

Bush Watch

Trade and Exporting U.S. Jobs

In 2004, Bush signed the *Economic Report of the President* that supported outsourcing and exporting American jobs as a necessary part of the global economy.

Throughout his three years in office, President Bush has pursued trade policies that have encouraged employers to move overseas in search of cheap labor and lax environmental rules.

In 2002, the Bush administration pushed for and received Fast Track trade promotion authority and has used it to push through trade deals that do not protect workers' rights. In 2003, the Bush administration prematurely lifted steel tariffs designed to stop illegal dumping of steel. And in February 2004, he notified Congress of his intent to sign the Central America Free Trade Agreement.

Said Job Export Is 'A Good Thing'

With hundreds of thousands of America's workers losing jobs because corporations are exporting U.S. jobs, the Bush administration is backing moves to ship even more U.S. jobs overseas, according to its own 2004 annual economic report to Congress. "Outsourcing is just a new way of doing international trade," said N. Gregory Mankiw, chairman of Bush's Council of Economic Advisers when he released the *Economic Report of the President*. "More things are tradable than were tradable in the past," Mankiw told the media, "And that's a good thing." And Treasury Secretary John Snow on March 30 said sending jobs overseas is a good thing for the American economy.

Supported Tax Breaks for Sending Jobs Overseas

The Bush White House is supporting S. 1637, which includes \$37 billion in foreign tax breaks. The bill contains increases in foreign tax deferrals that

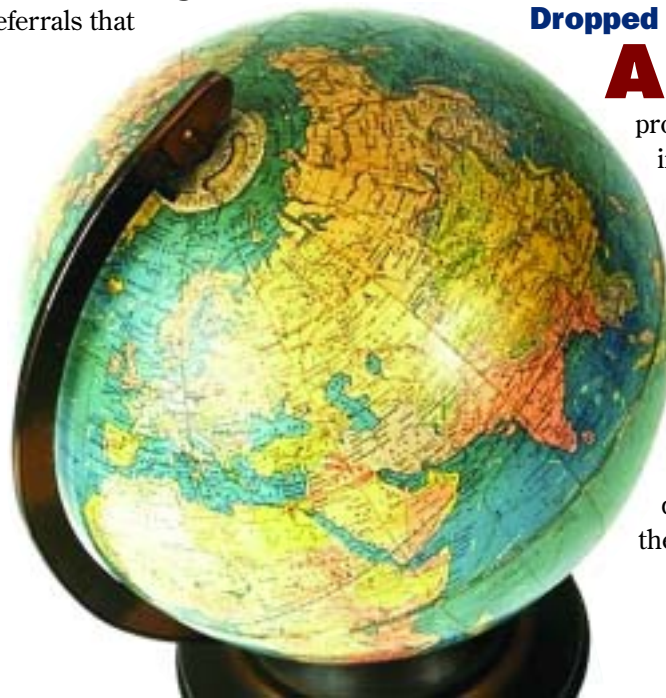
would allow U.S. companies to realize large tax savings when they shift income or operations to low tax jurisdictions abroad. Bush's 2004 federal budget also included changes in tax laws that would allow multinational corporations to use "excess" foreign tax credits to offset U.S. taxes on income from operations moved out of the United States.

Supported Bad Trade Policies That Expand NAFTA

The Bush administration began in 2001 to pursue a Free Trade of the Americas (FTAA) treaty that would spread to the entire Western Hemisphere the massive job loss and environmental damage spawned by the North American Free Trade Agreement (NAFTA). Bush opposes any enforceable rules safeguarding international workers' rights or the environment in trade pacts such as the FTAA, the Central America Free Trade Agreement and treaties with Panama and the Dominican Republic.

Dropped Steel Tariffs

After promising to impose tariffs for three years to protect the nation's steel industry from cheap, subsidized imports, Bush in December 2003 rescinded the tariffs after only 20 months. The Bush White House claimed the tariffs had achieved their purpose, even though five major steel companies had declared bankruptcy since the tariffs began. All



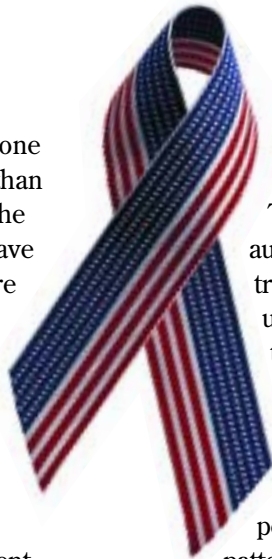
together, 42 steel companies have gone bankrupt since 1998, putting more than 50,000 steelworkers out of jobs. In the same period, 17 of the companies have liquidated, wiping out the health care benefits of more than 208,000 retirees.

Said Workers' Rights and Environmental Safeguards Undermine Free Trade Agreements

Early in his administration President Bush called for the authority to negotiate trade agreements without including enforceable workers' rights or environmental protections. Speaking to business leaders at the White House in mid-June 2001, Bush said, "We should not let legitimate environmental and labor concerns undermine the capacity of the president to make good free-trade agreements." Bush's statement came during the congressional debate over Fast Track, which Congress passed in August 2002, giving him the power to negotiate trade agreements that would move through Congress without amendment and without meaningful protections for workers' rights or the environment.

Negotiated Trade Deals with Weak Workers' Rights

The Bush administration and Republican congressional leaders twisted arms and made elaborate promises to members of Congress to gain passage of Fast Track trade promotion authority, which allows presidents to negotiate trade deals that would move through Congress without amendment and without meaningful protections for workers'



rights or the environment. Using its Fast Track trade promotion authority, the Bush administration moved rapidly to rack up so-called bilateral free-trade agreements. The administration negotiated the first two agreements under Fast Track—deals with Chile and Singapore—in secret, setting a pattern of keeping workers' voices out of trade negotiations.

Issued Order to Allow Uninspected Mexican Trucks to Operate in United States

In June 2001, Bush ordered his Department of Transportation to allow Mexican firms to provide truck and bus service throughout the United States. Mexican trucks generally are less safe than U.S. trucks because Mexico's safety standards are not as stringent as U.S. standards—and are not enforced. In January 2003, a federal court ordered the Bush administration to complete legally required environmental reviews before allowing the trucks in the United States. The Bush administration has appealed the decision to the U.S. Supreme Court, which will issue a decision later this year. Under NAFTA, restrictions on cross-border trucks were lifted, but the United States issued a moratorium in 1995 that prevented the trucks from entering the country. A NAFTA dispute panel ruled that the U.S. prohibition on Mexican trucks traveling more than 25 miles across the border violated NAFTA.



“Bush hasn’t done a darn thing to stop jobs from going to other countries. Jobs that created the middle class are disappearing. I feel like we’re in a race to the bottom.”

—Jerry Nowadzky
Monticello, Iowa

Read more about the Bush record on trade and exporting U.S. jobs at

www.aflcio.org/BushWatch