



Easing the Adjustment Burden on Workers and Communities

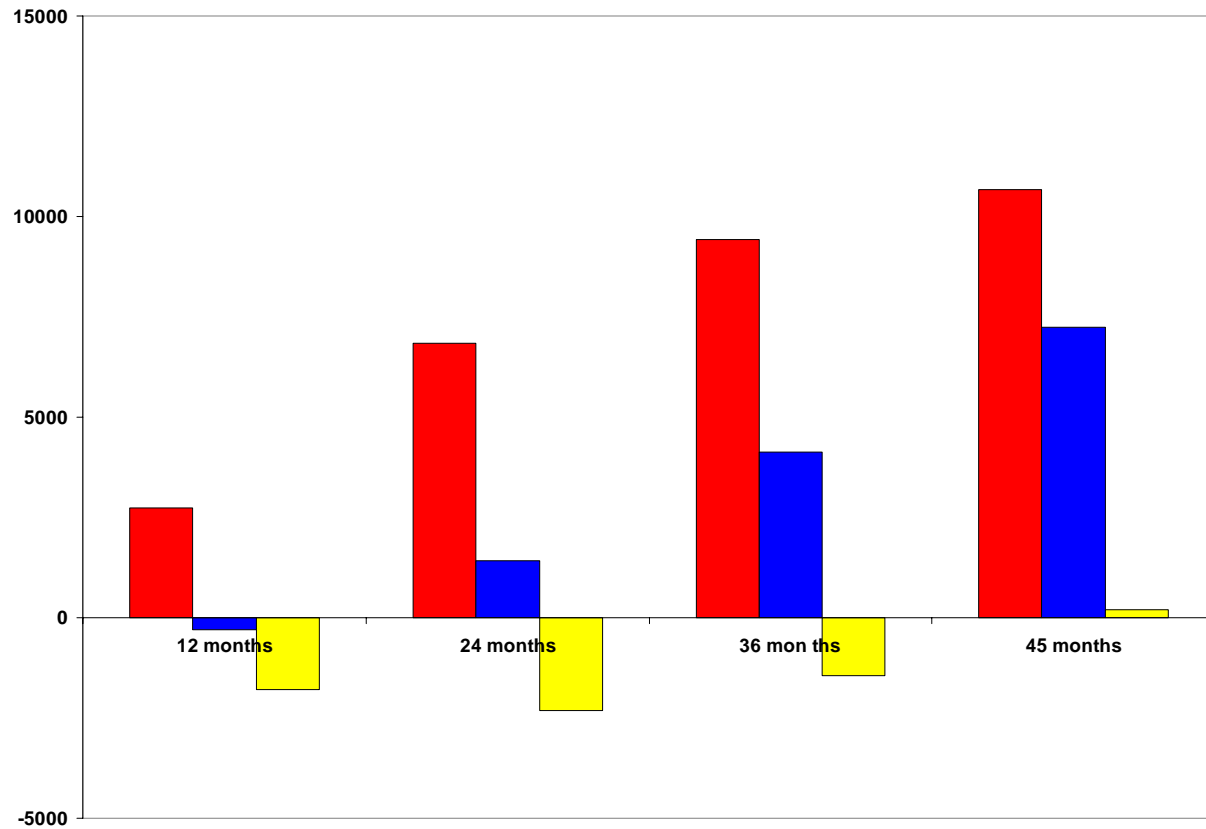
Presentation by
Howard Rosen
TAA Coalition
February 15, 2005



Main Points

1. US employment has been slow to recover
2. US labor market is extremely flexible
3. International trade is only one factor
4. Adjustment assistance is inadequate
5. Recommendations for reform

"Job-loss" Recovery

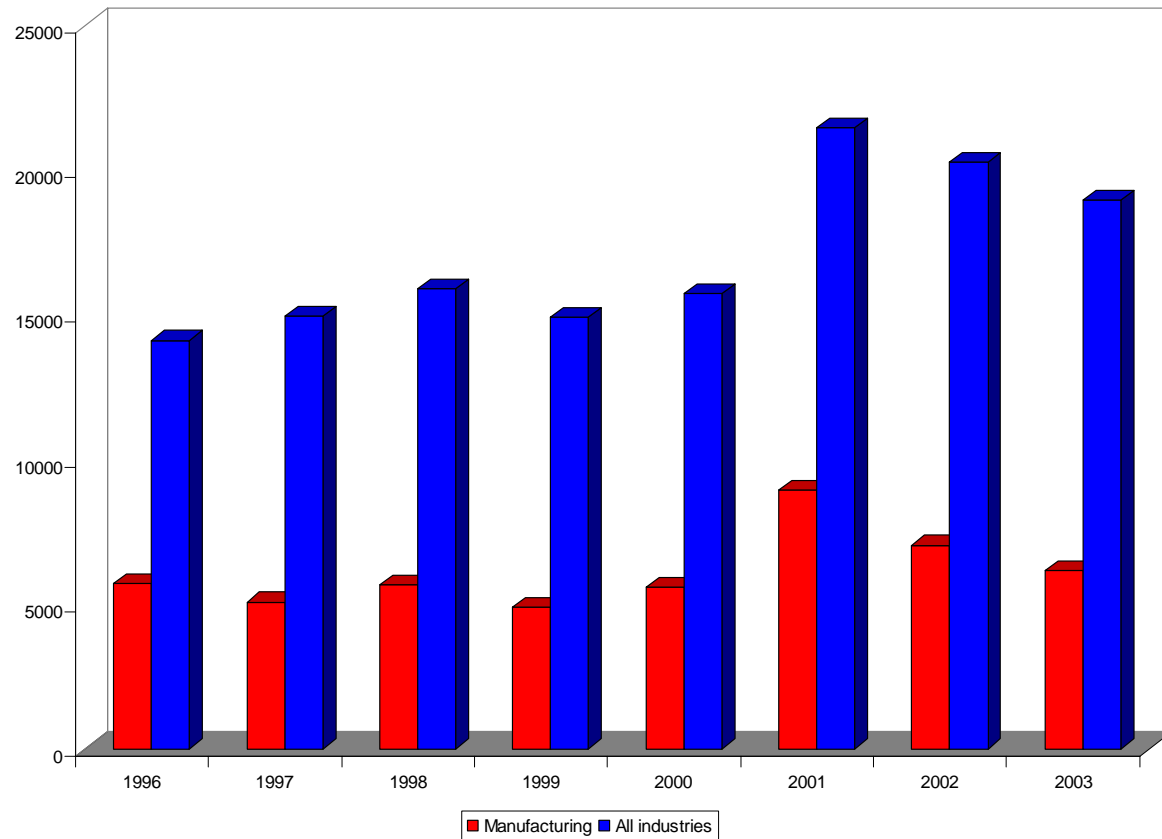


Average Annual Employment Gains and Losses

Average over 1994 to 2003 in millions	Gains	Losses	Ratio
Goods producing	7.7	7.8	0.99
Manufacturing	3.1	3.4	0.91
Services	25.1	23.5	1.07
Information Technology	0.9	0.8	1.13
Total	32.8	31.3	1.05

Mass Layoffs

Not Just A Manufacturing Phenomenon

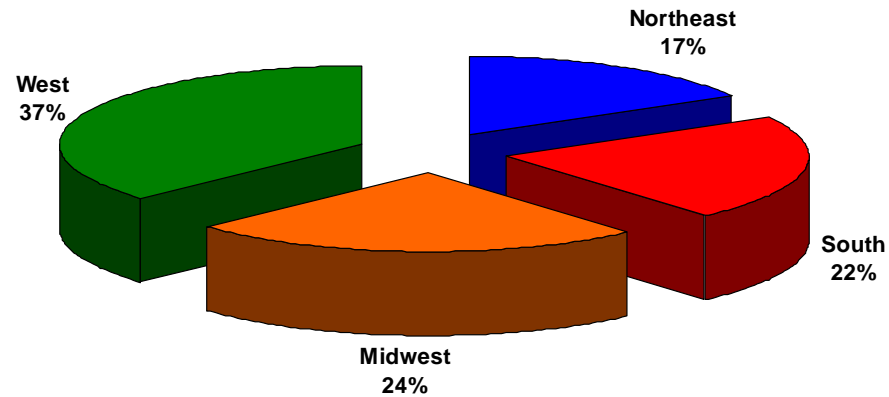


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No Longer Just a “Rustbelt” Phenomenon

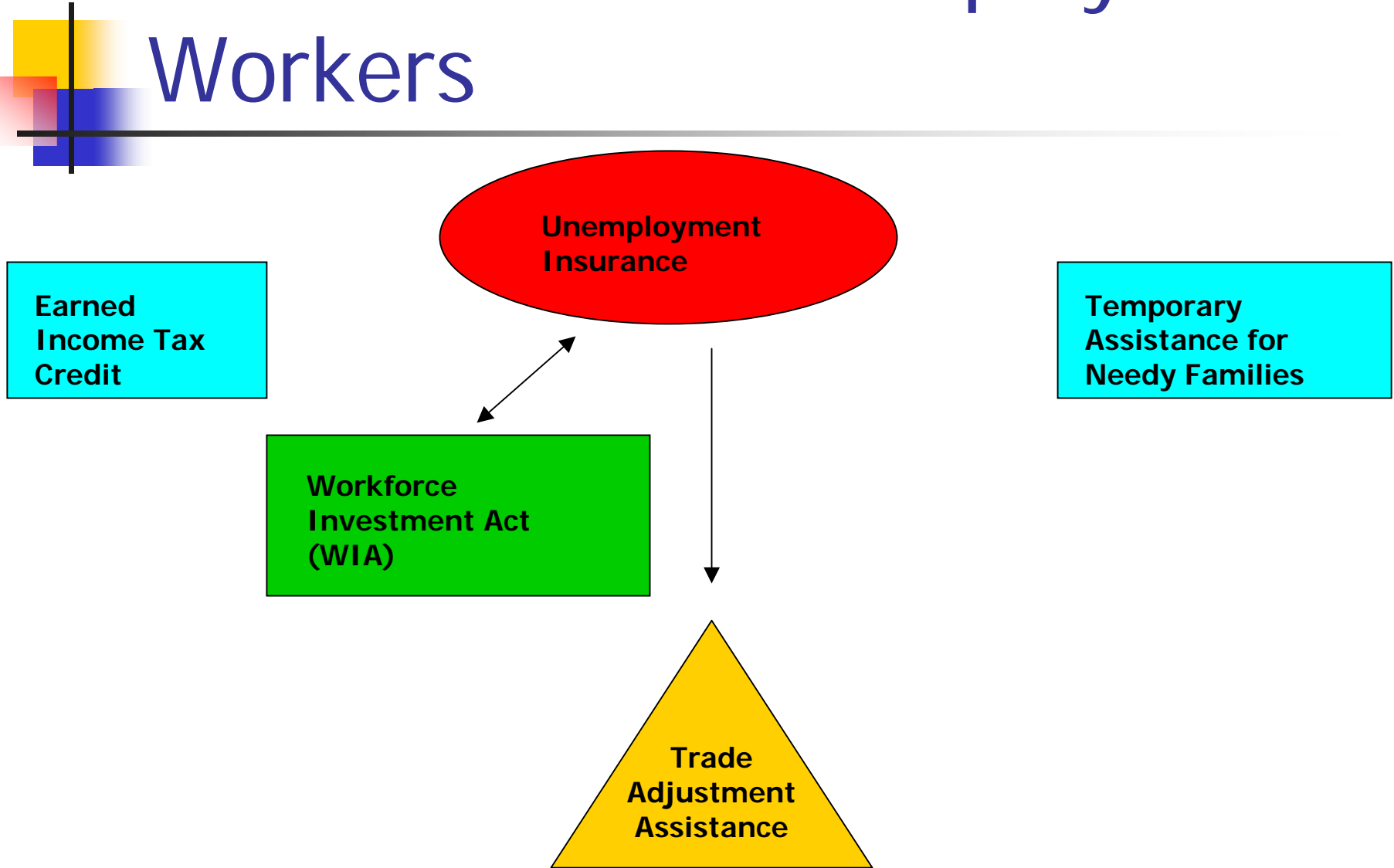




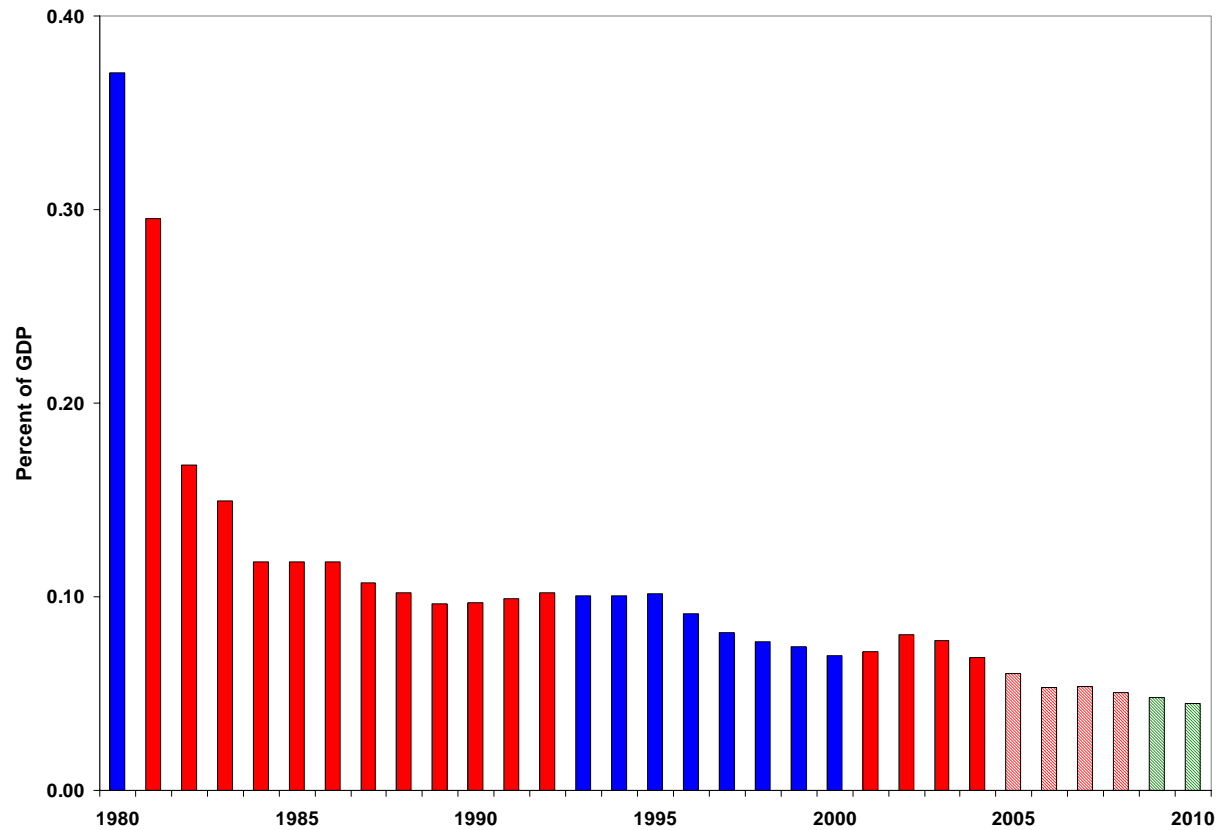
Trade is a Small Factor

Bankruptcy or Financial Difficulty	10 percent
Company Reorganization	11 percent
Contract Completion or Cancellation	14 percent
Seasonal or Slack Work	50 percent
Import Competition or Relocation Overseas	2 percent

Assistance for Unemployed Workers



Government Spending on Training and Employment



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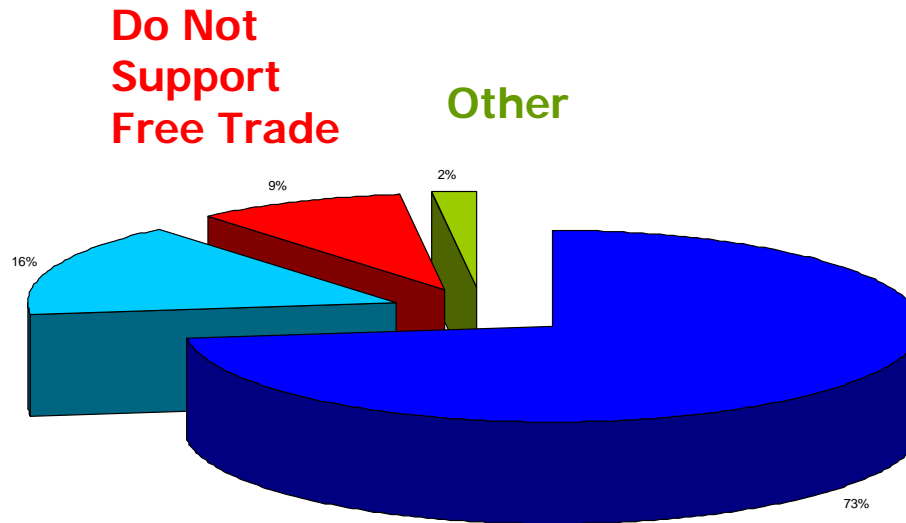
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Spending on Active Labor Market Programs

	Percent of GDP	Ratio of spending as a percent of GDP to the unemployment rate	As a percentage of total spending on all labor market programs
Canada	0.41	0.06	36.4
France	1.32	0.14	44.4
Germany	1.21	0.16	38.6
Japan	0.28	0.06	34.2
UK	0.37	0.07	40.0
US	0.15	0.03	32.9

Support for Free Trade

Not Necessary
for Government
to Assist Workers



Necessary for Government to Assist Workers

Chicago Council on Foreign Relations, June 2002

February 15, 2005

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Trade Adjustment Assistance Eligibility Criteria

- Import competition
- Shift in Production
- “Secondary workers”



TAA Program

- Up to 78 weeks of income support if enrolled in training
- Training
- Health Care Tax Credit (HCTC)
- Wage Insurance (ATAA)
- Job Search Assistance
- Relocation Assistance



TAA Budget

(in millions)	2002 actual	2003 actual	2004 actual	2005 estimate	2006 estimate
Income Maintenance (entitlement)	\$254	\$348	\$538	\$750	\$655
TAA training	\$94	\$222	\$258	\$259	\$259
NAFTA	\$69	\$88	\$26	na	na
Wage Insurance	na	na	\$5	\$48	\$52
Total	\$417	\$658	\$890	\$1,097	\$1,006



Problems with TAA

- Cumbersome eligibility and petition process
- Discrimination among unemployed
- Insufficient training funds
- Lack of public awareness
- Weak link to employment



Reform Agenda: Technical “Fixes”

- Increase training cap
- Shifts in production for all countries
- Remove wage insurance pre-identification
- Stop the clock during arbitrations
- Fix HCTC waiting period
- Provide access to data and evaluations
- Improve outreach



Reform Agenda: Program Expansion

- Expand TAA eligibility criteria to include service workers
- Industry certifications, i.e. textiles and apparel
- Expand health care tax credit coverage
- Expand wage insurance eligibility
- Establish TAA for Communities



Reform Cost Estimates

	Number of potentially eligible participants	Spending Estimates (in millions)				
		Income support	Training	ATAA (50-\$50-50%)	HCTC	Total
FY 2003	48,000	\$399	\$259	na	na	\$660
FY 2004	57,000	\$538	\$258	\$5	na	\$801
Pre-identified trade displaced	165,000	\$1,900	\$750	\$100	\$375	\$3,125
All workers	575,000	\$7,000	\$2,800	\$900	\$1,400	\$12,100