

Trade deals fall short of pledge

Many who lost jobs denied promised aid

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WASHINGTON -- During the election campaign and again this summer as the Bush administration fought for a free-trade agreement with Caribbean countries, the White House regularly extolled its efforts on behalf of American workers who lose their jobs to foreign competition.

Two weeks before last fall's election, at an aircraft hangar in Rochester, Minn., President Bush shared the stage with Michelle Clements, an electronics worker whose factory was shut. He cited the federal aid she received to study law enforcement as an example of government help for dislocated workers.

"Trade adjustment assistance, retraining programs," Bush said. "Listen, the federal government has got ample money to help people go back to school."

Not so for Nancy Secor of Pinckney, Mich., a 43-year-old mother of two laid off in July after working 22 years at an auto parts plant. She qualified for the same trade adjustment assistance program as Clements, but was told there was no money left for her. Instead, she was told she would be put on a waiting list, she said.

"First they tell you you've lost your job. Then they tell you this is available, there's a little light at the end of the tunnel," Secor said. "And then the light's gone." With no prospects for a new job, she dug into her family's dwindling savings to pay \$1,300 for paralegal training.

Now, even though the auto industry is beset by foreign competition, the 50,000 U.S. employees of Delphi Co. whose jobs have been put in jeopardy since the auto parts maker filed for bankruptcy reorganization last weekend, also may find assistance is not so easy to get.

In the real world of pink slips and padlocked factory doors, government "trade adjustment assistance" often falls far short of the rhetoric offered by the White House as a key part of its argument for free-trade deals. Bureaucratic roadblocks, limited funding and restrictive legal requirements combine to render the benefits inaccessible to many--probably most--workers who lose their livelihoods as lower trade barriers open American markets to more foreign competition.

In the case of employees of Delphi who ultimately lose their jobs, their eligibility for any trade-related assistance would depend on whether they meet a narrow set of standards. Essentially, eligibility would be determined on a factory-by-factory basis, hinging on whether the auto part produced there had experienced a recent surge in imports or Delphi could be shown to have shifted production for the same part

overseas, said Rick McHugh, an attorney who has handled trade adjustment cases.

And even when workers are deemed eligible for the trade assistance, they sometimes face extended waits before they receive any training assistance, as Secor did.

When it comes to one much-touted trade assistance program, "wage insurance," fewer than 800 workers in the country received the aid as of June.

Labor Department officials maintain there is ample assistance available for dislocated workers and that they've made efforts to improve the program. But they contend they are restricted by limitations Congress placed on the program and poor management by some state-level agencies.

Not all benefit

"There's a lot of fault to go around to a lot of people," said Howard Rosen, executive director of the Trade Adjustment Assistance Coalition, an advocacy group for dislocated workers. Although most economists believe that the nation as a whole benefits from freer trade, as consumers gain access to cheaper imports and exporters gain larger markets, the costs are high for workers who lose their jobs in the process.

Partly to lighten the burden on those put out of work for the greater good and partly to counter union opposition to free-trade deals, Congress has provided for some type of assistance to workers dislocated by foreign trade since the 1960s.

The menu of benefits currently available includes extended unemployment insurance, training programs and a tax credit for dislocated workers who buy their own health insurance.

Economists estimate that 300,000 to 450,000 manufacturing workers lose their jobs every year due to foreign competition, not to mention service workers' job losses that are harder to calculate.

But in 2003, only 204,000 workers were certified eligible for trade assistance by the Labor Department, according to an investigation by the Government Accountability Office. And only about 47,000 actually received the retraining assistance, said the GAO, Congress' investigative unit.

For workers to be certified eligible, their employer or a union representative must submit a petition to the Department of Labor showing that a layoff or plant closing was trade-related and meets specific criteria set by Congress. The Labor Department denies 40 percent of the petitions, a department official said. And it does not consider petitions for service-sector job losses, which are not covered by the Trade Assistance Act.

In many cases, states have not received enough funding to provide training even for workers deemed eligible, the GAO found. Nineteen states had to suspend enrollment because of inadequate funds at some point between 2001 and 2003. By March 2004, when the survey was taken,

six states already had suspended training programs for that year, the GAO reported.

Congress has capped spending for worker retraining under the program at \$220 million per year.

A Labor Department official said the agency had made management improvements since then and blamed continued problems on mismanagement by state agencies that administer training funds.

Mason Bishop, a deputy assistant labor secretary, noted that Illinois received a \$4 million grant in August to assist with training for laid-off Maytag workers in Galesburg.

As a new feature of the law passed in 2002 granting Bush authority to negotiate free-trade deals, Congress established a wage insurance program for dislocated workers 50 and older, offering to make up half their lost earnings for up to two years or \$10,000, whichever is less. In an August speech to the conservative Heritage Foundation, Labor Secretary Elaine Chao cited the initiative as one example of "the generous assistance offered to workers whose jobs have been displaced by trade."

Federal roadblocks

But as of June, fewer than 800 workers in the nation were receiving the assistance, according to an Internal Revenue Service report sent to state regulators and provided to the Tribune by a state regulatory official. A spokesman for the Department of Labor, which administers the program, declined to make data available.

Partly because of the way Congress set up the program and partly because of the way the Labor Department has run it, the program is full of restrictions. To qualify, workers must forgo retraining assistance, as well as the extended unemployment benefits they can receive during training. They must show that they lack easily transferable skills, a test that can be difficult to interpret.

Then they must find a new job within six months. They must work a full-time schedule, although they can do so with multiple part-time jobs. And they cannot earn more than \$50,000 per year.

The Labor Department waited until the last day Congress gave it to start the program--Aug. 6, 2003--before issuing guidelines to states on how to operate it. According to the GAO, 38 states have had "at least some difficulty" putting the program into operation.

Initially, the Labor Department required that the employer petition to certify a job loss as trade-related and specifically request that its workers be considered for the wage insurance benefit. However, during the first months of the program, the forms did not indicate any way of doing so.

Workers laid off by VF Intimates in Johnstown, Pa. were denied the benefit because no one checked the nonexistent box. It took eight months and an appeal to the U.S. Court of International Trade for the Labor Department to reverse itself.

Even now, the department has not done much to promote the benefit, said union officials and state regulators. "It is not a program that has been marketed by our federal partners," said Curtis Morrow, an official with the North Carolina Employment Security Commission.