

Aid to Workers Hurt by Trade Comes in Trickle

WHEN CONGRESSIONAL leaders renewed President Bush's authority to negotiate free-trade deals in 2002, they wrote an intriguing idea called "wage insurance" into law to help workers dislocated by trade.

So when Julia Hicks of Concord, N.C., lost a job she'd held at a Pillowtex Corp. textile factory after 38 years, and got a new one at coffee roaster S & D Coffee Inc. that paid half as much, the federal government paid her a welcome \$2 an hour for several months to make up part of the difference.

But, because of the way Congress wrote the law and the Labor Department administered it, she turns out to be one of very few workers to get the new benefit. The statute provides that an eligible (more on that later) worker older than 50 who loses a job because of trade and takes a lower-paying one within six months can get a government check for half the difference between the new and old wage for up to two years with a \$10,000 cap.

The notion is simple: Instead of paying laid-off workers not to work, give them a reason to find another job and cushion the blow they absorb so the rest of the economy can benefit from imports, exports and foreign investment. It sounds like—and is—a program Democrats and Republicans can embrace. It helps the distressed, and gets the incentives right. Though it was crafted by Democrats, Mr. Bush's Labor secretary, Elaine Chao, boasts about it in speeches.

BUT THE PROGRAM is off to a slow start. Between its launch in August 2003 and December 2004, the program paid only 1,403 workers, the Labor Department says. It wasn't able to provide updated numbers this week. The collapse of Pillowtex cost 4,800 jobs in North Carolina, but Mrs. Hicks, now 61 years old, is one of only 41 workers who actually got a wage-insurance check, University of North Carolina researchers say.

Why so little interest? Congress came close to strangling the experiment in its infancy, discarding the almost catchy "wage insurance" name for the clunkier "alternative trade adjustment assistance." (The aid is an alternative to cash, training and job-search benefits offered under the longstanding Trade Adjustment Assistance program.) To qualify for wage insurance, a group of workers must declare interest when they apply for conventional trade aid, and then must show they lack easily transferable skills, a very hard-to-interpret standard.

After Congress acted, the ball moved to the Labor Department, which waited until the day the law said the program was to begin. Aug. 6, 2003, to issue

plementing the program, partly because they had to tweak computer systems to calculate and issue the checks.

Initially, the Labor Department trade-adjustment-assistance application form didn't even include a box to check to apply for wage insurance. That has been remedied, but the current form still requires employers, who often handle paperwork to qualify a group of workers for aid, to know what "alternative trade adjustment assistance" is.

WORKERS LAID OFF by VF Intimates LP of Johnstown, Pa., were denied wage insurance in September 2004 because no one checked the box. After eight months of back and forth, and an appeal to the U.S. Court of International Trade, the department reversed itself in May and declared the workers eligible. "We recognize there have been problems in the administration of Trade Adjustment Assistance programs, and we've taken significant steps over the past two or three years to improve the process and we have

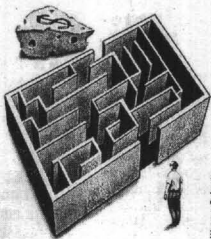
more improvements in the works," says Mason Bishop, a deputy assistant Labor secretary. Outsiders say the department's handling of the program is getting better and that officials show flexibility in determining if workers lack easily transferable skills.

But, in contrast to some other Labor programs, wage insurance gets surprisingly little market-

ing. "Our federal partners haven't issued flyers or anything like that," says Curtis Morrow of North Carolina's Employment Security Commission. The Labor Department's Web site is far from user-friendly, in contrast to Agriculture and Commerce department sites for aid to farmers and firms hurt by trade.

Howard Rosen, a former Democratic congressional staffer long involved with helping workers hurt by trade, is baffled and frustrated by the administration's lack of enthusiasm for what he deems the most efficient way to help dislocated workers because it nudges them back to work. "I just wish the Labor Department was as aggressive in pursuing trade adjustment assistance as the U.S. Trade Representative is in pursuing free-trade agreements," he says.

Calling attention to workers hurt by trade is uncomfortable for free traders. They prefer to focus on benefits of low-cost imports and high-paying export jobs. But the only way to persuade the public and politicians not to erect barriers to globalization and trade is to equip young workers to compete and protect older workers who are harmed. Creating programs with a few votes in Congress, and then botching the execution, doesn't help



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