

House Ways and Means Committee Issues Report Highlighting Inequities in U.S. Trade Policy

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House Ways and Means Committee Chairman Richard Neal recently released a majority staff report entitled “Something Must Change: Inequities in U.S. Policy and Society.” The Committee Report underscores the relationship between health, economic equity, and social well-being as well as the relationship between structural racism/discrimination and federally funded programs. In particular, the Committee Report highlights decades of U.S. trade policy that has either perpetuated or exacerbated unequal access to the benefits of trade for individuals and communities, especially Black and Latinx Americans. Along with the incoming Biden-Harris Administration, the Committee Report signals the changing dynamic of U.S. trade policy that is inclusive for all Americans and centers on revitalizing the economy through domestic manufacturing, not simply attaining the lowest price for consumers.

For too long, U.S. trade policy has prioritized trade liberalization that favors financial and corporate interests at the expense of decreasing U.S. manufacturing jobs at home. But the exodus of U.S. manufacturing jobs has disproportionately hit racial minorities, particularly Black and Latinx Americans. According to Public Citizen’s Global Trade Watch, “Black and Latino workers were disproportionately represented in nine out of the ten manufacturing industries that were [hit] hardest by import competition and offshoring, with the percentages of Black and Latino workers in these industries being greater than their representation in the overall workforce.”

Authors

Derick G. Holt
Partner
202.719.7479
dholt@wiley.law

Practice Areas

International Trade

The Committee Report underscores this issue.

- **Black Workers:** “Black workers have faced even harsher obstacles to recover from globalization-related job losses due to systemic and pervasive racial disparities across the labor market and in accessing public services. The loss in manufacturing jobs disproportionately impacted Black workers in a multitude of ways, including negatively affecting their wages, employment, marriage rates, house values, poverty rates, death rates, single parenthood, teen motherhood, child poverty, and child mortality.”
- **Latinx Workers:** “At the same time, trade liberalization has impacted immigrant and Latino workers in the U.S. who have also suffered job losses and wage stagnation.”
- **Black Farmers:** “U.S. policies and systemic inequities have over time restricted the rights and ability of Black Americans to acquire or retain land for farming; Black farmers currently make up less than two percent of all U.S. farmers. Furthermore, policies and practices have been documented that further restricted the ability of Black farmers to access the government support that other farmers receive.”

As some U.S. manufacturing jobs disappeared altogether, others were shifted to the services sector. The Committee Report recognizes “[t]he loss of manufacturing jobs and the increase in service sector work has exacerbated income inequality more broadly because those manufacturing jobs often had union benefits and wages that supported middle- and working-class families, whereas service sector jobs generally do not.” Beyond this, in recent years, many U.S. service sector jobs have followed in the footsteps of U.S. manufacturing and have been offshored to lower-labor-cost countries.

The incoming Biden-Harris Administration is aiming to shift trade policy to focus on the American worker and raising the bar for ordinary Americans. President-elect Biden’s pick for U.S. Trade Representative, Katherine Tai, recently spoke at a National Foreign Trade Council Foundation virtual conference and said that the Administration envisions a “worker-centered trade policy.” She went on to state, “U.S. trade policy must benefit regular Americans, communities, and workers. And that starts with recognizing that people are not just consumers – they are also workers, and wage earners.” This signals that U.S. trade policy in the new Administration will feature aggressive enforcement of the U.S. trade laws to protect existing U.S. manufacturing jobs and prioritize protections for labor and the environment in any future trade agreements.

With a new Administration comes new opportunities. Not only will there be opportunities for companies to re-shore manufacturing jobs, but there will be incentives for companies not to leave in the first place. To “build back better,” U.S. trade policy will focus on making economic prosperity and the benefits of trade more inclusive for all Americans.