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Thursday, Feb 19, 2004

Business

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Posted on Thu, Feb. 19, 2004

NAFTA linked to Ohio jobs lost

Think tank's report says 14,653 positions gone as direct result of trade pact

By Mary Ethridge and Betty Lin-Fisher
Beacon Journal staff writers

A nonprofit Ohio group has issued a report saying the North American Free Trade Agreement has been a raw deal for Ohio workers.

Policy Matters Ohio, a liberal Cleveland think tank, said Ohio lost 14,653 jobs from 1999 through 2003 as a direct result of NAFTA.

NAFTA, which went into effect in late 1993, allows the free flow of goods and services among Canada, the United States and Mexico, creating the largest free-trade zone in the world.

Policy Matters used trade adjustment data from NAFTA itself to pinpoint Ohio companies that lost jobs because of the agreement.

"I could probably list every place affected. These are very concrete -- real places and people," said Amy Hanauer, executive director of Policy Matters. "NAFTA has had a devastating effect on Ohio."

But Sara Fitzgerald, senior trade analyst with the Heritage Foundation, a conservative think tank in Washington, D.C., said such a view is "terribly shortsighted."

"Yes, there has been some displacement of workers, but overall Americans have seen significant economic gains from NAFTA," she said.

The average job tied to international trade pays on average 13 percent to 18 percent more than

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those not related to trade. And Americans have saved money by increasing the number of lower cost items on retailers' shelves, she said.

"NAFTA gave the U.S. a lot of market access where there wasn't any before," she said. "We have gained far more economically than we have lost."

Former congressman Tom Sawyer took a lot of heat for his vote for NAFTA. Sawyer was defeated in 2002 by now-Congressman Tim Ryan, D-Niles. Reached at his home on Wednesday, Sawyer said he'd rather not comment on the study.

Ryan was traveling on Wednesday and unavailable for comment, but his press secretary, Pat Lowry, said the results of the study don't come as a surprise.

"Tim has said all along that NAFTA is not good for this area. I think you can look around at the plant closings that have been going on all around us and realize that something's amiss here and NAFTA is going to take jobs," Lowry said.

The Policy Matters report said that one in six of the 191,000 manufacturing jobs lost in Ohio from 1999 through 2003 can be traced directly to international trade.

"Trade agreements were supposed to bring more jobs to the U.S., but they've resulted in a net job loss, especially of high-paying manufacturing jobs," said Jon Honeck, a policy analyst with Policy Matters Ohio.

Honeck defined "trade related" job loss as those positions that disappeared because of relocated production or increased foreign imports.

Talk of NAFTA expansion

John Wagner, executive secretary of the Tri-County Regional Labor Council AFL-CIO in Akron, agreed that NAFTA has hurt jobs in Ohio and the rest of the United States.

"There's been a number of plant closings here," he said. "We see a tremendous impact."

He would like to see NAFTA rolled back, but said the federal government is looking at expanding the agreement to include all of South America. "We call that NAFTA on steroids."

"There are many pitfalls with it. And with it goes the export of American jobs," Wagner said.

He criticized comments from last week by the chairman of the White House Council of Economic Advisers, N. Gregory Mankiw, who said that free trade and the resulting exporting of jobs is beneficial in the long run for the country.

"How could that be good for America?" Wagner asked.

Mankiw later backed away from that assertion, and President Bush has also distanced himself from the remarks.

Other benefits

Even if jobs have been lost under NAFTA, Northeast Ohio's residents have benefited, others said.

“We're looking at a structural change in the global economy,” said Marni Yerak, spokeswoman for the World Trade Center Cleveland, an organization that promotes international trade in Northeast Ohio. Overall, NAFTA and international trade have a positive influence, she said.

“Yes, we are going to lose some jobs. But is it better a company loses a few jobs and stays in business, or it closes down,” Yerak said. “From our point of view, we try to keep the company in business.”

While companies are indeed sending jobs elsewhere, Ohio businesses are also exporting to countries such as Mexico and Canada, she said.

Those countries are Ohio's largest trading partners, Yerak said. In 2003, Ohio exported \$17 billion worth of goods to Canada and \$2.1 billion in goods to Mexico, she said.

Richard DeKaser, senior vice president and chief economist for National City Bank in Cleveland, said he doesn't dispute the study's job loss figures, which he said seemed very reasonable.

“Nonetheless, the report fails to adequately recognize any benefits related to increasing foreign trade. For example, trade with ‘low-wage’ countries is the principal reason my son pays the same price for sneakers that I did 25 years ago,” DeKaser said. “By failing to recognize such benefits, and focusing only on the losses, this report unfairly depicts the reality of globalization and inflames harmful protectionist sentiments.”

Mary Ethridge can be reached at 330-996-3545 or methridge@thebeaconjournal.com. Betty Lin-Fisher can be reached at 330-996-3724 or blinfisher@thebeaconjournal.com. Staff writer Jim Mackinnon contributed to this report.

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