trade Act, which will provide core labor and environmental standards, as well as adequate enforcement mechanisms.
4. These protections are needed for protecting the rights and interests of workers and citizens in the U.S., Mexico, and Canada.

⁶ Ibid.,

Good evening. My name is Dennis Chinoy. I live in Bangor. I appreciate the chance to offer some comments and the trouble you all took – especially those of you who traveled to get here – to spend a weekday night listening to citizen input.

I work with a community group called Peace through Interamerican Community Action or PICA. PICA which coordinates a sister city project with a Salvadoran community of Carasque, and also is involved with a project named kNOW Us & Them partly focusing on the connection between immigration and trade. I'd like to talk to you about immigration and Rep. Michaud's proposed trade bill.

We are by now accustomed to thinking about how free-trade deals have adversely impacted Mainers whose jobs are exported to the south. We are less accustomed to appreciating that immigration and trade policy are also two sides of the same coin.

Most undocumented Latin American immigrants are in U.S. communities neither because they are drawn to do the jobs the Americans don't want to do, nor because they want to take advantage of social services that American taxpayers subsidize.

They are here because life in their own communities is untenable. It is so bad that they need to leave their spouses and children, and all that they love and are familiar with, to risk injury or death on a journey to come to a country whose language they don't speak, whose people are not especially welcoming to find work, often grueling and very poorly paid, to support their families back home. Since they are no different than we are, we should take a minute to consider what level of desperation it would take for us to undertake a similar odyssey.

And part of the reason that their lives are unsustainable has to do with the trade policies and agreements that our own country has with their countries of origin. Those of us in Maine with sister city connections to rural communities in El Salvador have seen first hand how small rural farmers can no longer afford to grow their own food, how employment opportunities in their countries often feature don't provide living wages, how the most basic services in their countries – like health services, medicines, electricity, telecommunications – are in private and now often foreign private hands which has made their cost unaffordable.

For the communities south of our border, provisions of NAFTA and CAFTA that promote and enforce these conditions of life -- with their subsidies and market penetration and privatizations and intellectual property rights – are not abstract trade policy issues but are economic weapons that leave them poor, hungry, ill and sometimes dead. NAFTA and CAFTA exports jobs from our country, and exports poor Latinos from theirs., to us. That's why Latin American immigration is fundamentally a trade issue.

And just as it's nicer to be for something than against it, I wanted to point out that the Trade Reform, Accountability, Development, and Employment Act of 2008 sponsored by Rep. Michaud and Senator Brown is a welcome and powerful antidote to trade bills that have shredded social safety nets in countries north and south.

It also has the kind of provisions that merit renaming it the "Root Cause Immigration Reform Act of 2008." Because just as it protects U.S. workers, consumers, and communities from the most pernicious features of free trade agreements, it also promotes the very conditions in Latin America that will improve living conditions in those countries, as well.

Sec. 4.8. Agricultural Standards shall ensure adequate and stable market returns for farmers in each country; ... ensure adequate and affordable supplies of safe food for consumers ... ensure fair treatment of farm laborers in each such country;

Translation: The U.S. can't flood El Salvador with grain priced cheaper than local farmers can grow it, if this will destroy the local agricultural economy and send hundreds of thousands of busted peasant farmers to our shores.

Sec. 4 9 B: Trade Remedies shall "not decrease the effectiveness of domestic and international prohibitions on unfair trade, especially prohibitions on dumping and subsidies, and domestic and international safeguard provisions;

Translation: The U.S. can't subsidize agribusiness in this country to help them undersell farmers in that country.

Sec. 4.3. Each agreement shall : include a provision that gives priority to the implementation of bilateral or multilateral agreements relating to public health, human and labor rights, the environment, or other public interest goals in the event of any inconsistency between a trade agreement and such bilateral or multilateral agreement;

Translation: When there's a conflict, human rights, labor rights, environmental rights, consumer rights trump property rights.

If that's not poetry, and I'll agree that was an exaggeration, it does read a little bit like an emancipation proclamation for economic refugees of the global economy. The Fair Trade Act will hardly solve the problems of economic hardship in our own country or in Latin American countries. But, for the very first time, it won't intensify and compound them, either. It makes possible a world where we can all help pull each other up instead of down, and where people both north and south can live sustainably in the countries that they love.

This bill is a gift to all of us, north and south. I urge that you urge all of our state and national officials to support it. Thanks for listening.

Dennis Chinoy
Peace through Interamerican Community Action
Bangor, Maine - Carasque El Salvador Sister City Project
U.S. - El Salvador Sister Cities

Reading legislative text ordinarily would bore us to tears, but I told Senator Sherrod Brown when he was here in September, and would like to tell Rep. Michaud as well, that the bill reads like poetry. Senator Brown told me that, despite all the positive comments he'd received, he hadn't heard that before. But listen to this:

Sec. 4 b 1: Labor provisions shall require each country that is a party to the agreement to adopt into domestic law and enforce effectively core labor standards

Translation: Abusive sweatshop labor in third world countries is no longer abetted by trade agreements.

Sec. 4, 2.B Environmental provisions shall prohibit each country that is a party to the agreement from weakening, eliminating, or failing to enforce domestic environmental or other public interest standards to promote trade or attract investment.

Translation: The Salvadoran government can't sell a transnational mining company that wants to strip-mine Bangor's sister village of Carasque for gold the rights to do so, if the cyanide extraction process will poison the water supply

Sec. 4.4. F: Services Provisions shall "not require the privatization of public services in any country that is a party to the agreement or the deregulation of a service, including services related to national security, Social Security, health, public safety, education, water, sanitation, other utilities, ports, or transportation;"

Translation: The government can't sell the nation's water supply to a company if it means that the people then can't afford water. Or medicine. Or Education, or the Bus.

Sec. 4.5. A Investment Provisions preserve the ability of each country that is a party to the agreement to regulate foreign investment in a manner consistent with the needs and priorities of the country

Translation : The Salvadoran government can't sell the phone company to Verizon if the people then can't afford to make phone calls

Sec. 4.5. G Investment Provisions define the term 'investment' to mean not more than a commitment of capital or acquisition of real property and not to include assumption of risk or expectation of gain or profit;

Translation. That mining company that's now prevented from strip mining the mountaintop can't turn around and sue the Salvadoran government for all the money it says it would have made, had they not been prevented from doing so.

Sec. 4.7. Intellectual Property Requirements shall ensure that the access of the public to essential medicines and to technologies critical to preventing climate change is not obstructed by any provision of the agreement relating to the protection of intellectual property rights.

Translation: Pharmaceutical companies can't decide to sell generic drugs in the U.S. at brand name prices in El Salvador, just because the lobbyist who helped write CAFTA said an old drug in one country could be defined as a new drug in the next one.

#18

My name is Bob Kates from Trenton, Maine

I am a geographer by training, University Professor Emeritus from Brown University and currently Presidential Professor of Sustainability Science at U. of Maine.

Internationally I have been part of the IPCC assessments and shared in its recent Nobel Peace prize.

Here in Maine I am on the Executive Committee, Maine Global Climate Change Inc

And Chaired the, Science and Economic Policy Resource Panel, that helped develop the Maine Greenhouse Gas Action Plan

In the last year or two, what was a contested issue as to whether the climate is changing, what the impacts of such changes are, and the degree humans are responsible have clearly shifted to the central question of what should we do about it.

I want to briefly make three points:

Trade policy issues seriously affects our ability to reduce and cope with climate change

These issues can readily affect us here in Maine.

The Michaud-Brown bills ~~partly~~ ^{some of} address these issues. *not all of the*

As you know our State is a leader in addressing climate change: by having developed and adopted a Greenhouse Gas Action Plan, by helping to develop and participating in the first cap and trade plan for carbon emissions from electrical generation,, by encouraging energy efficiency and renewable energy through weatherization activities, incentives, research, and the initiatives of businesses, towns, and citizens. The new legislature should have a major energy plan before it. Many but not all of these initiatives and programs are potentially

threatened by current trade policies and a few can be assisted by them. *Let me use 2 samples*

Thus as our major effort our regional cap and trade plan becomes the national norm, we will all be paying somewhat more to reduce our emissions. The U.S. and Europe may want to adopt a as a kind of a tariff known as a border carbon adjustment to make our projects competitive with those from polluting countries and to help encourage major developing countries to take on hard commitments in the new negotiations just beginning. These will be surely challenged by the World Trade Organization.

Or consider the exciting possibilities in wood composites for renewable energy, You may remember the 128 foot wind mill propellers that were trucked through Bangor to Mars Hill. These came from Brazil, but if current research and innovation goes right, Maine may be a major producer of new and improved wood composite propellers. But there are a host of trade related obstacles to developing a new international market in clean energy including issues of national subsidies and incentives, intellectual property rights, and even green standards of certification.

The Michaud-Brown bills which overall seem excellent to me only *can address these issues* ~~partly~~ ~~addresses these issues~~, ^{it} addressing climate change but only in the context of intellectual property rights, and energy sufficiency in terms of the review of existing trade agreements, and renewable energy in terms of agriculture and government procurement.

But What is surely the most important environment and development issue of this century needs more attention even in the best of bills.!

H.R. 6180: The TRADE Act

(Trade Reform, Accountability, Development and Employment Act)

#19
Daphne Loring

Sponsored by Mike Michaud of Maine and over 50 co-sponsors in the House of Representatives, The TRADE Act of 2008 provides a roadmap for a new American trade and globalization policy. A comparable Senate bill was introduced by Sherrod Brown of Ohio.

The TRADE Act requires a **review** of existing trade pacts, including NAFTA, the WTO and other major pacts, and sets forth **what must and must not be included in future trade pacts**. It also provides for the **renegotiation** of existing trade agreements and describes the key elements of a **new trade negotiating and approval mechanism to replace Fast Track** that would enhance Congress' role in the formative aspects of agreements and promote future deals that could enjoy broad support among the American public.

The TRADE Act shifts the debate to discussing a **new trade and globalization model**. It moves the repeated fights against expansions of the old failed model and sets a marker for where discussion should start with a new Congress and president in 2009.

The TRADE ACT includes:

Section 2: Lists of which trade agreements must be reviewed and definitions of the labor and environmental standards all agreements must contain.

Section 3: Requires the Government Accountability Office (GAO) to conduct a **comprehensive review** of existing major trade agreements by June 10, 2010, including economic outcomes in the U.S. and abroad and various security, human rights, social and environmental indicators. The TRADE Act also requires the GAO to report on how the current agreements measure up against the detailed description in the bill of what must and must not be included in future U.S. trade agreements.

Section 4: Sets forth the food and product safety, environmental and labor **standards**; federalism protections; agriculture rules; national security exceptions; and currency anti-manipulation and trade remedy rules that must be included in all American trade pacts. And, because WTO-NAFTA-model trade agreements extend far beyond traditional trade matters, this section also lists what *cannot* be included in future American trade agreements, including service sector privatization and deregulation requirements; bans on Buy American and anti-sweat shop or environmental procurement policies; new rights and privileges for foreign investors to promote offshoring and expose domestic health and environmental laws to attacks in foreign tribunals; and special protections that limit affordable access of generic medicines.

Section 5: Requires the president to submit **renegotiation** plans to Congress to remedy the gaps identified by the GAO between our current pacts and the criteria for good agreements listed in section 4 prior to negotiating new agreements and prior to congressional consideration of pending agreements.

Section 6: Establishes a **committee** comprised of the chairs and ranking members of all congressional committees whose jurisdiction is implicated by today's expansive "trade" pacts to review the president's plan for renegotiations.

Section 7: States **what trade agreements must do**, including create jobs, increase wages, lower the federal trade deficit, and allow state and local governments to regulate in the public's best interest.

Section 8: Lays out criteria for a new mechanism to **replace the Fast Track negotiating process**. To obtain agreements that benefit a wider array of interests, this new process includes Congress setting readiness criteria to select future negotiating partners; mandatory negotiating objectives based on the Section 4 criteria of what must be and must not be in future trade pacts; and the requirements that Congress must certify that the objectives were met, and then vote on an agreement *before* it can be signed.

Eric #20



December 28, 2007

OP-ED COLUMNIST

Trouble With Trade

By PAUL KRUGMAN

While the United States has long imported oil and other raw materials from the third world, we used to import manufactured goods mainly from other rich countries like Canada, European nations and Japan.

But recently we crossed an important watershed: we now import more manufactured goods from the third world than from other advanced economies. That is, a majority of our industrial trade is now with countries that are much poorer than we are and that pay their workers much lower wages.

For the world economy as a whole — and especially for poorer nations — growing trade between high-wage and low-wage countries is a very good thing. Above all, it offers backward economies their best hope of moving up the income ladder.

But for American workers the story is much less positive. In fact, it's hard to avoid the conclusion that growing U.S. trade with third world countries reduces the real wages of many and perhaps most workers in this country. And that reality makes the politics of trade very difficult.

Let's talk for a moment about the economics.

Trade between high-wage countries tends to be a modest win for all, or almost all, concerned. When a free-trade pact made it possible to integrate the U.S. and Canadian auto industries in the 1960s, each country's industry concentrated on producing a narrower range of products at larger scale. The result was an all-round, broadly shared rise in productivity and wages.

By contrast, trade between countries at very different levels of economic development tends to create large classes of losers as well as winners.

Although the outsourcing of some high-tech jobs to India has made headlines, on balance, highly educated workers in the United States benefit from higher wages and expanded job opportunities because of trade. For example, ThinkPad notebook computers are now made by a Chinese company, Lenovo, but a lot of Lenovo's research and development is conducted in North Carolina.

But workers with less formal education either see their jobs shipped overseas or find their wages driven down by the ripple effect as other workers with similar qualifications crowd into their industries and look for employment to replace the jobs they lost to foreign competition. And lower prices at Wal-Mart aren't sufficient compensation.

Oder-Fink

All this is textbook international economics: contrary to what people sometimes assert, economic theory says that free trade normally makes a country richer, but it doesn't say that it's normally good for everyone. Still, when the effects of third-world exports on U.S. wages first became an issue in the 1990s, a number of economists — myself included — looked at the data and concluded that any negative effects on U.S. wages were modest.

The trouble now is that these effects may no longer be as modest as they were, because imports of manufactured goods from the third world have grown dramatically — from just 2.5 percent of G.D.P. in 1990 to 6 percent in 2006.

And the biggest growth in imports has come from countries with very low wages. The original “newly industrializing economies” exporting manufactured goods — South Korea, Taiwan, Hong Kong and Singapore — paid wages that were about 25 percent of U.S. levels in 1990. Since then, however, the sources of our imports have shifted to Mexico, where wages are only 11 percent of the U.S. level, and China, where they're only about 3 percent or 4 percent.

There are some qualifying aspects to this story. For example, many of those made-in-China goods contain components made in Japan and other high-wage economies. Still, there's little doubt that the pressure of globalization on American wages has increased.

So am I arguing for protectionism? No. Those who think that globalization is always and everywhere a bad thing are wrong. On the contrary, keeping world markets relatively open is crucial to the hopes of billions of people.

But I am arguing for an end to the finger-wagging, the accusation either of not understanding economics or of kowtowing to special interests that tends to be the editorial response to politicians who express skepticism about the benefits of free-trade agreements.

It's often claimed that limits on trade benefit only a small number of Americans, while hurting the vast majority. That's still true of things like the import quota on sugar. But when it comes to manufactured goods, it's at least arguable that the reverse is true. The highly educated workers who clearly benefit from growing trade with third-world economies are a minority, greatly outnumbered by those who probably lose.

As I said, I'm not a protectionist. For the sake of the world as a whole, I hope that we respond to the trouble with trade not by shutting trade down, but by doing things like strengthening the social safety net. But those who are worried about trade have a point, and deserve some respect.

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April 2, 2006

'FAIR TRADE FOR ALL,' BY JOSEPH E. STIGLITZ AND ANDREW CHARLTON

The Poor Get Poorer

Review by ROBERT B. REICH

It is not exactly a new debate. On my bookshelf sits "Which? Protection or Free Trade," edited by H. W. Furber and published in Boston in 1888. That was some 70 years after the British economist David Ricardo first suggested that the gains from trade exceed the losses regardless of whether trading partners are more or less economically advanced, as each nation shifts to where it has a comparative advantage. Most economists and policy makers now accept Ricardo's argument, although the popular debate over the merits of free trade continues.

The new and more interesting debate is about how the benefits of trade should be shared. During the 1990's, the so-called Washington consensus of officials from the International Monetary Fund, World Bank and United States Treasury Department thought the best way to spur growth in developing nations was for them to quickly lower their trade barriers and deregulate their markets. But that prescription hasn't worked especially well, even though it still shapes American trade policy. Apart from China and India, the gap between rich and poor nations has continued to widen. More than two billion people worldwide live on the equivalent of less than a dollar a day. Trade talks initiated in Doha, Qatar, in 2001, were intended to redress the balance but have gone nowhere. The last major international meeting, in 2003 in Cancún, Mexico, ended in failure and recrimination, and there's been little progress since. The world's poorer nations think the richer ones are still offering a lousy deal.

In their provocative book, "Fair Trade for All," Joseph E. Stiglitz, a professor of economics at Columbia, and Andrew Charlton, a research officer at the London School of Economics, argue that the poorer nations are right. A better deal would be for them to move toward free trade gradually, each according to its own particular circumstances. The authors urge richer nations to help poorer ones prepare themselves for trade, while dismantling their own trade barriers, which prevent developing nations from selling them many goods and services.

Stiglitz is worth listening to. A winner of the Nobel in economic science in 2001 for his pioneering work in the economics of information, he was a member and then chairman of the Council of Economic Advisers from 1993 to 1997 (during which time, in the interest of full disclosure, we frequently attended the same White House meetings), thereafter becoming chief economist and senior vice president of the World Bank. In other words, Stiglitz was in Washington when the Washington consensus was formed. He was a dissenter, however, and in recent years has been an outspoken critic of Washington's trade and global investment policies.

Stiglitz and Charlton show that standard economic assumptions are wrong when it comes to many

developing economies. When markets in sub-Saharan Africa and elsewhere are opened, people often can't move easily to new industries where the nation has a comparative advantage.

Transportation systems that might get them there are often primitive, housing is inadequate and job training is scarce. They're vulnerable in the meantime because safety nets are weak or nonexistent. Most people lack access to credit or insurance because financial institutions are frail, so they're unable to start their own businesses or otherwise take advantage of new opportunities that trade might bring. Many poor countries are already plagued by high unemployment, and job losses in the newly traded sector might just add to it.

Hence, the authors argue, the pace at which poorer nations open their markets to trade should coincide with the development of new institutions — roads, schools, banks and the like — that make such transitions easier and generate real opportunities. Since many poor nations can't afford the investments required to build these institutions, rich nations have a responsibility to help.

Without these other institutions in place, the authors say, trade by itself can do more harm than good. They point out that inequality increased after trade was liberalized in Argentina, Chile, Colombia, Costa Rica and Uruguay. Ten years after the North American Free Trade Agreement went into effect, Mexico's real wages are lower than they were before, and both inequality and poverty have grown. Many of the manufacturing jobs that came to Mexico in the wake of Nafta have since been lost to China, partly because China invested heavily in education and infrastructure while Mexico, lacking tariff revenues, couldn't afford to do so. According to Stiglitz and Charlton, every developing country that has succeeded in achieving rapid growth has protected its market to some extent until it was ready to dismantle trade barriers. China's growth, for example, escalated in the 1970's, before it lowered its barriers.

Moreover, they warn, one size does not fit all. Richer nations should not force all poorer nations to abide by the same market-opening rules and timetables. Poorer nations have different needs. They are at different stages of economic development (subsistence agriculture in much of Africa and parts of Asia, export-oriented agriculture in Latin America and other parts of Asia, early-stage industrialization elsewhere). They have different political and institutional capacities.

Richer nations should also help developing nations get a fair share of the benefits of trade, Stiglitz and Charlton write, by reforming themselves. They should no longer protect their own textile producers, subsidize their farmers (the American farm bill of 2002 increased farm payments by some \$83 billion over previous bills), shield their maritime and construction industries, or impose fines on poor nations for allegedly "dumping" exports at below-market rates. More broadly, the authors suggest, all nations that have joined the World Trade Organization should make a commitment to giving complete free-market access to all developing countries poorer and smaller than themselves. Finally, richer nations should allow unskilled workers from poorer nations to migrate temporarily, thereby earning money they can send home.

Surprisingly, though Stiglitz has spent some years in Washington, he doesn't answer the obvious next question: How can this commendable agenda be sold to richer nations? Their political leaders are in a bind since so many of their own citizens are also losing jobs and experiencing declining

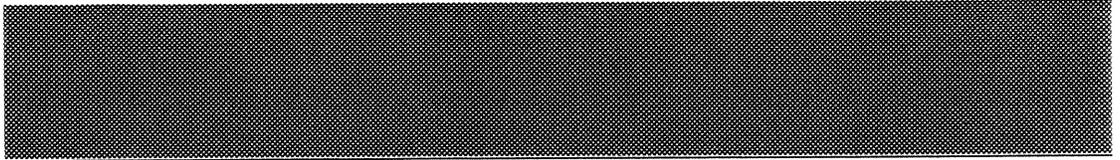
incomes and, rightly or wrongly, blaming globalization for their plight. This is one of the major reasons the antiglobalization movement is as strong in the developed world as in the developing. It was, after all, Americans who marched and demonstrated against the World Trade Organization in Seattle in December 1999, at what was to have been the start of the new round of trade liberalization. And just months ago, with a Republican in the White House and a Republican-controlled Congress and with the solid support of American business leaders, the modest Central American Free Trade Agreement squeaked through the House of Representatives by only two votes.

While Stiglitz and Charlton nobly assert that trade agreements should be viewed as presumptively unfair if they bestow disproportionate benefits on richer nations, they fail to acknowledge that within richer nations free trade is already disproportionately benefiting the best educated and best connected. The wealthy are growing much wealthier while the middle class is being squeezed. In fact, the adjustment mechanisms the authors find lacking in most developing economies — good public schools, modern infrastructure and adequate social safety nets — are coming to be less and less available even in America. Free trade surely generates the gains Ricardo claimed for it. But until those gains are more widely shared — within richer countries as well as between richer and poorer — we can kiss any further round of trade liberalization goodbye.

Robert B. Reich is a professor at the Goldman School of Public Policy at the University of California, Berkeley, and a former United States secretary of labor. He is the author, most recently, of "Reason."

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Part one

'We may be about to turn this whole thing around'

Paul Krugman talks to Mario Cuomo about his new book (and Aristotle, Keynes, Lincoln, Healthcare and Iraq) and why he is optimistic about 2008

[Watch Krugman and Cuomo in conversation](#)

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Cuomo: OK. I've enjoyed reading your book immensely, and frankly I think if we could get everybody to read it, especially potential voters, we would be more assured of an intelligent decision in 2008.

Let me be sure I have right what I think your basic premise was, or one of your basic premises, and that is that the shifting nature of the condition of the American peoples' lives isn't a function of some immutable laws of the market. It's a function more of politics and institutions, etc.

Krugman: Yeah, very much so. I mean, you look at the - you know, you look at the evidence, the history. The middle-class society that I grew up in, being a baby boomer, was created. It didn't evolve through the invisible hand. It was created by FDR and the policies of the New Deal. The second Gilded Age we're living in now was created in large part by the policies of Ronald Reagan and other rightwing politicians.

Cuomo: As far as I noticed in the book, you talk about the middle class, you read Jefferson as the earliest authority of the middle class, and I think that some time ago I discovered it was Aristotle, who over 2000 years ago, had described the middle class almost precisely the way it's described today, but - and he noted that this would require the actions of people to change rules and regulations in order to achieve what he called the vital middle classes. So without it, you can't have a really good society.

Krugman: I'm going to have to look at that. That's amazing. Yeah, I mean, it - you know, Jefferson with the small holder, the small landholder, and it doesn't have to be of the soil. It can be a middle class family, but a society with enormous disparities of income and wealth is not going to be a democracy, even if it is one on paper.

Cuomo: I thought it was really interesting, as a matter of fact at Baruch college we talked about this in a lecture, and the reasons you gave were such common sense reasons. You said we're going to have a lot of rich people who inherited wealth and power because they're the nature of the government. Then you're going to have a lot of miserably poor people who want to kill the rich people because of jealousy and so you need to have that buffer between the two of them that aspires to a better life by figuring out ways to get themselves more property and more wages, and that's going to be the struggle. And then I guess the first real middle class for a democracy was ours, you know, the first real middle class that worked.

Krugman: Yeah, in the 18th century, you could say America was the first

truly middle class society and then we sort of lost it for a while there, during industrialisation. Then we got it back because we had the political movement that made getting it back its goal, and now we've lost it largely again because we had a political movement that made getting rid of it its goal.

Cuomo: You talk a lot about - and obviously the title of the book, *The Conscience of a Liberal*, so you're talking about liberals and you're talking about conservatives and you're talking about progressives and a lot other things.

The founding fathers apparently didn't like parties, and so how about this whole notion that - of ideologies that take the form of particular parties? Is that a good thing for us, do you think?

Krugman: I think it's unavoidable. I mean, I think the - you know, if you're going to have a more or less democratic system, people will have to get together and have to - you know, would you rather that people run for office just saying, trust me, I'm a great guy. We actually sort of did that in 2000, and it didn't work out so well, right? Or would you rather have them spelling out what they believe in, what it is they intend to do, and that means essentially parties and partisanship.

You know, my great hero is Franklin Delano Roosevelt and he was an intense partisan. He said of the people who were opposed to him: I welcome their hatred. And yet he created a more - not just a more equal, but eventually a more harmonious society than we've had before. So, you know, partisanship for its own sake is a bad thing, but partisanship - gee, I'm almost going to sound like Barry Goldwater here - partisanship in the defence of liberty is no vice.

Cuomo: Maybe I'm not going to give the answer to you. My job is the questions, but this question what an alternative might be - maybe an alternative would be a society where you argue only about the issues and what distinguishes you is where you are on Iraq, where you are on middle class, where you are on healthcare - what you said in an important part of your book - as distinguished from what you purport to be for in some broad sense, called an ideology.

Krugman: Well, except those things amount to an ideology. I mean, it's very clear. Right now, we have - you can say it's certainly for better or for worse, but the two parties represent clearly different ideologies. We know no Republicanrats in this world right now. We have Democrats at least all to some degree believe in the power of government to do good. They believe in collective action. The Republicans believe that lower taxes and less regulation are the answer to all problems. Those are ideologies. People sort themselves out.

The only thing I have a concern about it whether voters will actually be informed about the differences on issues. The worst thing I can imagine is that

we have, as we have had in several recent elections, a blur in which the news media don't really tell people where the candidates stand, and instead make it all into personality traits.

Cuomo: I think - something I learned recently looking up the meaning of ideology. If you look in American encyclopaedias, it says, you know, rules for - basic rules for a system of economics or politics. If you look in the Oxford, it says that and then it says ... despite - and people will hold these propositions despite events. In other words ... (laughs)

Krugman: OK.

Cuomo: It's a rule that never changes on circumstance.

Krugman: Yeah, my other great idol from the 20th century is John Maynard Keynes, who when someone challenged him about his having changed his views, he said, when I receive new evidence, I change my opinion. What do you do, sir?

Cuomo: (Laughs.) Yeah, right. Now, when it came to Bill Clinton -and you certainly you know him well and know his work well. And I think you said in the book at one point that he didn't have any real strong liberal credentials, nor certainly conservative credentials. You couldn't label him as either.

Krugman: Well, you know, I was - I mean, clearly his values I would have described as liberal, but he didn't come into the strong view about exactly what the role of government should be. I don't know what you think; I think of it as a liability. I think in the end - not so much him. It's not a critique of him. I think that we did not have a well-defined progressive movement when he came into office, and that that was a great handicap - that the other side knew what they wanted and the people who voted for and supported Bill Clinton were not so clear on what they wanted and he didn't have a clear agenda as a result.

Cuomo: Yeah, and you made that point in the book that he didn't have an agenda and therefore he didn't leave a legacy, really. And I think you're right about that. But most people - I'm not sure you did - but most people, I think, would say he had a good record.

Krugman: Oh, he has a terrific - he did a terrific job of governing, and you know, we forget - we forgot when we - when Bush came to the White House, we forgot how important it is simply to take the business, to take the job of running the US government seriously. So you look at - Fema was a prized, a much-honoured agency under Clinton - fell apart. The veterans administration was a morass when he came to office - became the best healthcare system in America. So it's - no - you know, if we could - I want that competence back, but I think we also need to have a clear direction.

Cuomo: See, that puts us in an interesting position. If we admit that he was competent and had a good record - and he had a very good record, he left us with a \$5.4 trillion potential surplus - but that, you know, there was internet and globalisation, a lot of other things came to his aid, so there was coincidence working there. But if you assume, OK, he's not a real liberal. He wasn't markedly liberal or markedly conservative, and he winds up in good record, why don't we look for another such person now in 2008? Why should we look for a liberal?

Krugman: Well, partly because there was undone business. In fact, Clinton did fail to get us a universal healthcare system and that's terribly important and that was a huge missed opportunity. You know, by the time we finally do get it even on optimistic grounds, it will have been 17, 18 years that tens of millions of people who should have had health coverage won't have had it.

And also some of his achievements, it turned out, were squandered. Wouldn't we rather that Bill Clinton had managed to put in place some new institutions that would make America a better place rather than pay off a lot of debt so that George Bush could come in and run it up again?

I mean, in some sense, you want a more enduring legacy because you want something that will persist. The great thing - again, I'm going to go into my FDR worship again - but the great thing about FDR is he created institutions - social security, unemployment insurance, minimum wages - that all survived till this day despite the assaults of people who, you know, wished that it had never happened.

Cuomo: The - maybe this is simplistic, but my favourite historic figure on ideology is Abraham Lincoln, mostly because he was able to reduce everything into little capsules that seemed to make sense, and on the question of ideology, his popular - the most popular quote that I can find is: "Government as the coming together of people to do collectively what they couldn't do as well through the market system privately." And that, it seems to me, is perfect: that if the market works to educate other people or to give them healthcare, then fine. You don't need government, but - [laughs] - it just doesn't work to do those things and so you do need government.

Krugman: Yeah, we don't want government in the business of growing our spinach, because it turns out that's something that farmers, private farmers do a whole lot better. We do kind of want government in the business of making sure that the spinach isn't contaminated with E.coli because that's something that farmers don't do very well.

Cuomo: So let's assume then that we're for a system that produces liberals and conservatives. How would you define "liberals"?

Krugman: I think liberalism is the view - and maybe most broadly - that we are our brother's keepers; that we need to be a society in which we take responsibility. Not that no one should suffer the consequences of their own decisions, but there is a responsibility that our fellow citizens don't suffer extreme deprivation, that things are - that there's a basic equality of, you know, of condition. And also the belief that you need that basic equality of condition to have a functioning democracy. And, you know, the conservatives believe that those things should be not the public responsibility. We are not our brother's keeper; you're on your own.

Cuomo: And libertarians, they're even further to the right than the conservatives?

Krugman: Yeah.

Cuomo: But wouldn't that put us in a position where you have to admit that this country was constructed without the liberal sentiment, because there's nothing in the constitution that says we should be our brother's keeper, and I think really that's why Lincoln preferred the declaration of independence, which introduced the notion of equality in which you could - which fits very nicely where you say in your book that we should have a closer to equal system when it comes to distribution of wealth, et cetera. But the constitution before Roosevelt and before the adoption of all those programmemes had nothing in it that said you should love one another or take care of one another.

Krugman: Well, it was a different time, you know. That's kind of obvious. But the - again, FDR - talking about him too much, but his - if you look at the speech he gave on the signing of the Social Security Act, he talks at some length about how the conditions of a modern industrial nation create new forms of risk, new forms of uncertainty, and it is the necessary role of government to mitigate those risks.

So, true, when Thomas Jefferson was talking about America, it was - leaving aside the slaves, it was a society for the most part of small landowners, and you probably didn't need social security in that society, but now, you know, by the time that the New Deal is created, we were a society of large corporations and unstable labour markets for blue collar workers, and we needed those things, and now we need them more than ever.

Cuomo: Well, but could you also say about that that what we didn't have for 150 or 160 years was healthcare or education, and nothing was more obvious than that you needed both those things desperately to build the country.

Krugman: Well, it's actually interesting. America pioneered mass education not so much from the federal level, but the idea that every child should receive

education; that every one in the country should be literate is something that started here long before it reached Britain.

Cuomo: You know, it started late in this country, didn't it? It wasn't in the constitution. President Lincoln talked about it a little bit in 1865 and did something - Adam Smith mentioned it as one of the things you'd have to do through a government, I think, and even before that in *The Theory of Moral Sentiments* for his second book, he said it more clearly, but that didn't happen for a long, long time.

Krugman: Right. But we were the first to - really the first nation to make a point of - I mean, it wasn't done mostly from Washington, but then we weren't a very centralised nation for most of our early history. And at the local level, at the state level and universal education - I mean, I'd like to say if universal education didn't exist in this country, people on the right would denounce it as un-American, and it's only because it's already in place that they can't quite do that, but, you know, the - it's the same thing. The case for every child having access to healthcare is absolutely the same as the case for every child having access to elementary school. **Cuomo:** You say that economic discontent, public disgust with the Iraq war, cronyism, and general incompetence - I'm quoting you - and the increasing [tolerance] on race and social issues will combine to make Democrats winners in 2008.

Krugman: Right. Now, you know, anything can happen. Well, you know... laughs]

Cuomo: I know that even better ...

Krugman: You know that better than anyone. Right. You know, when I - hey, I worry that there are certainly people who'll try to make this election about candidates' haircuts or the way they laugh or, you know, something like that instead of about the issues. But to the extent that it's on the issues, you know, Democrats have an overwhelming advantage. There is - you can't at this point find a single issue in which the Republican brand is stronger than the Democrats', not even national security and much less so anything else.

Cuomo: Clearly, we won in 2006 - the Democrats. We won in 2006 on the implied - with the implied promise that we get people home - the military people home from Iraq. We didn't win really on the issues; we won on the seesaw test. Bush was down, that lifts you up. You're on the other end of the seesaw. And so we won because he lost basically, and we had this implicit promise.

Don't we have to do more to win the presidency when we're not running against Bush? Don't we have to come with a strong, specific agenda on all the big issues, including Iraq and Iran and winning back world respect, and healthcare,

healthcare, healthcare, etc?

Krugman: Yeah.

Cuomo: Are we doing that now, do you think?

Krugman: On healthcare, yes. On domestic issues, I'm actually - the Democrat - the plausible Democratic nominees are not perfect, but they are actually more progressive than I would have imagined possible two years [ago]. On healthcare, all three leading candidates have excellent plans. Not ideal, but really very good, and this - you know, this is an issue I spent a lot of time on. And on other domestic issues, on poverty, on education, the plans are pretty good. And anyway, healthcare is going to be the prime domestic issue and I think the Democrats have a very clear - clearly staked out position that resonates with the American public.

Iraq is a problem. They are still very timid. They're - in spite of everything, Democrats are afraid of being labelled weak on national security.

Cuomo: What I want to ask you next is to get to equality. I'm going to hold on Iraq until a little bit later. I'm trying to follow your book actually - the order in the book, and so the big question on the economic side was inequality and how do you deal with it and how we - and so I want to ask you about that.

Warren Buffet says there's a class warfare and the rich are winning. I think that's a pretty good description, don't you?

Krugman: We call it - people like me call it a second Gilded Age. That's not a bad of exaggeration of that. It's really true by the numbers. You go to Greenwich, Connecticut, and where all the great gilded mansions are and these days, hedge fund managers are buying up those mansions and tearing them down to build stuff that's bigger. So we really are in the second Gilded Age.

Cuomo: I'm going to ask you the practical question now that the voters really should be asking: How do we deal with it? What do we have to do to get more equality here without being considered communists or rabid socialists? What are we doing about - talk about trade policies and education and the question of the Chinese currency, what specific thing do we have to do?

Krugman: OK. Let me say I don't think that the - I don't think the charge of being socialist or communist works as well as it used to.

Cuomo: I said rabid.

Krugman: Rabid, yeah, yeah. There is a problem. Americans think they don't like government programmes, but they actually like the ones they have. The famous - the constituent who chased down Senator John Breaux and said,

"senator, don't let the government get its hands on medicare." [Laughter] But the - yeah - but the real problem - look, healthcare, obviously - that's - that in itself is a huge step.

The other things - the policies that led to the explosion of inequality were not any one thing. It was just a systematic bias in policies across the board, and resolving it is - tilt the balance back the other way: everything from expanding the Earned Income Tax Credit; more financial support for lower-income students in college. We're becoming the shame of the western world on that in that respect. Higher minimum wages; labour laws that make it easier for unions to organise and much harder for employers to get engaged in union-busting.

You can think of a number of other policies, none of which is actually qualitatively different from things that we already have on the books, but larger quantitatively and I think the combined effect is in fact qualitative - that really do get a significant movement towards greater equality, just as the cumulative effect of the nickel and dime-ing those policies down, under conservatives, led to a great increase in inequality.

[Read part two](#)

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Alan Maybarduk

#21

**Maine Citizen Trade Policy Commission
Testimony by Maine State Employees Association, SEIU Local 1989
Thursday December 4, 2008**

MSEA-SEIU Local 1989, a union representing 12,000 public sector service employees in Maine, wishes to express our concern on the World Trade Organization's ongoing negotiations over the General Agreement on Trade and Services (GATS).

We hear a great deal about the 24,000 jobs that Maine has already lost since the passage of NAFTA. The truth is that we haven't seen the end of offshoring. Princeton professor Alan S. Blinder published a report in March 2007 that found that it isn't only manufacturing jobs that are vulnerable to being sent overseas. His study, "How Many U.S. Jobs Might Be Offshoreable?" estimates that a remaining 29 percent of U.S. jobs could be off-shored, including high-paying service jobs.

Service jobs like office clerks, general office and administrative support workers, computer systems analysts, computer programmers and data entry workers all make the top of the list of jobs that are most susceptible to outsourcing. These are jobs that many Maine workers hold now. Blinder's model approximates 93,000 jobs in Maine that are still susceptible to outsourcing. This is about 15.5% of all jobs in Maine.

Increasing access to higher education and job retraining has been a cornerstone of state and federal attempts to mitigate the effects of production offshoring. However, Blinder's study found "no correlation between an occupation's "offshorability" and the skill level of its workers". As such, there is no guarantee that these investments will result in a workforce that can weather the impact of service offshoring. A broader trade policy approach is needed to address the sustainability of our workforce.

The process for the future offshoring of these positions is being created in the WTO's negotiations on GATS. This is particularly problematic in the public sector where these agreements provide dangerous new tools for politicians who favor privatizing federal, state and local government jobs.

Many of the services our members provide fall into the categories of the sorts of jobs that are easily outsourced. The trade model of GATS demands that these jobs be put into general competition with providers all over the world. Any laws that a state might try to pass to prevent privatization and/or offshoring, either explicitly or implicitly, would be subject to penalty by an unelected international body within the WTO.

While there is an exemption that claims to exclude government services from GATS if they are "supplied neither on a commercial basis nor in competition with

one or more service providers", this wording fails to include services that have any form of private/public partnership or fees associated with the service such as the delivery of education, health care, water or electricity. This would leave many of the most fundamental public services open to deregulation, privatization, and offshoring without input from state or local governments.

It is clear that education and retraining cannot alone build a sustainable workforce; a broader trade policy approach is necessary. The complexity of the GATS and the regulations of service industries require a service by service analysis on what can and should be done to prevent harmful outsourcing and deregulation. In regards to public services, Representative Mike Michaud's "TRADE Act" is a good start to ensuring that these trade agreements cannot be used to force privatization, outsourcing or deregulation of public services. We hope that you look to this particular piece of legislation as a starting point for recommendations on how to reform our model of international trade.

State estimates of potentially offshorable jobs, by levels in thousands

Economic Policy Institute November 2007

	Offshorable	Non-offshorable	All
AL	416	1,585	2,000
AK	40	262	302
AZ	390	2,161	2,550
AR	228	1,002	1,230
CA	2,765	12,868	15,633
CO	361	1,884	2,245
CT	305	1,311	1,616
DE	65	332	397
DC	37	201	238
FL	1,124	6,825	7,948
GA	676	3,339	4,015
HI	65	519	584
ID	103	572	674
IL	1,066	4,632	5,698
IN	609	2,300	2,908
IA	263	1,233	1,497
KS	233	1,088	1,320
KY	359	1,454	1,812
LA	283	1,542	1,825
ME	93	540	634
MD	423	2,143	2,566
MA	504	2,448	2,951
MI	958	3,509	4,467
MN	485	2,072	2,557
MS	230	942	1,172
MO	456	2,215	2,671
MT	51	403	454
NE	150	730	880
NV	143	997	1,140
NH	129	532	661
NJ	693	3,243	3,937
NM	136	711	847
NY	1,243	7,003	8,246
NC	720	3,191	3,911
ND	41	283	324
OH	1,103	4,099	5,202
OK	264	1,301	1,565
OR	279	1,347	1,626
PA	1,016	4,569	5,585
RI	98	410	508
SC	348	1,500	1,848
SD	59	330	389
TN	520	2,114	2,635
TX	1,684	8,367	10,050
UT	209	928	1,138
VT	53	271	324
VA	568	2,954	3,522
WA	544	2,365	2,909
WV	106	619	726
WI	574	2,124	2,698
WY	35	234	269
Total	23,550	110,645	134,194

* Data are from CPS ORG pooled years 2005 & 2006. Total includes Puerto Rico, Guam, and other US territories, and are from 2006 only.

Source: Authors' analysis of CPS and Blinder (2007)

State estimates of potentially offshorable jobs, by shares

Economic Policy Institute November 2007

	Offshorable	Non-Offshorable	All
AL	20.4%	79.6%	100.0%
AK	13.0%	87.0%	100.0%
AZ	16.3%	83.7%	100.0%
AR	19.3%	80.7%	100.0%
CA	18.3%	81.7%	100.0%
CO	17.4%	82.6%	100.0%
CT	19.8%	80.2%	100.0%
DE	16.8%	83.2%	100.0%
DC	19.8%	80.2%	100.0%
FL	15.0%	85.0%	100.0%
GA	18.3%	81.7%	100.0%
HI	12.0%	88.0%	100.0%
ID	15.8%	84.2%	100.0%
IL	19.8%	80.2%	100.0%
IN	20.9%	79.1%	100.0%
IA	18.7%	81.3%	100.0%
KS	18.1%	81.9%	100.0%
KY	19.4%	80.6%	100.0%
LA	15.0%	85.0%	100.0%
ME	15.5%	84.5%	100.0%
MD	18.7%	81.3%	100.0%
MA	17.9%	82.1%	100.0%
MI	22.0%	78.0%	100.0%
MN	20.7%	79.3%	100.0%
MS	19.2%	80.8%	100.0%
MO	18.3%	81.7%	100.0%
MT	11.7%	88.3%	100.0%
NE	18.4%	81.6%	100.0%
NV	12.1%	87.9%	100.0%
NH	20.1%	79.9%	100.0%
NJ	18.5%	81.5%	100.0%
NM	15.9%	84.1%	100.0%
NY	16.4%	83.6%	100.0%
NC	18.5%	81.5%	100.0%
ND	14.1%	85.9%	100.0%
OH	22.0%	78.0%	100.0%
OK	17.4%	82.6%	100.0%
OR	18.3%	81.7%	100.0%
PA	19.0%	81.0%	100.0%
RI	20.2%	79.8%	100.0%
SC	19.4%	80.6%	100.0%
SD	16.4%	83.6%	100.0%
TN	19.3%	80.7%	100.0%
TX	17.1%	82.9%	100.0%
UT	18.7%	81.3%	100.0%
VT	17.2%	82.8%	100.0%
VA	17.5%	82.5%	100.0%
WA	19.2%	80.8%	100.0%
WV	14.3%	85.7%	100.0%
WI	22.2%	77.8%	100.0%
WY	11.3%	88.7%	100.0%
US Average	18.2%	81.8%	100.0%

* Data are from CPS ORG pooled years 2005 & 2006. US average includes Puerto Rico, Guam, and other US territories, and are from 2006 only.

Source: Authors' analysis of CPS and Blinder (2007)

How Many U.S. Jobs Might Be Offshorable?

by

Alan S. Blinder
Princeton University

CEPS Working Paper No. 142
March 2007

Abstract: Using detailed information on the nature of work done in over 800 BLS occupational codes, this paper ranks those occupations according to how easy/hard it is to offshore the work—either physically or electronically. Using that ranking, I estimate that somewhere between 22% and 29% of all U.S. jobs are or will be potentially offshorable within a decade or two. (I make no estimate of how many jobs will actually be offshored.) Since my rankings are subjective, two alternatives are presented—one is entirely objective, the other is an independent subjective ranking. It is found that there is little or no correlation between an occupation’s “offshorability” and the skill level of its workers (as measured either by educational attainment or wages). However, it appears that, controlling for education, the most highly offshorable occupations were already paying significantly lower wages in 2004.

Acknowledgements: The author is grateful to Yanliang Miao for diligent and insightful research assistance, to assistance from the staff at O*NET, and to Princeton’s Center for Economic Policy Studies for financial support. I have also benefited from helpful inputs from David Autor, Alan Krueger, Frank Levy, and Aurora Medina-Ng.

Full report available at:

www.princeton.edu/~ceps/workingpapers/142blinder.pdf

APPENDIX
Ranking of 291 Occupations by Offshorability

Occupation (SOC code)	Rank	Offshorability Index	Employment	Cumulative Sum
Computer Programmers(151021)	1	100	389090	389090
Data Entry Keyers(439021)	1	100	296700	685790
Electrical and Electronics Drafters(173012)	3	98	30270	716060
Mechanical Drafters(173013)	3	98	74650	790710
Computer and Information Scientists, Research(151011)	5	96	25890	816600
Actuaries(152011)	5	96	15770	832370
Mathematicians(152021)	5	96	2930	835300
Statisticians(152041)	5	96	17480	852780
Mathematical Science Occupations, All Other(152099)	9	95	7320	860100
Film and Video Editors(274032)	9	95	15200	875300
Medical Transcriptionists(319094)	9	95	90380	965680
Telemarketers(419041)	9	95	400860	1366540
Telephone Operators(432021)	9	95	29290	1395830
Proofreaders and Copy Markers(439081)	9	95	18070	1413900
Numerical Tool and Process Control Programmers(514012)	9	95	17860	1431760
Customer Service Representatives A (434051)*	16	94	516925	1948685
Reservation and Transportation Ticket Agents and Travel Clerks(434181)	16	94	160120	2108805
Word Processors and Typists(439022)	16	94	153580	2262385
Office Clerks, General A (439061)*	16	94	749343	3011727.5
Office and Administrative Support Workers, All Other A(439199)*	16	94	71818	3083545
Computer Systems Analysts(151051)	21	93	492120	3575665
Editors(273041)	21	93	96270	3671935
Technical Writers(273042)	21	93	46250	3718185
Interpreters and Translators(273091)****	21	93	21930	3740115
Desktop Publishers(439031)	21	93	29910	3770025
Insurance Claims and Policy Processing Clerks(439041)	21	93	239120	4009145
Computer Support Specialists A (151041)**	27	92	124965	4134110
Network Systems and Data Communications Analysts(151081)	27	92	185190	4319300
Information and Record Clerks, All Other(434199)	27	92	288730	4608030
Computer Specialists, All Other(151099)	30	90	116760	4724790
Architectural and Civil Drafters(173011)	30	90	101040	4825830
Drafters, All Other(173019)	30	90	20870	4846700
Survey Researchers(193022)	30	90	21650	4868350
Writers and Authors(273043)	30	90	43020	4911370
Billing and Posting Clerks and Machine Operators(433021)	30	90	513020	5424390
Statistical Assistants(439111)	30	90	18700	5443090
Economists(193011)	37	89	12470	5455560
Fine Artists, Including Painters, Sculptors, and Illustrators(271013)	37	89	10390	5465950
Multi-Media Artists and Animators(271014)	39	87	23790	5489740
Cartographers and Photogrammetrists(171021)	40	86	11260	5501000
Graphic Designers(271024)	40	86	178530	5679530
Travel Guides(396022)	40	86	3120	5682650
Insurance Underwriters(132053)	43	85	98970	5781620
Animal Scientists(191011)	43	85	3000	5784620
Commercial and Industrial Designers(271021)	43	85	31650	5816270
Bookkeeping, Accounting, and Auditing Clerks(433031)	46	84	1815340	7631610
Biochemists and Biophysicists(191021)	47	83	17690	7649300
Microbiologists(191022)	47	83	15250	7664550

Biological Scientists, All Other(191029)	47	83	26200	7690750
Medical Records and Health Information Technicians(292071)	47	83	160450	7851200
Operations Research Analysts(152031)	51	82	52530	7903730
Atmospheric and Space Scientists(192021)	52	81	7050	7910780
Credit Authorizers, Checkers, and Clerks(434041)	53	80	65410	7976190
Fabric and Apparel Patternmakers(516092)	53	80	9650	7985840
Food Scientists and Technologists(191012)	55	79	7570	7993410
Mathematical Technicians(152091)	56	78	1430	7994840
Designers, All Other(271029)	57	77	12410	8007250
Correspondence Clerks(434021)	57	77	17990	8025240
Financial Analysts(132051)	59	76	180910	8206150
Financial Managers(113031)**	60	75	353963	8560113
Database Administrators(151061)	60	75	99380	8659493
Receptionists and Information Clerks(434171)**	60	75	362800	9022293
Computer Operators(439011)	60	75	129160	9151453
Pressers, Textile, Garment, and Related Materials(516021)	60	75	78620	9230073
Sewing Machine Operators(516031)	60	75	233130	9463203
Shoe and Leather Workers and Repairers(516041)	60	75	7680	9470883
Shoe Machine Operators and Tenders(516042)	60	75	3850	9474733
Sewers, Hand(516051)	60	75	11090	9485823
Textile Bleaching and Dyeing Machine Operators and Tenders(516061)	60	75	21660	9507483
Textile Cutting Machine Setters, Operators, and Tenders(516062)	60	75	21420	9528903
Textile Knitting and Weaving Machine Setters, Operators, and Tenders(516063)	60	75	42760	9571663
Textile Winding, Twisting, and Drawing Out Machine Setters, Operators, and Tenders(516064)	60	75	47670	9619333
Textile, Apparel, and Furnishings Workers, All Other(516099)	60	75	24740	9644073
Computer Software Engineers, Applications(151031)	74	74	455980	10100053
Computer Software Engineers, Systems Software(151032)	74	74	320720	10420773
Computer Hardware Engineers(172061)	76	73	78580	10499353
Fashion Designers(271022)	76	73	12980	10512333
Accountants and Auditors(132011)**	78	72	788415	11300748
Chemical Engineers(172041)	78	72	27550	11328298
Engineers, All Other(172199)	78	72	152940	11481238
Industrial Engineering Technicians(173026)	78	72	73310	11554548
Mechanical Engineering Technicians(173027)	78	72	46580	11601128
Dispatchers, Except Police, Fire, and Ambulance(435032)	78	72	172550	11773678
Biomedical Engineers(172031)	84	71	11660	11785338
Materials Engineers(172131)	84	71	20950	11806288
Electronics Engineers, Except Computer(172072)	86	70	130050	11936338
Industrial Engineers(172112)	86	70	191640	12127978
Mechanical Engineers(172141)	86	70	220750	12348728
Customer Service Representatives B (434051)*	86	70	516925	12865653
Office Clerks, General B (439061)*	86	70	749343	13614995
Office and Administrative Support Workers, All Other B (439199)*	86	70	71818	13686813
Tool and Die Makers(514111)	86	70	99680	13786493
Welders, Cutters, Solderers, and Brazers(514121)	86	70	358050	14144543
Heat Treating Equipment Setters, Operators, and Tenders, Metal and Plastic(514191)	86	70	26310	14170853
Lay-Out Workers, Metal and Plastic(514192)	86	70	10970	14181823
Plating and Coating Machine Setters, Operators, and Tenders, Metal and Plastic(514193)	86	70	40550	14222373
Metal Workers and Plastic Workers, All Other(514199)	86	70	49650	14272023
Semiconductor Processors(519141)	86	70	44720	14316743
Helpers--Production Workers(519198)	86	70	528610	14845353
Marine Engineers and Naval Architects(172121)	100	69	6550	14851903

Secretaries, Except Legal, Medical, and Executive A (436014)***	100	69	436095	15287998
Cutters and Trimmers, Hand(519031)	100	69	28360	15316358
Molders, Shapers, and Casters, Except Metal and Plastic(519195)	100	69	41250	15357608
Tire Builders(519197)	100	69	19860	15377468
Tax Preparers(132082)	105	68	58850	15436318
Computer Support Specialists B (151041)**	105	68	374895	15811213
First-Line Supervisors/Managers of Production and Operating Workers(511011)	105	68	679930	16491143
Coil Winders, Tapers, and Finishers(512021)	105	68	23190	16514333
Structural Metal Fabricators and Fitters(512041)	105	68	93490	16607823
Fiberglass Laminators and Fabricators(512091)	105	68	30560	16638383
Computer-Controlled Machine Tool Operators, Metal and Plastic(514011)	105	68	136490	16774873
Extruding and Drawing Machine Setters, Operators, and Tenders, Metal and Plastic(514021)	105	68	87290	16862163
Forging Machine Setters, Operators, and Tenders, Metal and Plastic(514022)	105	68	33850	16896013
Rolling Machine Setters, Operators, and Tenders, Metal and Plastic(514023)	105	68	37500	16933513
Cutting, Punching, and Press Machine Setters, Operators, and Tenders, Metal and Plastic(514031)	105	68	265480	17198993
Drilling and Boring Machine Tool Setters, Operators, and Tenders, Metal and Plastic(514032)	105	68	43180	17242173
Grinding, Lapping, Polishing, and Buffing Machine Tool Setters, Operators, and Tenders, Metal and Pl(514033)	105	68	101530	17343703
Lathe and Turning Machine Tool Setters, Operators, and Tenders, Metal and Plastic(514034)	105	68	71410	17415113
Milling and Planing Machine Setters, Operators, and Tenders, Metal and Plastic(514035)	105	68	29140	17444253
Metal-Refining Furnace Operators and Tenders(514051)	105	68	17960	17462213
Pourers and Casters, Metal(514052)	105	68	14340	17476553
Molding, Coremaking, and Casting Machine Setters, Operators, and Tenders, Metal and Plastic(514072)	105	68	157080	17633633
Multiple Machine Tool Setters, Operators, and Tenders, Metal and Plastic(514081)	105	68	98120	17731753
Welding, Soldering, and Brazing Machine Setters, Operators, and Tenders(514122)	105	68	45220	17776973
Tool Grinders, Filers, and Sharpeners(514194)	105	68	18180	17795153
Extruding and Forming Machine Setters, Operators, and Tenders, Synthetic and Glass Fibers(516091)	105	68	23040	17818193
Chemical Plant and System Operators(518091)	105	68	58640	17876833
Chemical Equipment Operators and Tenders(519011)	105	68	50610	17927443
Separating, Filtering, Clarifying, Precipitating, and Still Machine Setters, Operators, and Tenders(519012)	105	68	41250	17968693
Crushing, Grinding, and Polishing Machine Setters, Operators, and Tenders(519021)	105	68	41480	18010173
Grinding and Polishing Workers, Hand(519022)	105	68	44890	18055063
Mixing and Blending Machine Setters, Operators, and Tenders(519023)	105	68	129440	18184503
Cutting and Slicing Machine Setters, Operators, and Tenders(519032)	105	68	78030	18262533
Extruding, Forming, Pressing, and Compacting Machine Setters, Operators, and Tenders(519041)	105	68	80420	18342953
Packaging and Filling Machine Operators and Tenders(519111)	105	68	396270	18739223
Coating, Painting, and Spraying Machine Setters, Operators, and Tenders(519121)	105	68	100830	18840053
Painters, Transportation Equipment(519122)	105	68	52650	18892703
Painting, Coating, and Decorating Workers(519123)	105	68	27830	18920533
Cementing and Gluing Machine Operators and Tenders(519191)	105	68	25650	18946183
Cleaning, Washing, and Metal Pickling Equipment Operators and Tenders(519192)	105	68	15250	18961433
Cooling and Freezing Equipment Operators and Tenders(519193)	105	68	9640	18971073

Etchers and Engravers(519194)	105	68	10050	18981123
Paper Goods Machine Setters, Operators, and Tenders(519196)	105	68	107560	19088683
Production Workers, All Other(519199)	105	68	296340	19385023
Physicists(192012)	145	67	15160	19400183
Artists and Related Workers, All Other(271019)	145	67	5290	19405473
Payroll and Timekeeping Clerks(433051)	145	67	205600	19611073
Procurement Clerks(433061)	145	67	71390	19682463
Brokerage Clerks(434011)	145	67	70110	19752573
Order Clerks(434151)	145	67	259760	20012333
Chemists(192031)	151	66	76540	20088873
Materials Scientists(192032)	151	66	7880	20096753
Physical Scientists, All Other(192099)	151	66	23800	20120553
Electrical and Electronic Equipment Assemblers(512022)	151	66	207270	20327823
Electromechanical Equipment Assemblers(512023)	151	66	57200	20385023
Engine and Other Machine Assemblers(512031)	151	66	49430	20434453
Bill and Account Collectors(433011)	157	65	431280	20865733
Team Assemblers(512092)	157	65	1242370	22108103
Model Makers, Metal and Plastic(514061)	157	65	8120	22116223
Patternmakers, Metal and Plastic(514062)	157	65	6850	22123073
Foundry Mold and Coremakers(514071)	157	65	15890	22138963
Credit Analysts(132041)	162	64	61500	22200463
Electrical Engineers(172071)	162	64	144920	22345383
Art Directors(271011)	162	64	29350	22374733
Assemblers and Fabricators, All Other(512099)	162	64	258240	22632973
Jewelers and Precious Stone and Metal Workers(519071)	162	64	28100	22661073
Timing Device Assemblers, Adjusters, and Calibrators(512093)	167	62	2460	22663533
Machinists(514041)	168	61	368380	23031913
Budget Analysts(132031)	169	60	53510	23085423
Model Makers, Wood(517031)	169	60	2280	23087703
Patternmakers, Wood(517032)	169	60	2000	23089703
Inspectors, Testers, Sorters, Samplers, and Weighers(519061)	169	60	506160	23595863
Medical and Clinical Laboratory Technicians(292012)	173	59	142330	23738193
Bindery Workers(515011)	173	59	64330	23802523
Bookbinders(515012)	173	59	7660	23810183
Prepress Technicians and Workers(515022)	173	59	72050	23882233
Furnace, Kiln, Oven, Drier, and Kettle Operators and Tenders(519051)	173	59	28140	23910373
Medical and Clinical Laboratory Technologists(292011)	178	58	155250	24065623
Job Printers(515021)	178	58	50580	24116203
Printing Machine Operators(515023)	180	57	192520	24308723
Upholsterers(516093)	180	57	41040	24349763
Cabinetmakers and Bench Carpenters(517011)	180	57	121660	24471423
Sawing Machine Setters, Operators, and Tenders, Wood(517041)	180	57	60280	24531703
Woodworking Machine Setters, Operators, and Tenders, Except Sawing(517042)	180	57	94690	24626393
Woodworkers, All Other(517099)	180	57	10550	24636943
Natural Sciences Managers(119121)	186	56	40400	24677343
General and Operations Managers(111021)	187	55	1663810	26341153
Computer and Information Systems Managers(113021)	187	55	259330	26600483
Industrial Production Managers(113051)	187	55	153950	26754433
Wholesale and Retail Buyers, Except Farm Products(131022)	187	55	132900	26887333
Purchasing Agents, Except Wholesale, Retail, and Farm Products(131023)	187	55	267410	27154743
Logisticians(131081)	187	55	52220	27206963
Medical Scientists, Except Epidemiologists(191042)	187	55	73670	27280633

Life Scientists, All Other(191099)	187	55	12790	27293423
Agricultural and Food Science Technicians(194011)	187	55	19340	27312763
Biological Technicians(194021)	187	55	67080	27379843
Chemical Technicians(194031)	187	55	59790	27439633
Media and Communication Workers, All Other(273099)	187	55	25660	27465293
Aircraft Structure, Surfaces, Rigging, and Systems Assemblers(512011)	187	55	22820	27488113
Stationary Engineers and Boiler Operators(518021)	187	55	43110	27531223
Engineering Managers(119041)	201	54	187410	27718633
Production, Planning, and Expediting Clerks(435061)	201	54	287980	28006613
Advertising and Promotions Managers(112011)	203	53	41710	28048323
Marketing Managers(112021)	203	53	166470	28214793
Legal Support Workers, All Other(232099)*****	205	52	28424	28243217
Lawyers(231011)*****	206	51	105838	28349055
Paralegals and Legal Assistants(232011)	206	51	217700	28566755
Camera Operators, Television, Video, and Motion Picture(274031)	206	51	22530	28589285
Securities, Commodities, and Financial Services Sales Agents(413031)	206	51	251710	28840995
Office Machine Operators, Except Computer(439071)	206	51	87900	28928895
Cost Estimators(131051)	211	50	204330	29133225
Financial Specialists, All Other(132099)	211	50	122320	29255545
Network and Computer Systems Administrators(151071)	211	50	270330	29525875
Travel Agents(413041)	211	50	88590	29614465
Switchboard Operators, Including Answering Service(432011)	211	50	194980	29809445
File Clerks(434071)	211	50	229830	30039275
Human Resources Assistants, Except Payroll and Timekeeping(434161)	211	50	161870	30201145
Administrative Services Managers(113011)	218	49	239410	30440555
Training and Development Managers(113042)	218	49	28720	30469275
Human Resources Managers, All Other(113049)	218	49	57830	30527105
Purchasing Managers(113061)	218	49	69300	30596405
Transportation, Storage, and Distribution Managers(113071)	218	49	84870	30681275
Producers and Directors(272012)	218	49	59070	30740345
Actors(272011)	224	48	59590	30799935
Interviewers A, Except Eligibility and Loan(434111)	224	48	100895	30900830
Photographic Processing Machine Operators(519132)	224	48	53970	30954800
Electrical and Electronic Engineering Technicians(173023)	227	47	165850	31120650
Electro-Mechanical Technicians(173024)	227	47	15130	31135780
Engineering Technicians, Except Drafters, All Other(173029)	227	47	78300	31214080
Compensation, Benefits, and Job Analysis Specialists(131072)	230	46	97740	31311820
Loan Interviewers and Clerks A (434131)	230	46	115850	31427670
Furniture Finishers(517021)	232	43	24610	31452280
Communications Equipment Operators, All Other(432099)	233	41	3870	31456150
Broadcast News Analysts(273021)	234	40	6680	31462830
Life, Physical, and Social Science Technicians, All Other(194099)	235	39	63810	31526640
Customer Service Representatives C (434051)*	236	38	516925	32043565
Secretaries, Except Legal, Medical, and Executive B (436014)***	236	38	436095	32479660
Office Clerks, General C (439061)*	236	38	749343	33229002
Office and Administrative Support Workers, All Other C (439199)*	236	38	71818	33300820
Aerospace Engineers(172011)	240	37	81100	33381920
Audio and Video Equipment Technicians(274011)	241	36	40390	33422310
Broadcast Technicians(274012)	241	36	30730	33453040
Radio Operators(274013)	241	36	1190	33454230
Sound Engineering Technicians(274014)	241	36	12680	33466910

Media and Communication Equipment Workers, All Other(274099)	241	36	17200	33484110
Derrick Operators, Oil and Gas(475011)	241	36	13270	33497380
Rotary Drill Operators, Oil and Gas(475012)	241	36	15500	33512880
Service Unit Operators, Oil, Gas, and Mining(475013)	241	36	19530	33532410
Continuous Mining Machine Operators(475041)	241	36	9000	33541410
Mine Cutting and Channeling Machine Operators(475042)	241	36	6080	33547490
Mining Machine Operators, All Other(475049)	241	36	2450	33549940
Rock Splitters, Quarry(475051)	241	36	3600	33553540
Roof Bolters, Mining(475061)	241	36	4140	33557680
Roustabouts, Oil and Gas(475071)	241	36	33570	33591250
Helpers--Extraction Workers(475081)	241	36	25550	33616800
Extraction Workers, All Other(475099)	241	36	9060	33625860
Geological and Petroleum Technicians(194041)	257	35	11130	33636990
Earth Drillers, Except Oil and Gas(475021)	257	35	18800	33655790
Explosives Workers, Ordnance Handling Experts, and Blasters(475031)	257	35	4800	33660590
Nuclear Technicians(194051)	260	34	6050	33666640
Stock Clerks and Order Fillers(435081)	260	34	1625430	35292070
Medical Appliance Technicians(519082)	260	34	10810	35302880
Ophthalmic Laboratory Technicians(519083)	260	34	26740	35329620
Photographic Process Workers(519131)	260	34	28000	35357620
Sailors and Marine Oilers(535011)	260	34	31090	35388710
Ship Engineers(535031)	260	34	13240	35401950
Environmental Science and Protection Technicians, Including Health(194091)	267	33	32460	35434410
Library Technicians(254031)	267	33	115770	35550180
Pharmacy Technicians(292052)	269	32	266790	35816970
Food Batchmakers(513092)	270	31	89400	35906370
Astronomers(192011)	271	30	970	35907340
Radio and Television Announcers(273011)	271	30	41090	35948430
Shipping, Receiving, and Traffic Clerks(435071)	273	29	759910	36708340
Gas Plant Operators(518092)	273	29	10530	36718870
Petroleum Pump System Operators, Refinery Operators, and Gaugers(518093)	273	29	40470	36759340
Plant and System Operators, All Other(518099)	273	29	13920	36773260
First-Line Supervisors/Managers of Helpers, Laborers, and Material Movers, Hand(531021)	277	28	176030	36949290
First-Line Supervisors/Managers of Transportation and Material-Moving Machine and Vehicle Operators(531031)	277	28	221520	37170810
Weighers, Measurers, Checkers, and Samplers, Recordkeeping(435111)	279	27	79050	37249860
Food Cooking Machine Operators and Tenders(513093)	279	27	43100	37292960
Sales Managers(112022)	281	26	317970	37610930
Mail Clerks and Mail Machine Operators, Except Postal Service(439051)	281	26	148330	37759260
Camera and Photographic Equipment Repairers(499061)	281	26	3160	37762420
Watch Repairers (499064)	281	26	3080	37765500
Business Operations Specialists, All Other(131199)	285	25	916290	38681790
Architects, Except Landscape and Naval(171011)	285	25	96740	38778530
Health and Safety Engineers, Except Mining Safety Engineers and Inspectors(172111)	285	25	25330	38803860
Music Directors and Composers(272041)	285	25	8610	38812470
Photographers(274021)	285	25	58260	38870730
Advertising Sales Agents(413011)	285	25	153890	39024620
Postal Service Mail Sorters, Processors, and Processing Machine Operators(435053)	285	25	208600	39233220

#22

Maine Citizens Trade Policy Commission, Bangor Public Hearing
December 4, 2008

Testimony by Bjorn Claeson, SweatFree Communities

Request Summary

1. Support the TRADE Act.
2. Support Governor Baldacci in promoting Maine's leadership in sweatshop-free public procurement nationwide.
3. Support progressive new federal sweatshop-free procurement initiatives when drafted.

Context

The CTPC does vital work, especially in tough economic times.

When the recession is squeezing consumers and businesses labor under economic stress it is easy to imagine that our commitment to fair trade and social responsibility might not rank very high on the political agenda. Consumers look to buy cheap. Businesses tighten their belts and ask for concessions from unions. We all think more about self preservation and less about others.

But there is a better way.

Fair trade. A time of crisis is the time to promote economic justice. Economic justice is indispensable to economic recovery and to a strong sustainable economy.

SweatFree Communities conducts research on working conditions in apparel factories globally. We work with labor education and research organizations in Bangladesh, a country that has plummeted to the bottom in the global race to the bottom. Bangladeshi garment workers are paid about half of what garment workers in China earn.

In one factory that produces mainly for Wal-Mart workers told us of excessively long working hours in intolerable conditions, work for which they are paid but pennies an hour. Under time pressure to finish Wal-Mart orders with tight deadlines, and price pressure to do so at ever lower costs, the factory forces workers to toil up to 150 hours of overtime each month, or an average of five hours overtime every day of the month with no day off. Verbal and physical abuse is constant, "everyday life as usual," but if workers speak up for their rights they are fired immediately. The lowest paid workers get but \$20 per month: not enough to feed one person.

These intolerable conditions are entirely unnecessary.

A UK apparel brand recently completed a pilot program with a Bangladeshi factory, raising labor standards and wages. They increased wages by 50% and cut the excessively long working hours.

The result?

According to the CEO, paying a living wage pays for itself. *"A higher wage drives significant productivity improvements. Lower staff turnover means higher skill levels and that means accuracy, fewer returns and speed."* (Phil Wrigley, New Look Chairman, "Analysis: Ethics must stay high on the agenda")

We can take the highroad to economic recovery globally and surely also locally. But we have to do it everywhere at once, or low wages and poor working conditions in one place will pull people in all places down. That is why fair trade policies are so important.

Requests

Your work – advocating for fair and responsible trade policies that promote better working conditions, sustainable local and global economies, safe food and consumer products, and a healthy environment – is more important, not less important, in a time of economic hardship.

Fortunately, we have some exciting opportunities to support good trade deals.

I urge you to support the Trade Reform, Accountability, Development and Employment (TRADE) Act. SweatFree Communities has endorsed the TRADE Act because it represents a first significant step towards a new trade model in which labor, environment, food and product safety standards trump trade for its own sake and where state and local democracy and autonomy are safeguarded.

In government procurement, an area of particular concern for SweatFree Communities, the TRADE Act will ensure that technical specifications for goods, supplier qualifications, or other conditions for receiving government contracts do not undermine governments' capacity to use government procurement to promote social policies such as living wage policies, recycled content policies, renewable energy policies, and anti-sweatshop policies.

Therefore, this is also a very good time to promote Maine's efforts and Maine's national leadership in ending public purchasing of sweatshop products. Our tax dollars surely should not subsidize sweatshops and accelerate the race to the bottom.

A few years ago, nobody knew where the uniforms and other apparel that Maine buys for public employees are made. Few people cared about it. Now we can find a complete list of factories and their physical addresses that make the uniforms on Maine's website. Maine has made the apparel industry more transparent. That is a big accomplishment.

Now we need to take the next step. It is one thing to know where the factories are located. It is another to investigate the working conditions and work with the brands and the factories to ensure decent working conditions. Maine cannot do that on its own. But Maine together with dozens of other states and cities that have made similar commitments to ending public purchasing from sweatshops can.

That is why SweatFree Communities is working to develop a multi-state and city sweatfree Consortium that share resources for investigation of factories and coordinate policy enforcement. Maine state officials are helping to lead this effort together with other states, such as Pennsylvania and New York. But we also need political leadership for the Consortium. I urge the CTPC to support Governor Baldacci in promoting the Consortium to his fellow governors as one important economic stimulus measure. You might suggest to the Governor that an investment in sweatfree purchasing is an investment in an economy with less sweat.

Finally, a heads up. We are hoping that there may soon be a federal sweatfree procurement initiative, either a bill or an Executive Order, worth supporting. If I may, I will bring such an initiative to your attention when appropriate.

Thank you for considering my testimony, and thank you so much for your good work.

#25

To whom this may concern,

My name is Allan Boulier. My wife and I have been affected by these trade deals that have sent our jobs to other countries at least twice in our lives. We both graduated from different high schools and went to work in the shoe industry that was one of the biggest business for us to start out with in the Bangor area at that time. My wife started her job in January of '80 and I started mine in October of '81 and by 1985 the shoe industry had already started to go down hill to the point where my wife was given a layoff due to the company that she was working for moving to a different country. Instead of being retrained for a job through the TRA program she went to work for a company that her sister was working for call Nautel Maine. Nautel is a Canadian Company but has a plant here in Bangor. I believe that their company in Bangor started up here between '77 to '79. As of 2007, Nautel had laid-off more than two-thirds of the people they had employed here in the Bangor plant. This cut was deep enough to where they laid off two of the three people that were running the plant. This is where NAFTA has done our country a real good service as there were none of the employees in Canada affected by this down sizing.

Now as for my part in these jobs being sent elsewhere, when I left the shoe industry I spent a year and a half with a concrete plant here in the Bangor area then I got a chance to follow in my family's shoes and got into construction as a union pipe fitter in late '88. I spent the next 15 years as a pipe fitter. I was hurt and eventually had to have surgery on my back in 1997 but return to pipe fitting in mid '98. I worked here in the area for the rest of the year until the paper mills started shutting down. So, then I went on to work on the natural gas power houses here until it got to the point that I had to go out of the state to find employment. I spent most of 1999 though 2003 out of state on different job sites working to support my family. I only came home on Saturday nights and left late Sunday nights or at 1 am on Monday mornings.

Now you know my wife's and my work history you should be able to see, we didn't change jobs that often, only when we were forced to, for the most part. Let's look at the overview. We have lost good paying jobs to the point where the country is broke and Washington and Augusta can't see why. All these good paying jobs that we were trained for in the 80's are now being sent elsewhere and TRA wants to try to retrain us again.

What's the latest jobs you want us to train for now that will probably be sent else where in the best interest of the world's economy? Look folks, as you can see, when we don't work we don't spend or pay the big tax bills and it's an endless cycle. What ever happened to the idea that these trade deals would bring the world's wages up to America's? That was what they told us when it started, whatever happened to that? We can tell you. We all said when this all started that our wages were going to be brought down to the world's level. Now I think it's time to open ALL of the trade deals up and lets try to get to a point where it's not "Free Trade" but fair trade so we aren't handicapped. Maybe we can get some jobs started again. I said started again because I don't see any of the ones we lost ever coming back.

Thank you for listening to a disappointed tax payer and good luck with which ever way this goes. God help America.

Allan & Debbie Boulier
Po Box 229
Holden, Maine 04429
207-631-3764

#15
Rec'd late
in mail.

No Atlantica for Maine
Testimony by Maine Atlantica Watch member Jessie Dowling to the
Maine Citizen's Trade Committee
Bangor, Maine, December 4th, 2008

My name is Jessie Dowling and I live in Searsmont Maine and I work on a farm in Appleton, I milk goats and make cheese and sell at the local farmers' markets b. I am also an organizer with Maine Atlantica Watch, a group that has recently formed to resist the infrastructure and energy development projects in our region. This fall I went on a month-long speaking tour to talk about the free trade project called Atlantica. Our presentation drew the connections between colonization, globalization, NAFTA and the SPP to Atlantica. Our tour visited dozens of universities and community centers throughout New England as well as Nova Scotia and New Brunswick in an effort to educate people about Atlantica and to begin building a network of resistance to these development plans. We found that almost everyone we talked to on the US side of the border had never even heard about Atlantica. This is the heart of the issue, talks about Atlantica happen behind closed doors without the input of the public. For example at the recent governors conference that took place in Bar Harbor September 15 and 16 of this year, the governors heard the ear of dozens and dozens of corporations but not members of the public.

NAFTA and the SPP pave the legal framework for Atlantica to be implemented. Atlantica, essentially an infrastructure development project is very similar to other projects happening all over such as the Plan Puebla Panama, now known as Project Mesoamerica which has been fought aggressively by social movements in Mexico. Atlantica is an economic development plan for northern New England and the Maritime provinces of Canada. It's focal point is to increase shipping capacity to bring in more consumer goods from Asia to consumers here in North America. At the last Citizen Trade Policy Commission hearing Brian Lee Crowley's, of the Atlantic Institute for Market Studies stated that the bringing in 1 million more shipping containers a year would be good for the region's economy. But that is a very narrow view. The science on Climate Change is evidence that more transport and energy infrastructure is not sound policy for Maine or the rest of the planet.

The Atlantica plan includes the building of more superhighways, pipelines, energy infrastructure, and more "harmonization" of the two borders which threaten to do away with labor and environmental laws that are designed to protect our communities. It also erodes the local sovereignty of cities and rural areas to make decisions about what happens in their communities. The plan will also facilitate the extraction of more resources from Maine to be transported and consumed elsewhere, meanwhile the corporations that will profit from these projects are based out of the region hence taking their profits with them. The jobs that will be created from these infrastructure projects will be low paying and likely not long term.

By what ever name these free trade projects will be called, Atlantica, the Atlantic gateway or the international northeast economic region- expanding trade corridors, shipping, roads, and energy infrastructure is a bad deal for Maine.

The only sound policy is to support plans that protect Maine's resources for the people living in Maine. Preserving intact ecosystems is the best way to fight climate

change and promote climate stability. We need to focus on how people in Maine can make a decent living without having to move out of state or

Maine is rich in natural resources and if we pave easier ways for out-of-state corporations to get at our resources, like the east-west highway, we are making it easier for them to ship off our ground water, our forests, our clean air and make windfall profits off of resources that should stay in Maine.

The bottom line is that in an age of global climate change- increasing energy and transport capacity is exactly the wrong direction in which we should be heading. In the name of future citizens of Maine please recommend not going through with the Atlantica plan.

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12/5/08 | 2 comments

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Mainers hammer trade agreements

Legislators told to change the way U.S. does business with other countries



BANGOR DAILY NEWS PHOTO BY JOHN CLARKE RUSS

Justice Clothing owner Eric Odier-Fink fills out online orders for his business' merchandise at his home in Bangor Thursday. He and his wife Mandi, an attorney, have been active members in the labor and social justice movements since their school days. He was among the participants providing testimony on the impacts of free trade to the Citizen Trade Policy Commission at Husson Thursday night. **Buy Photo**

University, participants told personal stories of mill shutdowns and hardships for local businesses.

"When I first started [at Great Northern Paper in Millinocket], 3,000 people were employed there," said Terry Whirty of Millinocket. "It was a town of 11,000. We had everything going for us. Now, the mill's defunct. There are 5,000 people in town. We don't even have a decent restaurant."

Whirty, who spoke with emotion and the conviction of hard experience, told the lecture hall packed with state legislators supports U.S. Rep. Mike Michaud's Trade Reform, Accountability, Development and Employment Act, which would require review and renegotiate existing trade pacts and would state what future agreements must do.

By Abigail Curtis
BDN Staff

BANGOR, Maine — A panel seeking to learn how international trade agreements are affecting the lives of Mainers got an earful Thursday night.

Mainers from different towns, different occupations and different backgrounds spoke out about one thing all seemed to have in common: a strong desire to change the way the United States does business with other countries.

During the hearing before the Legislature's Citizen Trade Policy Commission at Husson

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"I don't think even that is enough," Whirty said. "We're not on a level playing field. We're not level at all."

As he was leaving the hearing, Whirty said he since has taken a job at the Katahdin Paper Co. mill in East Millinocket and is the president of United Steelworkers Local 12.

"I've become the wailing wall. All the people have lost their jobs, have lost their homes, have lost everything," he said. "Who else are they going to talk to? They don't understand what is going on. I don't understand myself."

During the hearing, commission Chairman Sen. Margaret Rotundo, D-Lewiston, told those in attendance that their voices do count.

"While international trade agreements are negotiated at the federal level, public input can and does have an affect on what happens in Washington," she said.

Rep. Rick Burns, D-Berwick, drove from the southern tip of the state to speak out against the country's current trade agre ultimate price of cheap foreign labor is too high.

"We're losing 350,000 jobs a month in America," he said. "These trade agreements happen without our consent and witho

While in many ways the speakers shared a litany of problems and concerns with the commission, Liam Burnell, a farmer f of the tension with a wry joke about the state of our national debt.

"Apparently we owe China almost everything," he said. "I don't know how this happened. I didn't borrow anything from C

But Burnell said he does have a problem with resource extraction by a "foreign colonial power."

"We fought a war to stop that back in 1776, and I think it's a very good idea," he said. "Transnational companies want to as possible, as quickly as possible. It's like having gambling sociopaths run the country, and I don't think that's a good ide throw around, we should be spending it on small business."

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Comments

2 comments on this item

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On 12/5/08 at 08:02 AM, **wallyo** wrote:

I Guess we Can blame Tricky Dick Nixon for breaking the ice with China.

On 12/5/08 at 09:20 AM, **David889327** wrote:

NAFTA is the most famous of these agreements. It was designed to balance off an over-rich, over-consuming Am poor rest-of-the-world, through a trade-based economic development process. It now appears to some that it wa redistribution of wealth (jobs) program. It was a valid approach at the time. However, unsophisticated states like in the process. NAFTA, etc. now appear that they have been too successful. Maybe this is just another example o "The road to hell is paved with good intentions."

Post a comment

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Nickerson, Linda B.

From: Manning, Leslie A.
Sent: Tuesday, December 16, 2008 1:10 PM
To: Nickerson, Linda B.
Subject: FW: Bangor Daily Editorial 3 Dec. '08

Please include in comments from public hearing—Mr. Lewis was not able to attend.

Leslie Manning
 Deputy Director, BLS
 Maine Department of Labor
 (207) 623-7900

From: Mike Lewis [mailto:abnmike@fairpoint.net]
Sent: Wednesday, December 03, 2008 1:10 PM
To: mrotundo@bates.edu; Patrick, RepJohn
Cc: Manning, Leslie A.
Subject: Bangor Daily Editorial 3 Dec. '08

Peggy and John,

After reading your editorial this morning I find myself in disbelief. When are the people elected to represent the residents of this state going to address the persons and reasons for the passing of NAFTA to begin with? The argument that it would "help" the world economy still holds water but the harm it has done to the good blue collar jobs and the industries of our state has been a disaster!!!!

While driving truck out of the Eagle Lake, I watched the wood, paper, shoe and shirt industries fall victim to NAFTA. Not one of these jobs lost has been replaced by good paying jobs in the blue collar sector and that fault lies with the State Government and the squeaky wheel groups that you, the legislators fall victim too.

While visiting friends in Colorado for the last three years I witnessed large natural gas fields being drilled and the reclamation of land after the drilling being done so well that all the cattle and wildlife flocked to the "remains" of the drilling, due to the grasses being planted at each of over 150 sites.

The wind farms in western Kansas don't even begin to be an eyesore and I have to wonder why we even entertain any "groups" thoughts as to not building them here. The construction going along the Hwy 70 corridor from Ohio to Colorado was an encouraging site, yet here we still seem to let ourselves succumb to the "voices" that hurt this state's underemployed or unemployed and for what reason?? Is it to give those who want this to be there vacationland at the expense of the residents? Then shame on you and all the representatives that allow it. Isn't it about time that not only NAFTA is reviewed but all the laws that forgo sound development of both business and therefore JOBS!!! When are you the legislative body going to have DHHS review ALL the receipts getting a "hand-up" for validity (called inspector general of DHHS 3 years ago about a blatant fraud and they did nothing) and I'm sure that the system is rife with fraud since people move here since it's easy to get a benefit.

Senator George Mitchell and John Kerry sponsored the NAFTA legislation and then it was "run" thru and passed. Now it is time to recognize that "the downfall of the human being is their inability to admit their wrong especially to themselves" (Dr. Dave Holmes UNLV). You may not be able to fix what just may have been the downfall of this state at the hands of their own senator but that will only be due to your inability to admit he "screwed" us and to what avail. How the heck did the unions not stand up and scream when this was happening??? Ask Mike that will you please and then tell all the special interest that lobby the legislative body that if it's not good for the residents of this state then pack their bags and get the heck out!!!!

I've vented enough. Please excuse the grammatical and spelling errors. For 26 years I served in the Ranger companies, Airborne Pathfinders, and Special Operations supporting the policies of 7 presidents from 66-92. Some were good and some were as bad as you could get. The third world countries that I visited very well may have benefited by NAFTA and any other legislation or policy intended to "help them out" but a hand out results in the beneficiary usually wanting more where as a hand up enables them to fend for themselves and this has proven true wherever I've been.

Isn't it time to remember back 40 years or so to the way it used to be and do for the residents what is right!!!!

Michael Lewis
 USA.RET.

12/16/2008

Nickerson, Linda B.

From: Elsie Flemings [elsie.flemings@gmail.com]
Sent: Friday, January 02, 2009 11:06 AM
To: VanBurgel, Barbara; Carla Dickstein; Bentley, Curtis; Cynthia Phinney; Aiudi, Jane; Jeffrey Gifford; John Palmer; Manning, Leslie A.; Pistner, Linda; Burson, Malcolm C; Matt Schlobohm; Haynes, Natalie; Paul Volckhausen; Perry Newman; Peter Connell; Rep. John Patrick; Rep. Sharon Treat; Sarah Bigney; Sen. Bruce Bryant; Sen. Kevin Raye; Sen. Margaret Rotundo; Wade Merritt; Nickerson, Linda B.
Subject: Fwd: Dec 4 2008 Testimony
Attachments: Too Close for Comfort final .pdf; Shrybman Letter for Save Our Water.pdf

Dear all,

Here is another piece of testimony for the CTPC that was just sent to me (below and attached). Linda - can this be added to the official record?

Thanks, and Happy New Year to you all,

Elsie

----- Forwarded message -----

Maine Citizen Trade Policy Commission
 Public Forum
 Testimony of M. Spiess, Save Our Water
 December 4, 2008 Husson College, Bangor

Save Our Water, a local non-profit group that was formed after local communities learned of a proposed contract that the KKW Water District was about to sign with a multinational corporation, first learned about potential impacts of the new generation of trade agreements after Too Close for Comfort(attached pdf) and other similar documents were shared during its formative days. Since then, the group has asked for further information related to water and trade and have received a letter from attorney Steven Shrybman(attached pdf) . Save Our Water has generated the following questions with local community members and trustee persons:

Potential for incorporating protective language in contract

Are there any provisions that could be included in contracts between a water district and a multinational corporation that would reduce or eliminate citizens' exposure to the risk of investment treaty challenges?

General approaches to safeguard local control over water

What approaches can a water district or local jurisdiction take to reduce the likelihood of international investment treaty challenges involving local water?

Save Our Water asks the Commission if it could help our local communities further understand any of the issues raised.

Thank you very much,

Martha Spiess

mspiess@suscom-maine.net

December 15, 2008

Ms. Martha Spiess
Save Our Water
P.O. Box 634
Kennebunk, Maine
04043

Dear Ms. Spiess:

Re: Proposed Long-Term Water Contract

You have asked for our views about the potential effect of international investment treaties on a proposed long-term water contract between Kennebunk, Kennebunkport and Wells Water District ("KKW") and Nestlé Waters North America Inc. ("Nestlé") dated May 28, 2008.

We have reviewed this proposed contract, which we understand has now been tabled for further review, and offer the following general comments.

As you may know, the United States has entered into several international investment treaties, which typically replicate the provisions of the investment rules which are set out in Chapter 11 of the North American Free Trade Agreement (NAFTA).

These treaties reflect a substantial expansion of the scope of international trade agreements to encompass broad areas of policy, programs and law which had previously only been matters of domestic and local concern.

The explicit extension of trade disciplines to state and local governments also represents a significant departure from the historic norms of international trade law. The combined effect of these developments has superimposed broad constraints on the authority of governments at all levels, that may be ignored only at the risk of retaliatory trade sanctions or damage awards made by foreign arbitral tribunals.

Unlike the treaties they supercede, the new generation of international trade agreements are binding *and* enforceable. Moreover, NAFTA investment rules accord foreign investors a virtually unqualified and unilateral right to initiate a claim for damages in regard to any alleged violation of the broadly-worded constraints established by these rules.

In the present case, it is likely that Nestlé would readily qualify as an "investor" under this trade agreement and the water-taking rights it might acquire under a contract with KKW as an



“investment”.¹ The result transforms a simple contract between KKW and Nestlé into an instrument that engages the application of international trade investment rules.

This in turn poses a difficult challenge for KKW and local regulatory bodies that might issue a water-taking permit to Nestlé. Now, due diligence requires that such local authorities seek expert advice about the potential consequences of granting water-taking rights to a company with the status of a foreign investor under NAFTA or like agreements.

It is beyond the scope of this letter to provide a detailed assessment of the potential application of international investment rules to the contract in question. However there are three important points we want to make.

The first is that the rights of a company such as Nestlé under NAFTA or another international investment treaty supercede those of any contract that it may negotiate with KKW. Thus, notwithstanding any dispute procedures set out in the proposed contract between the company and KKW, Nestlé would have the right to claim damages under the dispute procedures of an investment treaty like NAFTA, where it alleged that its rights as a foreign investor were infringed by an action taken by KKW, and this right to claim damages exists quite independently of any right it might also have under the contract itself.

The most likely way for such a conflict to arise would occur if KKW wished to curtail or terminate the water-taking rights Nestlé would acquire under the proposed contract. The right to invoke international dispute resolution exists notwithstanding the provisions of the proposed contract that concern an interruption to water-taking rights.

If such a claim is made, it will be resolved by a private international arbitral tribunal. Importantly, neither KKW or any other local public body would have standing in such proceedings. Rather a claim by Nestlé would be made against the federal government of the United States, and would defended by it. For more information about the claims that have been made under Chapter 11 we would encourage those advising KKW to review the cases and materials that can be found on the U.S. Department of State website: <http://www.state.gov/s/l/c10986.htm>.

¹ Under the NAFTA Article 1139, “investment” is defined to include all forms of equity, debt and other interests, in both tangible and intangible property including:

interests arising from the commitment of capital or other resources in the territory of a Party to economic activity in such territory, such as under

(i) contracts involving the presence of an investor's property in the territory of the Party, including turnkey or construction contracts, or concessions, or

(ii) contracts where remuneration depends substantially on the production, revenues or profits of an enterprise; ...

The second point is that under NAFTA investment rules, the need to conserve exhaustible natural resources is not a justifiable limitation on foreign investor rights. This is because the broad exception for conservation measures which is established by Article XX(g) of the General Agreement on Tariffs and Trade, and incorporated into NAFTA, does not apply to NAFTA investment disciplines.² In other words, pursuant to these rules, KKW is not entitled to curtail water-taking by Nestlé on the grounds that conservation justifies such a restriction. Yet the provisions of the proposed contract contemplate restrictions on Nestlé's water-taking rights for the purpose or ameliorating local water shortages.³ Under NAFTA rules, it would be left to a private international arbitral tribunal to determine whether Nestlé's rights as a foreign investor would prevail notwithstanding the explicit provisions of the proposed Agreement.

The third point is to note that NAFTA investment rules have been invoked on more than one occasion to challenge government measures to protect or conserve water resources. To date, only one of these claims has succeeded, and that case involved the impacts of a hazardous waste disposal facility on groundwater resources in rural Mexico.⁴ However, the use of NAFTA investment procedures to challenge government actions to curtail water taking under a government permit has recently been given serious and thorough treatment in an article published in one of Canada's most prestigious law journals⁵ and we recommend the article to those advising KKW for their careful review.

In sum:

It is clear that by entering into a contract with Nestlé that entitles the company to remove substantial volumes of freshwater, KKW would be opening the door to the application of international investment rules to the rights Nestlé would acquire under such an agreement. It is also clear that these rules may be invoked to challenge actions taken by KKW or state regulators to curtail water-taking under such an agreement.

It is impossible to speculate about how likely such a claim would be, but it seems unlikely that a company like Nestlé would risk the notoriety that such a water-related claim would provoke unless the stakes were high enough. That being said, in our view it would be imprudent for any public authority to enter into such a contract without serious consideration of the risk engendered by the international investment treaties entered into by the United States.

² See NAFTA Article 2101.

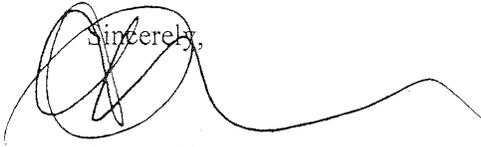
³ Proposed Agreement Article 3(e).

⁴ *Metalclad Corp. v. United Mexican States* (Notice of Arbitration, 2 January 1997), online at The U.S. Department of State: www.state.gov/documents/organization/3997.pdf (date accessed: 11 December 2002).

⁵ Joseph Cumming and Robert Froehlich, Chapter XI and Canada's Environmental Sovereignty: Investment Flows, Article 1110 and Alberta's Water Act, *University of Toronto Faculty of Law* (2007) 65(2) U.T. Fac. L. Rev 107 – 135.

Please let me know if there is anything further we can do to be of assistance.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Steven Shrybman
SS:lr/cope 343

[Drive]\[ProfileGroup]\Letter to Martha Spiess Water Contract Dec 15-08 (00186052).DOC



KKW proposed water contract with Nestlé **Too Close for Comfort**

By signing the proposed water contract with Nestlé Waters North America Inc., the Kennebunk, Kennebunkport and Wells (KKW) Water District would be entering into an unbalanced relationship that would likely have harmful consequences.

If adopted, the contract would ...

- **undermine the independence and focus of the Water District**

The proposed contract would be between two vastly diverse entities -- a modest-sized water district (\$5 million revenues) having a public interest mandate, and a huge for-profit multinational corporation (NWN has 9,000 employees and \$3.8 billion in sales). This asymmetry of power between the two parties could be expected to influence the future direction and focus of the water district. Indeed, already the proposed contract contains clauses that appear to diverge from what local citizens have come to expect from its respected public entity.

- *District to automatically join Nestlé in opposing public interest challenges to the contract?*

The draft contract specifies (p. 9, Sec. 5(j)) that in the event of a legal challenge of either party's "authority to enter into and perform its respective obligations" under the contract, "the District and Poland Spring agree to cooperate with one another in opposing such a challenge", with Nestlé paying the legal costs. Under this clause, concerned citizens who mounted a legal challenge of the contract on public interest grounds would face the opposition not only of Nestlé alone, but by their own public water district, whose costs would be paid by the company.

- *District to abandon tradition of trial by jury?*

If Nestlé failed to live up to its obligations under the contract, the District could not pursue a legal trial by jury. The draft contract states that both parties would agree to "waive trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other on any matter whatsoever arising out of or in any way connected with this agreement."

- **increase pressure to keep bulk water prices—and hence citizens' revenues—low**

- *Nestlé to be treated just like a local on price?*

The draft contract stipulates that the District could not charge Nestlé—a uniquely large, non-local company, which would be permanently removing

water from the district—a unique price. The contract stipulates (Sec. 5(h)(ii)) that the District would agree to charge Nestlé only the same price as a class of the largest 19 other non-residential water users in the district. This would make it much more difficult in the future for the District to adjust its water rates to meet environmental or other priorities. It would blunt or preclude such pricing initiatives as: charging proportionately more for highest volume non-residential extraction; charging more for water that permanently leaves the watershed; charging more for bottled water in order to recoup some of the cost to citizens of recycling plastic bottles and maintaining landfills. In each of these cases, the district would be hobbled by the contracted requirement to charge Nestlé the same as 19 other local largest non-residential water users.

- *Nestlé to gain local allies to hold water prices low?*

The stipulation that Nestlé be charged the same price as 19 or more of the largest local users would have an important practical effect. It would generate a powerful coalition consisting of Nestlé and the largest local non-residential water users united by their mutual vested interest in keeping their water rates—and hence district revenues from these users—low. According to the KKW 2006 annual report (<http://www.kkw.org/about/kkwd/pdfs/2006AnnualReport.pdf>), revenues from non-residential users are about \$1.2 million, or ¼ of the District's total operating revenue.

- **expose taxpayers to the threat of international investment treaty challenges**

The potential impacts of NAFTA-style international investment treaties on the actions of state and local governments are often overlooked. Unfortunately, these treaties contain special rules which enable individual foreign corporations and investors to effectively bypass domestic courts and established domestic law. Specifically, the investor-to-state dispute settlement process allows foreign investors to directly challenge national, state or local government actions under investment treaty rules. It provides investors a powerful means to apply pressure on governments at all levels and grants appointed trade dispute panelists the ability to second-guess the decisions of elected representatives on the most sensitive issues of governance ... including water policy. Under most investment treaties, a water contract such as that being contemplated by KKW with Nestlé, would constitute an “investment” and be subject to investor-to-state disputes. The United States is party to NAFTA, many bilateral investment treaties (see <http://icsid.worldbank.org/ICSID/FrontServlet>), and recently announced its intention to conclude a bilateral investment treaty with China.

- *District to expose taxpayers to costly investor-to-state litigation under international investment treaties?*

The adoption by the District of a water contract with Nestlé (or another international water company that purchased the contract from Nestlé) would bring with it the unavoidable risk of costly and time-consuming investor-to-state litigation should there ever be a dispute over the operation of the contract in the future.

