

## **New Report: U.S. Trade Deficit With China Costing \$37B In Lost Wages Annually**

[A new study](#) [1] by the Economic Policy Institute (EPI) finds that a growing trade deficit with China has cost the U.S. billions of dollars in lost wages. In 2011 alone, unbalanced trade with the People's Republic resulted in lost U.S. wages of \$37.0 billion.

The EPI [study](#) [2] cites 2.7 million U.S. jobs lost between 2001 and 2011 due to the trade gap with China, and over 2.1 million of those jobs were in the manufacturing sector. Of particular concern is that, even when the 2.7 million displaced workers were re-employed in non-traded industries, average wage losses totaled \$13,504 per worker/year. For all displaced workers, net wage losses also totaled \$37.0 billion per year.

According to the study, workers with a high school degree or less and ethnic minorities were particularly hard-hit by growing trade deficits with China. Minorities, in particular, suffered large trade-related wage losses of \$10,485 per worker in 2011, with net wage losses totaling \$10.1 billion per year. In total, growing China trade deficits displaced 958,800 jobs for minority workers, a disproportionately large share (35 percent) of all jobs displaced.

The author of the report, EPI Director of Trade and Manufacturing Policy Research Robert E. Scott, said, "The displacement of manufacturing and trade-related jobs has been extremely costly for the economy, hitting America's working families especially hard. Allowing the U.S.-China trade deficit to continue growing would eliminate many more jobs in manufacturing—a bedrock of the U.S. economy—and further erode the wages of U.S. workers."

Scott says manufacturing wages are 18.4 percent higher than average wages in all other industries. Because of this, workers with a high school degree or less (47.7 percent of the manufacturing workforce) have been disproportionately harmed by the trade deficit with China.

Significantly, the U.S.-China trade deficit also displaced nearly 1.1 million jobs in computers and electronic equipment between 2001 and 2011, including a large number of high-wage jobs for college-educated workers. More than half (52.5 percent) of all workers in the computers and electronics sectors held at least a bachelor's degree.

Said Scott Paul, president of the Alliance for American Manufacturing (AAM), "Our trade relationship with Beijing is deeply flawed, and continues to claim some of our most valuable middle class jobs. Unfortunately, Washington remains obsessed with the fiscal deficit while ignoring the trade deficit. Until Congress and the Administration tackle our 'China problem,' we'll see more middle class jobs

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disappear, which also means less revenue for the Treasury.”

China’s currency continues to be undervalued by as much as 30 to 40 percent, an export subsidy that acts as a de facto tax on U.S. goods sent overseas. **As Paul explained in a [recent op-ed](#)** [3], President Obama could designate Beijing as a currency manipulator to help rebalance U.S. trade flows. He could also announce a goal of cutting the trade deficit in half by the end of his second term, and achieve that by making balanced trade a pre-condition for any future trade or investment deals with China.

[Click here to read the full EPI report](#) [4], ‘Trading Away the Manufacturing Advantage: China Trade Drives Down U.S. Wages and Benefits and Eliminates Good Jobs for U.S. Workers.’

*The [Alliance for American Manufacturing](#) [5] (AAM) is a non-profit, non-partisan partnership formed in 2007 by some of America’s leading manufacturers and the United Steelworkers. Our mission is to strengthen American manufacturing and create new private-sector jobs through smart public policies. We believe that an innovative and growing manufacturing base is vital to America’s economic and national security, as well as to providing good jobs for future generations. AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America’s manufacturers and workers.*

*AAM has released its blueprint for an American manufacturing resurgence, [ReMaking America](#) [6].*

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