

**Prepared Remarks of AFL-CIO President Richard L. Trumka  
“U.S. Trade Policy and American Workers: Finding the Elusive Win-Win Solution”**

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Thank you, Adam, for your kind words, and I'd like to thank you and the Peterson Institute for inviting me to speak today. It's good to be here.

We spend a lot of time talking about trade, all of us. If you read the newspapers, it doesn't take long to pick up the battle lines, the main theories and talking points. But at the end of the day, the partisan battles are just so much noise. For me, it's all got to come back to one simple question: Is our trade policy working for America's workers and for our nation as a whole?

The simple answer is no. It isn't. I don't think anyone can credibly argue that America's trade policies are working for American workers, for our friends from the neighborhood, for our kids or our home towns.

And nor do I think the macroeconomic numbers support an argument that our current trade policy is working—whether you look at our chronic current account deficits, our net international debt position, or the broader labor market data on wage stagnation and growing inequality.

So I say again—I simply don't believe that argument can credibly be made.

Jeb Bush, Florida's former governor and now a presidential hopeful, recently said economic immobility and America's struggling middle class are the defining issues of our time. Trade policy as it has been pursued since NAFTA, and as it is currently conceived in fast track and existing drafts of the TPP, is a significant contributor to those problems.

We all heard President Obama in his most recent State of the Union when he said we must make sure everybody in our country has the tools to succeed. Pope Francis has made it his global mission to see that humanity is served by wealth, not ruled by it.

Those goals should be shared by all of us when we talk about the next big steps in our global economy. I spend a lot of time talking to working people—the people who elected me and pay my salary—and the vast majority of them are far from Wall Street and Washington, D.C. These are people who have seen jobs go away... and the numbers on pay stubs remain stubbornly flat or even fall.

Trade needs to work for all of us, every one of us, and that's why we need a real debate in America about what we are trying to do when we make trade deals. Because the right answer can never be the sole purview of corporate America.

The question we should start with is: How can our trade deals help us reach our shared goals?

For more than 20 years, we have looked at trade through the very narrow lens of corporate interests. In truth, our trade deals were not really trade deals—they were investment deals. Their goal was not to promote America's exports—it was to make it easier for global corporations to move capital offshore and ship goods back to America. The logical outcome was trade deficits and falling wages—and that's exactly what we got.

Now it's time to adopt a broader lens that prompts a national conversation, rather than one that pushes trade as a corporate entitlement.

You see, our trade deals must do more than increase next-quarter returns on Wall Street. Our trade agreements should advance an economy that creates good jobs in America, and that enables regular working people to succeed by working hard to get ahead.

The American labor movement has long said, loud and clear, that good trade agreements must improve wages and working conditions for workers around the globe, not just here in the United States. We have insisted, and will continue to insist, that has to be the yardstick we use to measure trade deals.

We live, shop, work, and play in a globalized economy. That's the way the world is. Yet that doesn't mean working people are destined to suffer. Our trade agreements should advance the United States' interests, and at the same time contribute to the overall development of the world's economy and rising living standards for all.

I'm asking you to visualize how trade policy can shape economic activity throughout global supply chains differently than it does today – not by greasing the skids for a global race to the bottom, but by incentivizing and rewarding innovation and creating good jobs. That's how we can begin to shape the competitive strategies we want to encourage here in the United States and among our trading partners. That is how trade policy can help to balance the world economy and stabilize global financial markets. And that is how we lay the groundwork for working people to earn a fair share of the value we create, rather than simply lining the pockets of a tiny global elite while setting our financial system up for future crises.

Today, as we discuss Fast Track, as well as the Trans-Pacific Partnership—we should focus on the issues of what is our national interest, and how can our trade policies advance it?

I'll spell out my positions on these two important questions, and in doing so I'll make the case against passing Fast Track for TPP.

First, the goal of our trade policies should be for the United States and the people who live here to have a fair chance to compete for investment and jobs in the world economy. Our goal should be a world economy that is structured around a virtuous cycle of broad-based rising incomes and rising living standards, rather than a vicious cycle of falling incomes and financial instability.

Some of what I'm going to say is pointed, because, you see, working people have been pretty badly burned by existing trade deals.

One basic problem is that much of the trade debate is actually a debate about *whether* we should debate trade policy—or just accept what we are handed by unaccountable elites. That’s plain wrong. Every single thing in our trade deals should be openly discussed and subject to public oversight and the full legislative process. There should be no question about that. Fast track is wrong and undemocratic, it’s a rotten process, and the American labor movement intends to kill it.

If the American people understood all the devices in these deals that can be used to fight policies to make our food and workplaces safe, keep our air and water clean, and even just provide simple labels for consumers, they would be up in arms.

I am one-hundred percent confident that the average person doesn’t want American trade law to give global corporations the most favorable possible investment terms while threatening our own democratic decision-making institutions and feeding global economic imbalances. I don’t think that’ll sell.

We in the labor movement are not buying. “Democracy” should be the way we decide. People should not be made to accept more trade policies negotiated in secret by corporate interests that destroy jobs, exert downward pressure on American living standards, cause us to run accelerating current account deficits, place us in a vulnerable financial position, and contribute to the imbalances that led to the economic crisis that began in 2007.

That’s how it’s been done for the last thirty years. The evidence is on the table and the verdict is clear. Trade policy has not worked for working people nor for our country as a whole and its time to change and move forward.

Washington’s old corporate approach to trade policy is directly contrary to our overall national policy objectives, especially in areas of profound strategic importance to the United States, such as Central and South America and East Asia. This is because our trade policy has been designed to suppress wage growth in these economies and to stunt the development of governments capable of regulating their own economies and labor markets in their own national interest.

So where does TPP stand in my estimation? It’s hard to say because nobody I know has seen the whole thing. That’s problematic in itself. But what I am aware of tells me this: It simply isn’t a high-standards agreement in relation either to TPP member countries or to China. And it is especially poorly conceived regarding key areas that will have strategic importance to the United States in a multi-polar 21st century.

Let me break that down:

The public portions of TPP include no meaningful language addressing currency manipulation, and no language addressing how member countries commit to reducing carbon emissions.

In the critical area of labor rights, there is no reason to believe TPP’s labor rights provisions will ensure that workers in all 12 TPP countries will be able to organize and bargain for a fair share

of the wealth they produce. The labor framework of prior trade agreements has been wholly ineffective at dealing with labor rights violations in small countries like Guatemala and Honduras. And, while the “May 10” agreement between President Bush and House Democrats was a significant step forward, even this advance has been unable to address the serious labor rights violations in Colombia, even in the context of a U.S. administration committed to labor rights enforcement.

According to press accounts and USTR statements, one thing TPP does include is Investor-State Dispute Settlement. ISDS is just a fancy way to give corporations a special legal system that circumvents democratically accountable laws and courts.

ISDS allows corporations to directly challenge almost any law or regulation based on ill-defined concepts such as “fair and equitable treatment.” In contrast, all provisions for enforcing labor rights in TPP require action by member governments—neither workers nor unions can enforce the labor rights provisions on their own even by suing in national courts.

I’m not just talking theory here. In the first three years of the Labor Action Plan in Colombia, 73 trade unionists were murdered for trying to organize workers. These are men and women just like you and me who were killed for trying to exercise their rights under the law and speak in a collective voice. That’s terrible, and yet these trade deals have been completely ineffective in addressing this injustice. And the U.S. government has taken no official “trade” action in response. Anyone with a lick of common sense can tell you that not only are these killings a human rights catastrophe, they are driving down wages and workplace standards in Colombia—and in every country that trades with Colombia.

But here’s the thing: unlike the clunky labor provisions, which require workers to wait for government action, these ISDS provisions can be used immediately by multinational firms to challenge efforts by TPP member countries to develop a modern regulatory state in key areas. ISDS tilts the playing field away from democracy, from workers and consumers, and toward big business and multinational investors.

Now, sometimes we are told that TPP’s key objective is to allow U.S. firms to keep control of global supply chains. We’re told that will benefit us here in America.

Forgive me if I pour a little cold water on those claims. No one has been able to explain how an agreement that seems focused on helping U.S. companies use their control over supply chains to move work to low-wage countries will help the United States or the people who live and work here. Frankly, after what happened with NAFTA, and China PNTR, and the Korea Trade Agreement, I don’t understand how anyone can make these arguments with a straight face.

The TPP as described by USTR just isn’t consistent with the promises being made about how it will solve our problems with China. If anything, TPP gives China improved access to our market (via weak rules of origin), undermines existing understandings with China in the area of carbon emissions, and paves the way for China to enjoy the full benefits of TPP without addressing its use of currency policies to subsidize its exports.

Quite frankly, TPP would be a step backward. But it is not too late to address these problems.

For example, ISDS could be deleted from the trade deal. Scratch. It's gone. Most everybody outside the United States would be delighted to see it go, so happy in fact that they might agree to strong language on currency manipulation. Making those two changes would also be popular here in America – on both sides of the aisle.

And while the negotiators are at it, they could fix the holes that have allowed the Honduras labor rights case to languish for three years and the Guatemala case for six. Fix the weak rules of origin that China will exploit to its benefit. Add in provisions to address climate change and rebalance the pro-Wall Street tilt in the financial services, procurement, and food safety chapters. Then we can talk about it being a step forward instead of back.

Don't let anyone tell you the labor movement is opposed to trade agreements. The labor movement is opposed to bad trade agreements.

Bad provisions like ISDS continue to have life only because they remain largely unknown, hidden in the dark. In the sunlight, they'll vanish. I'm sure of it. That's why Congress should reject Fast Track.

How many more ugly, unpopular, undemocratic provisions will be locked in by fast track? I don't know. None of us do. That's why Fast Track is so destructive.

But what if Fast Track is rejected? What should be the nuts-and-bolts of a new trade deal? Our trade policy should have the explicit goal of eliminating our trade deficit and restoring the U.S. to balanced trade.

Our greatest priority in trade negotiations should be to create a level playing field for the people who live in America to compete, not to create special deals for corporations that happen to be incorporated here.

And in tandem with that principle, our government should provide help to companies based on whether they are creating good jobs in the United States, not whether they are incorporated in the United States. That should be the test for import-export financing, for tax policy and, most of all, for entrée to the discussions about framing our trade policy.

Special legislative procedures like Fast Track should be used only when Congress has complete confidence that our government is pursuing the right policies.

After this country's experience with corporate-dominated trade policies—the millions of lost jobs, the massive structural trade deficits, decades of falling wages—neither Congress nor the American people have that kind of confidence in those who lead our trade policy. It's time to change the paradigm.

Let's move forward as a nation. We have an agenda in the American labor movement-- Raising Wages. We're working on it at every level and in every corner of the country. We support fast

food workers in the Fight for \$15 an hour. We support Walmart workers, who recently fought for and won a raise—not enough of a raise but Walmart workers showed that the way to raise wages is to stand up and fight. And this year, 5 million union members are negotiating for higher wages, better benefits and safer working conditions.

The wages of working people have basically not gone up a dime since 1997 (when inflation is taken into account). Since then, all of the gains from increased productivity... not some, not most, but all... have gone to the people who need it least.

We know that our trade policy is a critical part of the structure of our economy—a structure that either is about raising wages or pushing wages down. We need a trade policy that supports raising wages, just like we need to invest in 21<sup>st</sup> century infrastructure and education and a skilled work force, to raise the minimum wage, to reform our labor laws, to ensure our tax policies are consistent with supporting good jobs and raising wages, and to deliver full employment by ensuring that our macroeconomic policy doesn't cut off recovery before it happens.

We know that raising wages will be good for our families, for local businesses and our communities, and for America as a whole. We're going to lay the groundwork for raising wages by rejecting Fast Track and, if it isn't fixed, by rejecting the TPP. And then we will pursue a productive and balanced trade deal in the Pacific. We know we can only accomplish this by welcoming and engaging in a vigorous and open debate over trade policy.

That, my friends, is how we'll find the elusive win-win trade agreement.

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