Adam Posen: Good afternoon ladies and gentlemen, I’m Adam Posen, president of the Peterson Institute for International Economics and it’s my pleasure to welcome you back here and welcome some new friends as well.

I am just now live Tweeting that we are on.

Today is a special day in the history of the Peterson Institute, but more importantly, much more importantly I think an important day in the ongoing public debate about the next steps for US trade policy.

We’re very proud to have with us today President Richard Trumka of the AFL-CIO, a bit more about him in a moment. But just to say that we all know that labor’s voice should be heard in ethical terms and is heard in political terms repeatedly throughout the trade debates of the last 20 years from NAFTA onward.

And, on different sides of trade, there is a sense that on the labor side, they don’t get listened to and on some people pushing trade that they get listened to too much. But what has been lacking, I think, is an amount of substantive engagement about what the professional labor movement in the US’s views trade substantively are and an engagement with it from the people concerned about trade in a substantive rather than short-term political sense.

And I’m very grateful to the AFL, to Damon and Thea who are running policy studies at the AFL for suggesting and arranging this, and to President Trumka for joining us.

In a context where it has become undeniable that labor share in the economy has gone down in recent years, steadily, and not just in the US, but in other countries, it is fair to think about whether or not trade place a role in that and how trade policy going forward can affect that.

I personally believe, and I think a lot of work the Peterson Institute has done, suggest that the share of the blame in a sense for that development
due to trade is vastly exaggerated. But I think it remains important to confront the arguments that understandably arise in this context where working people’s incomes have been under threat steadily, in the US, and in the advanced world, and to engage on that.

So we are very proud today to have with us President Trumka to speak about, US trade policy and American Workers: Finding the Elusive Win-Win Solution, which I think is a superb title.

I think all of you recognize Mr. Trumka. Rich, of course has been president of the AFL-CIO since 2009. Prior to that, he served as secretary treasurer a not altogether a significant position at the AFL from 1995 to 2009. And prior to that, he spent 13 years as president of United Mine Workers. And even prior to that, Rich was an attorney at the United Mine Workers at their Washington headquarters. So this is someone who has devoted their life to organize labor under the AFL banner in the US and could be the best possible person for us to start this substantive engagement rather than people just taking positions.

And it’s in that spirit, I’m grateful to recognize Richard Trumka and ask him to our stage.

Richard Trumka: Thank you Adam for those kind words and I’d like to thank you and the Peterson Institute for inviting me to speak today. I could tell you it’s very good to be here.

Now, we spend a lot of time talking about trade, all of us. And, if you read the newspapers, it doesn’t take long to pick up the battle lines and the main theories and the talking points. But at the end of the day, the partisan battles are really just so much noise.

For me, it’s all got to come back to one simple question: Is our trade policy working for America’s workers and for our nation as a whole? And the simple answer to that question right now is no, it isn’t. I don’t think anybody can credibly argue that America’s trade policies are working for American workers, for our friends from the neighborhood, for our kids, or even for our hometowns. Nor do I think that the macroeconomic numbers support an argument that our trade policy is a success whether you look at chronic current account deficits, our net international debt position or the broader labor market data on wage stagnation and growing inequality.

So I say it again, I simply don’t believe that an argument can be credibly made that things, as they are, are working.

Now, Jeb Bush, Florida’s former governor and now a presidential hopeful recently said that economic immobility in America’s struggling middle
class are the defining issues of our time. I truly hope he comes up with some solutions to those problems.

You see, trade policy as it’s been pursued since NAFTA, and as it is conceived in Fast-Track and in existing drafts of the TPP, is a significant contributor to those problems. We all heard President Obama in his recent State of the Union message when he said, “We must make sure that everybody in our country has the tools to succeed.” And we’ve also heard Pope Francis has made this his global mission to see that humanity is served by wealth, not ruled by it.

See, this goal should be shared by all of us when we talk about the next big step in our global economy.

Now, I spend a lot of time talking to working people, people who elect me, the people who pay my salary and a lot of others that aren’t affiliated with unions, and the vast majority to them are far from Wall Street and they’re far from Washington, DC. These are people who’s seen jobs go away and the numbers on paystubs remain stubbornly flat or even fall.

See, trade needs to work for all of us, every one of us. And that’s why we need to have a real debate in America about what we’re trying to do when we make trade deals. Because the right answer can never be the sole purview of Corporate America.

See, the question we should start with is, “How can our trade deals help us reach our shared goals?” Actually, maybe the first question that we ask got to be, “What should our goals be? What should be the goals of any trade agreement?” And then measure those agreements by the goals that we come up with.

But for more than 20 years now, we’ve looked at trade through the very narrow lens of corporate interest. In truth, our trade deals were not really trade deals, they were investment deals. Their goal was not to promote America’s exports as much as it was to make it easier for global corporations to move capital offshore and ship good jobs back to America, and the logical outcome was trade deficits and falling wages and that’s exactly what we’ve got.

Now is the time to adapt a broader lens that promotes a national conversation, not one that pushes trade as a corporate entitlement. You see, our trade deals must do more than increase next quarter returns on Wall Street. Our trade agreement should advance an economy that creates good jobs in America, which enable regular working people to succeed by working hard to get ahead. And the American Labor Movement has long said, and I dare say loud and clear, that good trade agreements must
improve wages and working conditions for workers around the globe and not just here in the United States.

We’ve insisted and we will continue to insist that has to be the yardstick that we used to measure trade deals by. See, we live, we shop, we work and we play in a globalized economy. That’s the way the world is. Yet, that doesn’t mean that working people are destined to suffer in that economy. Our trade agreements should advance all of the United States interest and at the same time contribute to the overall development of the world economy and rising living standards for all.

Now, I’m asking you to visualize how trade policy can shape economic activity throughout global supply chains differently than it does today, not by greasing the skids for a global race to the bottom, but by incentivizing and rewarding innovative and by creating good jobs.

See, that’s how we can begin to shape the competitive strategies that we want to encourage here in the United States and among our trading partners. That’s how trade policy can help to balance the world economy and stabilize global financial markets. And that’s how we can lay the groundwork for working people who earn a fair share of the value that we create rather than simply lining the pockets of a tiny global elite while setting our financial system up for future crisis.

Today, as we discuss Fast-Track, as well as Trans-Pacific Partnership, we could focus on the issues of what is in our national interest, and how our trade policies can advance it?

Now, I’ll spell out my positions on these two important questions and in doing so, I’ll make the case against passing Fast-Track for TPP.

First, the goal of our trade policies should be for the United States and the people who live here have a fair chance to compete for investment and jobs in the world economy. Our goal should be a world economy that’s structured around the virtuous cycle of broad-based rising incomes and rising living standards, rather than a vicious cycle of falling incomes and financial instability.

Some of what I’m saying is going to sound pointed because you see, working people have been pretty badly burned by existing trade deals. Our basic problem is that much of the trade debate is actually a debate about whether we should debate trade policy or just accept what’s handed down by an unaccountable group of people. That’s plain wrong.

You see, every single thing in our trade deals should be openly discussed and subject to public oversight and the full legislative process. There should be no question about that. Think about this: every piece of
legislation that affects your working lives is debated, it can be amended, it can be changed, everybody gets a chance to comment on it, except the one thing that affects your working lives more than anything else, and that’s a trade deal. This one will affect 40% of the world’s GDP, 40%. And if you had TTIP in it, it’s 60%, and yet, we shouldn’t be able to know what’s being voted on, amend it, and actually change it for the better.

See, because of that, Fast-Track is wrong and it’s undemocratic, and I’ve got to tell you it’s a rotten process and the American Labor Movement intends to kill it.

Bill Clinton then get Fast-Track authority and he went on to do a lot of good trade deals after NAFTA. The same thing can happen here. Because if the American people understood all the devices in these deals that can be used to fight policies to make our food and our workplaces safe, to keep our air and our water clean, and even just provide simple labels for consumers, they’d be up in arms.

So I am 100% confident that the average person doesn’t want American trade law to give global corporations the most favorable possible investment returns while threatening our democratic decision-making institutions and feeding global economic imbalances. I don’t think that will sell, and I can tell you, we in the Labor Movement aren’t buying it.

Democracy should be the way that we decide. People should be able to—made to accept more trade policies—should not be made to accept more trade policies negotiated in secret by corporate interest that destroy jobs, exert downward pressure on American living standards, cause us to run accelerating current account deficits, place us in a vulnerable financial position and contribute to the imbalances that led to the economic crisis that began in 2007.

And that’s how it’s been for 30 years, and the evidence is on the table, and the verdict is clear. Trade policy has not worked for working people, nor for a country as a whole, and it’s time to change and then move forward.

See, Washington’s old corporate approach to trade policy is directly contrary to our overall national policy objectives, especially in areas of profound strategic importance to the United States such as Central and South America and East Asia. That is because our trade policy has been designed to suppress wage growth in these economies and to stunt the development of governments capable of regulating their own economies and labor markets in their own national interests.

So where does TPP stand in my estimation? Well, first of all, it’s hard to say because nobody that I know has seen the whole thing. Let me do a
survey. Anybody here seen all of TPP agreements so far? Raise your hand. Okay, we’re all on the same page that way. I find that problematic in and of itself, quite frankly. But when I am aware of tells me this. It simply isn’t a high standards agreement in relationship to either TPP-member countries or to China. And it is especially poorly conceived regarding key areas that will have strategic importance to the United States in a multipolar 21st century and let me break it down.

The public portions of TPP include no meaningful language addressing currency manipulation and no language addressing how member countries commit to reducing carbon emissions. In the critical area of labor rights, there’s no reason to believe that TPP’s labor rights provisions will ensure that workers in all 12 TPP countries will be able to organize and bargain for a fair share of the wealth that they produce. The labor framework of prior trade agreements has been wholly ineffective at dealing with labor rights violations in small countries like Guatemala and Honduras. And while the May 10th agreement between President Bush and House Democrats was a significant step forward, even these events have been unable to address the serious labor rights violations in Colombia, even in the context of a US administration committed to labor rights enforcement.

See, according to press accounts and the USTR statements, one thing TPP does include is the Investor-State Dispute Settlement mechanism. Now, ISDS is just a fancy way to give corporations a special legal system that circumvents democratically accountable laws in courts. ISDS allows corporations to directly challenge almost any law or any regulation based on an ill-defined concept such as “fair and equitable treatment”. In contrast, all provisions for enforcing labor rights in TPP require action by member governments. Neither workers, nor unions can enforce the labor rights provision on their own even by suing in national courts.

Now, I’m not just talking theory here. In the first three years of the Labor Action Plan in Colombia, 73 trade unionists were murdered for trying to organize workers. Now, these men and women were just like you and I. They were killed for trying to exercise their rights under the law and speak in a collective voice. Now, that’s terrible. It’s absolutely tragic. And yet, these trade deals do nothing to address this injustice and the US government has taken no official trade action in response to those 73 murders. Anyone with a lick of commonsense can tell you that not only are these killings a human right catastrophe; they’re driving down wages and workplace standards in Colombia and every country that trades with Colombia.

But here’s the thing, unlike the clunky labor provisions which require workers to wait for government action, the ISDS provisions can be used immediately by multinational firms to challenge efforts by TPP-member
countries. See, ISDS tilts to playing field away from democracy, from workers and consumers, and toward big business and multinational investors.

Now, sometimes we’re told that TPP’s key objective is to allow US firms to keep control of global supply chains. We’re told that will benefit us here in America. Well, forgive me if I pour a little cold water on those claims, because no one has been able to explain to me how an agreement that seems focused on helping US companies use their control over supply chains to move work to low-wage countries will help the United States and the people who live and who work here.

Frankly, after what happened with NAFTA and China, PNTR and the Korean trade agreement, I really don’t understand how anyone can make those same arguments with a straight face. See, the TPP as described by the USTR, just isn’t consistent with the promises being made about how it will solve our problems with China and elsewhere.

If anything, TPP gives China improved access to our market through weak rules of origin, undermines existing understandings with China in areas of carbon emissions, and paves the way for China to enjoy the full benefits of TPP without addressing its use of currency policies to subsidize its exports. Quite frankly, TPP would be a step backward, not forward.

But, it’s not too late to address these problems.

For example, ISDS could be deleted from the trade deal, scratch, it’s gone. Almost everybody outside of the United States would be delighted to see it go, so happy, in fact, that they might agree to strong language on currency manipulation in exchange for getting rid of it. Making those two changes would be really popular here in the United States, quite frankly on both sides of the aisle, they would be popular. And while negotiators are at it, they could fix the holes that have allowed Honduras labor right cases to languish for three years and the Guatemala case to languish for six. They could fix the weak rules of origin that China will exploit to its benefit. They could add in provisions to address climate change and rebalance the pro-Wall Street tilt in the financial services, procurement and food safety chapters. And then, we can talk about it being a step forward instead of a step back.

Now, I know there are bunch of you in this room right now are thinking, “Oh, that crazy Trumka … that labor movement, they’re just opposed to every trade agreement.” Well, let me tell you this. We’re opposed to every bad trade agreement. We’re not opposed to trade or trade agreements, we’re opposed to every bad trade agreement, and we’ve seen a bunch of them. Bad provisions like ISDS continue to have life only because they
remain largely unknown hidden in the dark. In the sunlight, they’ll vanish. I’m sure of it. And that’s why Congress should reject Fast-Track.

How many more ugly, unpopular, undemocratic provisions will be locked in by Fast-Track? Well, I don’t know. None of us do. And that’s why Fast-Track is so destructive. But if Fast-Track is rejected, what should be the nuts and bolts of a new trade deal? Well, our trade policies should have the explicit goal of eliminating our trade deficit and restoring the US to trade balance. Our greatest priority in trade negotiations should be to create a level playing field for the people who live in America to compete, not to create special deals for corporations that happened to be incorporated here, and in tandem with the principle that our government should help—provide help to companies based on whether they are creating good jobs in the United States and not whether they happened to be incorporated in the United States.

Now, that should be the test for import/export financing, for tax policy, and most of all, for the entire discussions about framing our trade policy. Special legislative procedures like Fast-Track should be used only when Congress has complete confidence that our government is pursuing the right policies.

And after this country’s experience with corporate-dominated trade policies, the millions of lost jobs, the massive structural trade deficits, decades of falling wages, neither Congress nor the American people have that kind of confidence in those who lead our trade policy. You see, it’s time to change the paradigm. It’s time for us to move forward as a nation.

Now, we have an agenda in the American Labor Movement. We call it “Raising Wages”. We’re working on it at every level and in every corner of the country, we support fast food workers in the fight for $15 an hour, we support Wal-Mart workers who recently fought for and want a raise, not enough of a raise, but Wal-Mart workers show that the way to raise wages is for workers to stand up in a collective voice and fight for that increase.

And this year, five million of my members, five million will be negotiating for higher wages, better benefits and safer working conditions. The wages of working people have basically not going up a dime since 1997. From then until now, all the gains from increase productivity—not some, not most, but all—have gone to the people who need it the least.

Now, we know that our trade policy is a critical part of the structure of our economy. A structure that is either about raising wages or about pushing wages down. So we, the trade policy that supports raising wages just like we need to invest in 21st century infrastructure and education and a skilled
workforce, to raise the minimum wage, to reform our labor loss, to ensure our tax policies are consistent with supporting good jobs and raising wages and to deliver full employment by ensuring that our macroeconomic policy doesn’t cut off recovery before it occurs. We know that raising wages will be good for our families, for local businesses, for our communities and for America as a whole. And we’re going to lay the groundwork for raising wages by rejecting Fast-Track, and if it isn’t fixed, by rejecting the TPP. And then we’ll pursue a productive balance trade deal in the Pacific.

Now, we know that we can only accomplish this by welcoming and engaging in a vigorous and open debate over trade. And that my friends is how we will find, “The Elusive Win-Win” trade agreement.

Thank you for having me. I appreciate your attention.

Adam Posen: Thank you very much, President Trumka.

Richard Trumka: Adam, you can call me Rich.

Adam Posen: Okay. I’m trying—I’m sorry.

Richard Trumka: In fact, I prefer it.

Adam Posen: You can call me Adam. Rich, I want to make sure, I think you are loud and clear, but I want to make sure I got right what I think is one of the core, if not, the core message of your talk. In your view, it’s not trade itself or even trade with particular companies that’s bad for American—to countries that’s bad for American workers; it’s the structure of trade deals and the absence or inclusion of protections in them.

Richard Trumka: Yeah.

Adam Posen: Is that right?

Richard Trumka: That’s absolutely correct. You know, there’s two theories, I guess, on trade. One theory is that total free market trade, let it happen no matter what happens, the market will correct it and that’s what we’ve had over the last 30 years. And there’s another theory of trade that says the rules really do matter, and bad rules are rules that are designed to drive down wages or prevent people from having a collective voice are bad and they’ve had a bad effect on us. We think that a high standards agreement can be arrived at and we should arrive at it, but we need to start thinking differently. We need to start talking with one another.
And actually, as I said at the beginning, probably set the goals of a trade agreement first. What should be the goals? I mean, if the goals are for American business to succeed, trade’s worked. If the goals are to help every American raise the standard of living, create jobs in this country, support the middle class, then trade has been a colossal failure.

Adam Posen: Let me push you a bit on that point.

Richard Trumka: Sure.

Adam Posen: Various times in your speech, you made reference to trade deficits, to wage declines, decline of good jobs; it is a fact that to take two notable examples in Germany and Japan, you also add countries that ran sustained large trade surpluses. And, in those two countries over a couple decades, wages have also declined for most workers what you said very articulately at the end, the fruits of productivity went to the corporates, not to the workers. That’s certainly true in Germany [inaudible 00:34:34] as well.

And, as Robert Lawrence—who’s with us today—put out in a book that we published last year, the decline in manufacturing jobs has been roughly the same, in Germany, in Japan as in the US. So, why do you make this link that—I’m not saying these are good trends, I’m not saying these are wonderful things, but why do you make this link that it’s trade deficits in the US that are doing this when the countries that some people accuse of cheating in the international trade are suffering the same thing?

Richard Trumka: Well, China is not suffering the same thing.

Adam Posen: True.

Richard Trumka: You know, they are doing real well at it and it’s called because of currency manipulation. If you look at all of the literature out there, it’s not the only cause—and I never said it was the only cause—but it’s part of the structural reasons. The rules of trade that we’ve agreed to over the last 30 years have been designed hollow out the American country and to lower wages. That’s the exact result of what’s happened and you can’t deny that.

Part of it is because that you can’t deny that currency manipulation has caused us millions and millions of jobs. That’s because of the trade deal. They couldn’t do that without permanent PNTR. If they had to do PNTR every year, it would be a different deal. You can’t deny that it’s had some effect, and a substantial effect, that’s the link that we make. It is designed in our opinion to hollow out the American economy and drive down wages.
Adam Posen: Well, then, again, I’m a little—I’ve got to admit, I’m halfway with you and halfway not. The halfway I’m with you is, well, there are policies have been out there hollowing out the American economy, but I’m not sure that they’re trade policies. I mean, you’ve listed at the end, you know, since Ronald Reagan broke [inaudible 00:36:26], you see union membership and union strike activity just fall off a cliff, long before NAFTA, long before China PNTR, the union movement gets harmed by the fall on attack on collective bargaining. We have a tax code that is totally skewed towards capital away from labor.

It’s interesting to me, you’re obviously fighting on these issues as well, but it’s interesting to me that you’re emphasizing that trade is a major factor ….

Richard Trumka: Well, here’s what happens, Adam. We go to the bargaining table right after NAFTA and an employer says, “Let’s take a wage cut or we’re moving your job to Mexico,” and they did. We’ve lost 60,000 factories since 2000.


Richard Trumka: The Germans, the Germans haven’t lost that [inaudible 00:37:13].

Adam Posen: Yes, they have actually.

Richard Trumka: Okay.

Adam Posen: They started from a higher level, but they lost just as many. They lost to Poland. They lost to [inaudible 00:37:19].

Richard Trumka: They lost some jobs, but not the same extent and their standard of living didn’t fall the ways ours has fallen because they were—

Adam Posen: Because they have a different tax system.

Richard Trumka: Well, they had a different safety net that we don’t have in this country.

Adam Posen: Agreed. Agreed.

Richard Trumka: And that safety net helped people transition. We don’t have that in this country.

Adam Posen: Completely agreed.
Richard Trumka: But you have to say and even you would have to—and I know you are a dyed-in-the-wool free trader. If I cut you open, little NAFTA balls would fall out of you.

Adam Posen: They’d be NAFTA balls, but they’d also be tax the rich balls, so there are two colors.

Richard Trumka: There’d be NAFTA balls and CAFTA balls and Korea balls, and I know that. But, even though there were CAFTA balls that fell out, I would say that currency manipulation is bad, it’s enabled by this, ISDS isn’t good. You think ISDS is good?

Adam Posen: Yeah, actually, I do, but that’s another argument.

At the currency manipulation that we can get into, but I really think actually what you just said before my balls came out was much more important.

Richard Trumka: I’m not going there.

Adam Posen: Hey, you took me there, Rich. I’m just getting down with you, man. The thing that you said before that, which I think was much more important, frankly, is the point that we don’t have the welfare state that most other rich countries do and I think that is shameful and is real.

And so, one thing for example, you don’t mention in your speech is Trade Adjustment Assurance. I know some of that—Trade Adjustment Assistance—I know some of that you call burial insurance and I frankly don’t love it because it’s targeted only at some workers, not at all workers. But, why isn’t the response to trade—? Let me rephrase it. Is part of the reason you all go after trade as much as you do because you know you can’t deliver a stronger welfare state given the state of American politics? I mean, if you—are you taking trade hostage to get that stuff?

Richard Trumka: No. No. We go after trade because it’s been bad for American workers for 30 years. Yeah, every one of the metrics that I gave you, that I said on here, you can’t dispute. They’re the facts.

Adam Posen: No, but the facts started happening in other countries as well.

Richard Trumka: If a $6 trillion cumulative indebtedness over those periods, is a good thing for the country, $6 trillion, then it’s successful. I don’t think it’s been successful. I don’t think $6 trillion is good. I don’t think a half—$500 billion a year in trade deficits is good. I don’t think the wage suppression is good. I don’t think the loss of healthcare pension benefits, sick days to workers is good. I don’t think that 900,000 plus African-American
workers who got laid off because of trade and are tied to it and went from wages of $45,000 a year to $35,000 a year and lost $10.2 billion over that period of time is good for this country. You do. I don’t.

Adam Posen: No, I don’t. What I think is …

Richard Trumka: Well, that’s the result of what you—of free trade.

Adam Posen: No. No, no, actually, it’s not, but it’s your day so we’ll let you pretend. One last question if I could.

Richard Trumka: Can I pretend that you really aren’t a free trader?

Adam Posen: You can pretend anything you like my friend. However, the facts will out about where job loss comes in an economy of 160 million workers of whom five million either lose or change their jobs every month. So talking about these numbers and that you can assign those to trade and you can assign those to currency manipulation. When you think happen to false accusation.

Richard Trumka: Well, look, I can look at the steel industry—look, I can look at the steel industry say China is cheating, they’re pumping steel pipes into here and US workers lost their jobs. I can tie it to that.

Adam Posen: And that can do [overlapping conversation 00:41:16].

Richard Trumka: I can do that. I can do that in industry after industry. We can do it in tires. We can do it in textiles. We can do it in glass. We can do it in autos. We can do that.

Adam Posen: Yeah, you can do that in some of those industries, which is why we have [overlapping conversation 00:41:29] which is why we [overlapping conversation 00:41:31].

Richard Trumka: Some? That’s the backbone of America.

Adam Posen: No, it’s not actually.

Richard Trumka: Oh, it isn’t?

Adam Posen: No.

Richard Trumka: It is.

Adam Posen: No, actually—
Richard Trumka: Trade is, right?

Adam Posen: No.

Richard Trumka: No.

Adam Posen: The American people.

Richard Trumka: Okay, good, we agree on that.

Adam Posen: No, no, no.

Richard Trumka: Trades are not the backbone of America.

Adam Posen: Backbone of American industry is not the [inaudible 00:41:42] of particular manufacturing jobs at a particular time and it certainly isn’t the textile workers. The idea that rich American people should be textile workers in today’s day and age is really a strange one and that’s not China. That’s we can’t pay people—anybody enough to be a textile worker and make it work.

But let’s go on.

Richard Trumka: Say what?

Adam Posen: What do you think …?

Richard Trumka: You can’t pay people enough to be a textile worker?

Adam Posen: You really think you’ve got a competitive textile industry in the US?

Richard Trumka: That’s not what you said. You said we can’t pay people enough and still have them be textile workers. You know, they are not making enough, that’s true. But, it’s the rules that were set up that causes us, an American textile worker to—if TPP is passed to compete against a Vietnamese textile worker who gets $0.65 an hour.

Now, what do you think is going to be the result of that? A textile worker in this country making $10 an hour will get eliminated and a textile worker in Vietnam will get increased, paying $0.65 an hour. There’ll be another one.

Now, is that good or bad for the world economy?

Adam Posen: It’s actually good.
Richard Trumka: It’s good. Okay.

Adam Posen: It’s actually good that the US [overlapping conversation 00:42:55] is correct.

Richard Trumka: We totally disagree on that.

Adam Posen: If you want, you keep [inaudible 00:42:57] of new things. If you want to be the man who wants to see a significant portion of the 21st century American economy be textiles, God love you.

Richard Trumka: Oh, come on. That’s the nicest sleight of hand I’ve ever seen.

Adam Posen: No, that’s exactly what you just did to me on [inaudible 00:43:12].

Richard Trumka: You didn’t have an argument and now you want to make it about textiles. I used that as an example.

Adam Posen: I just don’t—it’s a [inaudible 00:43:16].

Richard Trumka: What about steel? You think we should make steel, aluminum, copper, any of those? Should we?

Adam Posen: Maybe, maybe not.

Richard Trumka: Should we make automobiles.

Adam Posen: Maybe and maybe not.

Richard Trumka: Oh, we shouldn’t make automobiles. Okay, I got you.

Adam Posen: Maybe—I don’t have a fetish on any industry.

Richard Trumka: But we should all be park rangers and one week I’ll be the park ranger and you’d be the tourist, and then next week, you be the tourist and I’ll be the park ranger.

Adam Posen: Yeah.

Richard Trumka: That will work. That’s a great economy.

Adam Posen: It is if you have the right tax code and welfare state. That’s what Europe has been living on quite nicely.

Richard Trumka: Give it to me, I’ll consider it.
Adam Posen: So look, let me get shut up and open it up the questions from the floor.

Richard Trumka: I find that impossible.

Adam Posen: Hey man, I’m just downing the balls with you. What can I do? The gentleman there, if you’d go to the back. Anyone who cares to speak if you’d identify yourself and ask a question. We have a standing mic in the back. We have a roving mic with Jessica in front and I’ll recognize you. Please.

Sam Gilston: I’m Sam Gilston with Washington Tariff & Trade Letter. One of the things I struggle with as a journalist, covering speeches, is trying to reconcile speeches and facts, and statistics. And I was wondering if you could comment on: even though the number of manufacturing jobs are declined by about five million since 1994, the total number of jobs in the US have gone up by over 30 million. Now, most of those are service jobs obviously.

At the same time, in the last 30 years, the number of people in the world who have risen to the middle class has—in the hundreds of millions and a number of people who are in poverty have declined by a billion. And a number of workers in the steel industry, you have declined by—from 300,000 to 100,000 or less, but the production of steel in the United States is still the same level it was around 1982.

So, why don’t service workers count as working people that you care about and how is it a race to the bottom in a world where middle class and poverty is decline—middle class is rising and poverty is declining. How is that a race to the bottom to the—most of the world?

Richard Trumka: I do. First of all, I don’t necessarily agree with all of your stats because I would find some dispute there, but we do care about people at the bottom. But what we don’t want, what we don’t think is good, is when you exchange a $25 an hour job for a minimum wage job or when an African-American in the community gets laid off at $45,000 and goes to $35,000. We don’t think that’s good. Yeah, you got a job, but it’s $10,000 a year less that he can’t consume, that he can’t spend.

It’s a spiral downward. Do we want to make those minimum wage jobs good? Yeah, because you know what, when coal mining jobs first came around in this country, they weren’t good jobs. Steel jobs weren’t good jobs. Autoworkers weren’t good jobs because workers could get together and bargain collectively, they made them into good jobs, good middle class producing jobs because they had a collective voice and they were able to capture much of the wealth or a fair share of the wealth that they produced.
What you have in this country now is an avalanche against the right of people to be able to organize, a wrath of anti-worker laws, passing them, taking away collective bargaining rights from employees and those at the bottom, those low-wage jobs, we work with them everyday. The day laborers are part of the AFL-CIO. Homecare workers are part of the AFL-CIO. A number of the taxi cab drivers are part of the AFL-CIO. And we’re trying to raise those wages up, but with the climate, the environment and Corporate America’s outlook since Ronald Reagan said that it’s okay and it’s a good thing to bust unions. It’s been difficult to raise those jobs up.

And these type of trade deals increase the power of corporations and decrease the power of workers, which makes it more difficult to raise those jobs up. These trade deals should not increase the power of Corporate America and decrease the power of workers. It should do both so that we can both benefit equally from a trade agreement.

That’s what we strive for to be able to have a trade agreement where it actually benefits everybody in society not a very thin layer at the very top.

Adam Posen: Thank you. The person at the back who keeps raising their hand, go stand at the mic and I’ll recognize you. First, the gentleman [inaudible 00:47:57].

Jim Berger: Yeah. Thank you. Jim Berger from Washington Trade Daily, just a very pragmatic question I guess. You said you’re against TPA, are you going to be able to defeat or do you need some allies in that battle?

Richard Trumka: Oh, we always need allies. And in fact, we put together the biggest coalition against TPA that we’ve ever had. For the first time ever, every Union in the United States is opposed to TPA.

You know that’s the first time we may have all been together on any issue.

Even when [inaudible 00:48:30] was passed, I don’t think all of us were against it. Some people said, “Oh, it won’t be so bad.” We can’t find them anymore, but I think [inaudible 00:48:38]. But so, we’re all against it. We’re also—civil rights groups, community groups, church groups and a number of others are working with us in coalition to defeat it because it’s bad, it’s undemocratic.

Look, this is the most important piece of legislation that’s going to affect your working life. Every other piece of legislation that affects your working life, every constituency group gets to come out and say, “Here’s how this affects me. It’s good, it’s bad.” Farmers get to come out. Manufacturers get to come out. Employers, high-tech, low-tech,
everybody gets to come out and then your representatives get to amend it except for the piece of legislation that affects your lives the most and that’s this trade deal.

Now, TPP says or TPA, I’m sorry. TPA says that Congress will list these bargaining objectives and then the administration will go and negotiate them, and then they’ll come back when they certify that they’ve been met and you’ve got up or down vote, no amendments.

Now, think about that with regard to TPP. It hasn’t been passed, objectives hasn’t been set and TPP is almost nearly negotiated. They’ve already said, the administration’s already said, “We met all your objectives,” even though they haven’t been said. It’s a true joke. It makes a parody out of even Fast-Track.

So what we’re saying is you have to be able—if this agreement meets the needs of the American people, it will get passed. Several have in the past, they’ve gotten passed in the past without Fast-Track. This one will, too. And if it doesn’t, that means it didn’t meet the needs of the American people, and quite frankly, it should not be passed if it doesn’t.

Adam Posen: Okay. The gentleman over there, please Jessica. That’s you. Wouldn’t—that’s you. Then, the lady at the back and then Fred Bergsten.

Shaun Donnelly: Thank you Adam and thank you President Trumka for coming and speaking so clearly. My name is Shaun Donnelly from the US Council for International Business.

I guess I’m just trying to understand—and I think it’s maybe related to what Adam was asking—the difference between sort of coincidence and causality. It seems to be your analysis is that every lost job, every dollar in trade deficit is attributable to trade and doesn’t seem to take account of productivity changes, technology changes, global competitiveness changes, currency changes, all those kinds of things. I mean, do you have the rigorous analytical things to prove what I think was your message that everything that’s bad that’s happened is due to trade over the last 25 years.

Richard Trumka: I never said that.

Shaun Donnelly: Okay.

Richard Trumka: I never said everything bad is because of trade. I said, it’s a significant part of the structure that causes these things to happen, and it is. Other things have contributed as well, and yes, there’s analytics out the wazoo that will show you that trade in fact is a significant part of it. Any study you can find will say that currency manipulation has caused the loss of millions of
jobs. Currency manipulation occurs because of our trade deals. You could stop it otherwise if you could do a border adjustment tax that could stop China from doing some of the things. We can do it with pollution. That’s another problem with TPP. It doesn’t have anything on the environment in it and it will allow change.

Adam Posen: That one I’m sympathetic.

Richard Trumka: Good. I appreciate that. We all stick on that one, Adam. Why don’t you answer his question?

Adam Posen: No, no, no.

That one, I’m with him.

Richard Trumka: On all of it?

Adam Posen: Oh, no, most of it.

Richard Trumka: Oh, okay. I didn’t say it’s all of it. I said it’s a structural part of it and there is a lot of analytics that will show that trade, in fact, the trade policies we have, not trade, the trade agreements that we have, have caused significant job loss and the lowering of wages.

Adam Posen: Thank you. The lady at the mic.

Jutta Hennig: I have a very simple question. I’m Jutta Hennig from Inside US Trade. This is all too sophisticated. My question is specifically in your intent to defeat the Fast-Track, you frozen the contributions to individual candidates, you have formed a coalition. Have you spoken to the President recently about this issue and what is your sense of the situation in Congress? Where does it stand now and will dusting off the oh so tried and true national security argument? Does it have a chance of pulling this out once again?

Richard Trumka: There’s a lot of questions rolled into that simple question of yours.

First of all, with regard to the pack, we haven’t shut our packs off to individuals. We’ve shut our packs down and we’re diverting the money that we would have given to political entities, or people, to fight Fast-Track so that we can actually do the things that we need to do to defeat it, to go into districts, to talk directly to constituents in the districts and do everything that we can to make sure that people understand the dangers on how undemocratic that Fast-Track is.
Yeah, they’ll trot out the old national security, one for the Gipper, we need to have this or else China will make all the rules, and all of that nonsense that has no really—no validity when you analyze it. Either way, they won’t have anything to say about currency manipulation. They will say, “It’s impossible to do. It can’t do it.”

Now, if you believe that, I have oceanfront property in Southwestern Pennsylvania that I’m dying to sell you. We’ve already done it. We’ve already done it. The International Monetary Fund has a large chapter on currency manipulation that the United States not only agreed to, they insisted upon. That chapter could very easily be slipped into a trade agreement and you could deal with currency manipulation and make this agreement a whole lot more fair and saner, and more productive for the American people.

The ISDS is a real problem. They say that, “Yeah, we just have to have it because we have to have it.” They don’t say why there should be a special tribunal for corporate investment rights that nobody else can avail them self to, no individual, no person, no union, no government, only corporations can do that. A tribunal that has three attorneys that sit on that rotate, “I decide your case and you decide my case, and everybody is happy about it.”

One case in Canada was really a great one. It was Mobil and Murphy Oil versus Canada, and two oil companies challenged guidelines issued by the Canada-Newfoundland Offshore Petroleum Board. The guidelines required the companies to support a local economic development through expenditures on provincial research development and training programs. And the guidelines, all they did was update existing obligations.

Well, Canada lost. The companies first went into the courts of Canada and they lost. So they went to this special tribunal, this ISDS, and they won and they got a big judgment out of it. Nobody else, no other government, no other person could get a second bite at the apple, but this sets up where you get a second bite at an apple, but only for corporations.

We think that’s unreasonable and unfair.

Adam Posen: I want to pause there for a second and go back to something you just said on currency without getting into the numbers for the moment. You said something, which I think is very important. You referenced the role of the IMF in dealing with currency disputes, and I think a lot of people—I’m not speaking out just for myself—I think there are a lot of people who have been opposed to unilateral interventions by the US on the currency manipulation, but it would be very comfortable if we could get to a scheme where the IMF was putting it on China.
Now obviously, it’s a little disingenuous because the IMF responds to its shareholders and all.

Richard Trumka: But, the IMF, any individual can stop it from happening, which is what happened.

Adam Posen: Right. No, no, but I think it is interesting to at least think about the idea that pushing for good international regime in a positive sense is one way around this and it’s interesting that you raise that. It’s also just to be fair to our friends in the administration, at least some of them, they’re not going to tell you what they said that it’s impossible to do anything about currency manipulation. Well, at least, my understanding is what they would say—what you can do—I’ll give you chance to dispute in one second.

But my understanding of what they would say is diplomacy works better than tying our hands with rules. If you look, China really was screwing us in 2004 roughly when they had a 10% trade surplus and we’re really intervening massively and we’ve done steady diplomacy since then, and they’ve stopped intervening for the most part since then and it’s come down, and that hasn’t screwed up other things.

So, trust us to do the diplomacy.

Richard Trumka: Yeah, we trust them. We trusted them for 30 years.

Adam Posen: Okay, no, it’s fine. I want to hear your reply to that, so that’s the issue.

Richard Trumka: Okay, well, look— Look—

Jutta Hennig: Actually, I was hoping I could still get an answer.

Adam Posen: No, you don’t get any more questions. Thank you very much.

Jutta Hennig: I—that was part of my initial question, was what’s the situation in Congress?

Adam Posen: [Inaudible 00:59:31]. Then you’ll be glad to this responding. Thank you very much.

Jutta Hennig: Okay. Thanks for that democratic gesture.

Adam Posen: We’re not democratic. [Inaudible 00:59:40].

Richard Trumka: This is Fast-Track here. I’m sorry, ma’am.
Adam Posen: This is about professional negotiation. So, sorry. So, I was saying, do—the administration wouldn’t necessarily say that it’s impossible to do anything about the fair trade?

Richard Trumka: They did.

Adam Posen: It’s that they successfully pursued a diplomatic thing that made the difference. How do you respond to that?

Richard Trumka: Well, that’s not what they said to me.

Adam Posen: But that’s what they [inaudible 01:00:01].

Richard Trumka: That’s not what they’ve said to the Congress, that’s not what they’ve said to people on the Hill. They said, “You can’t do it.” Because when we intervene in—when the Federal Reserve does quantitative easing, that could be considered currency manipulation, which is total malarkey. I mean, look, currency manipulation is when countries buy large amounts of foreign assets over long periods to prevent depreciation of their exchange rate despite running a current deficit and we ain’t done that.

Adam Posen: Mm-hmm.

Richard Trumka: We also have the definition, a very clear definition in the IMF, which we’ve agreed to, which we’ve assisted on, which could be put into a trade agreement, but they’ve told me, “We can’t do it because they’ll attack us on quantitative easing,” et cetera, et cetera. Now, that’s nonsense because you can do it. It’s very simple to do it. In fact, we’re already doing it although in a very, very ineffective way because the IMF can be stalled by any of the countries within it.

The second thing, the geopolitical argument they make is we have to do this so that China doesn’t set the rules. And yet, they give China all the good and none of the bad in TPP. China and every one of the countries in TPP will still be able to manipulate their currency. China has signed an agreement with us on carbon emissions. China will be able to use these other countries to foil that agreement. They’ll be able to use the weak rules of origin to pump their products straight through the other countries back to us and they will still be setting the rules.

If this is about stopping them from setting the rules, then we really ought to be making it about the rules that we need. And look, here’s the other argument they made. What? It’s better than the status quo. Well, first of all, that’s the wrong question. I don’t think it is better than the status quo because I think it sets us backwards. But remember this; the question
shouldn’t be whether it’s better than the status quo now. The question ought to be, since these rules are enduring, what will it do for the country and the economy 10 years from now or 15 years from now? Is it capable of giving us a fair deal then? And the answer in our opinion is, it doesn’t give us a fair deal now, it surely won’t give us a fair deal then, and it will do nothing to curb China’s control over that area.

Adam Posen: Fred Bergsten.

Fred Bergsten: Rich, you have very eloquently laid out a series of objections to key elements of the TPP negotiations they’re now going on, trade agreements past and present and I support you as you know on most of those. But you did not address what I’ve always regarded as the heart of our trade agreements. And, what I continue to think is a powerful argument in favor of the TPP.

I think there are two incontrovertible facts, but I want to see if you agree with them. One, trade barriers in the countries we’re negotiating with are a lot higher than they are here. And second, that our trade barriers, as a result of all these past deals, are actually quite low.

Now, if you accept those two facts, then you should want, I think, to pursue the basic objective of all free trade agreements, namely to get rid of barriers on both sides.

If you agree with those two facts that I’ve enunciated, you’re bound to conclude the US is a big winner from eliminating the barriers on both sides. And second, it can’t hurt our working people, our employment levels, our wage levels very much because our barriers are already so low.

Richard Trumka: Now, here’s what you—

Fred Bergsten: So just to say, I’m with you on fixing up a lot of the rules issues, certainly currency issue that you talk about, but the heart of any past, or I think, proposed trade agreement is really stacked in favor of the United States, and particularly the US working people, because of these asymmetries that exist and the results of the past.

Tell me if you could agree with those facts or I think they’re facts and the implications that I’m joined from them.

Richard Trumka: First of all, you forgot to add one thing. They need our market a whole lot more than we need their market and our leverage is access to our market. Now, if we’ve already given that away because our barriers are so low, our barriers can be raised tomorrow without a trade agreement. We could
raise them to neutralize that if that were fair or if that were the right thing to do. We could do that, but we don’t.

So, the question becomes, if you don’t want to give your leverage with them, we ought to make the rules right the first time. That’s what we’re talking about. We don’t oppose trade. We don’t oppose trade agreements. What we oppose are bad trade agreements and bad rules or agreements that are investment agreements that masquerade as trade agreements. Do we want to increase our ability—our exports? Yes. Do we want to do it so that we have a $500 billion deficit year after year? The answer is no. It’s not sustainable. We can’t do that.

Yet, that’s what the rules that have been negotiated to date do. And TPP will perpetuate them on a bigger scale. 40% of the world’s GDP will be encompassed in TPP, in the Trans-Pacific Partnership.

Fred Bergsten: Again, I’m with you on most of those rule changes, but I think it’s because we have the greater leverage, like you said. Because of our market being so much bigger, they do need us more than we in some sense that’s why we can say to them, “Eliminate your tariffs and non-tariff barriers, which averaged 10%, 15%, 20%. We’ll only get rid of our remaining barriers,” which averaged, too. That’s an asymmetrical bargain in favor of the United States. Why can’t we, with a straight face, put that on the table? For exactly the reason you said, we’ve got a lot of leverage and the other countries basically agree with it.

To me, that’s a win-win for the United States.

Richard Trumka: If that’s all the trade agreement did, we’d sure take a good look at that, but that’s not what the trade agreements do. They don’t create a level playing field. They create a field for investment to do well and workers to do not so well. And ISDS is a classic example of that. Worker’s rights go through the [inaudible 01:07:34] old system. We have to insist that the government take a case. Colombia, years in the making; Guatemala, six years in the making, all of those things because we didn’t have the right to go forward, so it’s all about the rules.

We look at trade, Fred, not from the free market. Trade will be good no matter what and the market will straighten itself out because this isn’t the free market. These are all about rules that alter the free market and they create winners and losers. And to date, America’s losers have been America’s workers. America’s winners have been Wall Street in the investing class.

What we want to do is say let’s create a set of rules that works for the little guy, as well as the big guy and really does help the country. Let’s realign
the interest of America with Corporate America because there is a great divergence right now. They pursue their interests even if it’s to the detriment of our country. We want it to be realigned and we can use trade as the vehicle that we should be able to do that with.

Adam Posen: Can I—I need to interject because my colleague, Fred, took us down a path that actually is, in some sense, misleading. I need to interject three economic facts.

The first is, the gains from TPP actually mostly accrue to Japan and Vietnam, and Malaysia because their barriers hurt their people in their economies. And so, in the study Peter Petri did for us, you can talk all this crap about leverage, but the bottom line is it’s actually the gains go to them, not at the US expense, but because they’re getting rid of the protected interests in their economies and they gain, and you put it in [inaudible 01:09:20] terms and that’s wrong.

Fred Bergsten: I put it from a US perspective.

Adam Posen: Second, the main point of economic theory, and this is why I disagree somewhat with Rich about textiles or even steel, the main gains from trade are about the dynamic pressures it puts on to reallocate capital and labor to newer industries. Now, we can talk about the safety net, but it’s only a fiction for the US Congress that trade is about jobs. Trade is about productivity.

Richard Trumka: Trade is about what?

Adam Posen: Productivity. The third point—

Richard Trumka: Well, we’ve lost there as well.

Adam Posen: Well, that’s a fair point and that’s where you got to put, and that’s where I think you have some real argument.

The third thing just to say in terms of paralleling exactly what Rich said about the rules, about thinking 15 years out, you can say, and this may—I’m not saying this what the Obama administration says—but thinking about the rules 15 years out, the point of TPP is they may need our markets now, but over the next 15 years, all the growth is going to come in their markets, not in the rich country market.

And so, again, that doesn’t take anything away from your point that we need to set the rules that serve US interests. That’s fine. But don’t leave it as in the static view that, “Oh, we’ve got all the thing and we’re doing
them a favor by letting them in.” The idea is to capture their markets for the next 15 years.

Richard Trumka: I don’t say we’re doing them a favor to let them in. I don’t know that we’re doing ourselves a favor by letting them in with the agreements that we’ve had. What we ought to be doing is looking for a way that workers on both sides of the border end up benefiting from these trade agreements and not just the investor class on both sides of the border because that’s what’s happened over the last 30 years. The investor class has benefited on both sides of the border and not the workers on either side of the border.

I mean, look at any country down South, workers are worse off than they’ve been. There’s downward pressure on wages. Vietnam is in a special class all by itself, but Colombia, I mean, this is an administration that you would have to say is worker-friendly. And yet, they’ve done nothing under the work plan under these rules. Nothing. And yet, 73 trade unionists died. Those trade unions had been pushed down wages. The work plan that they’ve agreed to says they should have corrected that and they haven’t.

So, it’s not only the rules that we ultimately agree on. It’s the enforcement mechanism for the rules that ultimately you agreed on. So you need fair rules and you need an enforcement mechanism, and you can’t leave it to just the governments themselves and you can’t have a special class of privilege for corporations and not the people that pay the tab for that. That’s why ISDS is such a corrosive bad provision and should be eliminated.

Adam Posen: Gentleman at the back, then this gentleman and the next person at the mic.

Bob Davis: Two very specific questions, Bob Davis with the Wall Street Journal. If I understood you right, you said you were shutting down your packs and diverting money into the fight over Fast-Track, how much would you expect that those many unions that you were talking about, how much would you expect they’ll spend in a Fast-Track fight recognizing that—

Richard Trumka: You mean us?

Bob Davis: Yeah.

Richard Trumka: I don’t have any idea.

Bob Davis: And the corporate—
Richard Trumka: And I know you guys always want to figure, if I say $6 or $16, the article tomorrow will be $16. It will be nothing about trade in the debate over trade. I don’t have any idea. We’ll spend what it takes, everything we can do, everything we can afford to spend to try to defeat it because it’s bad, undemocratic and unpatriotic.

Bob Davis: Will you be able to match the corporate spending, which is bound to be in the millions?

Richard Trumka: Never.

Never be able to match corporate spending, never. But what we do have, we start off with 80-some percent of the American public already agreeing with our point of view. I should say us agreeing with what 80-some percent that the Americans believe that Fast-Track is undemocratic, bad, and it’s not resulting in good agreements and shouldn’t be here.

Bob Davis: And one other question. In the past, one of the strengths of the anti-trade deal coalition has been a true coalition between right and left. With the greater part that’s in shipped in Washington now, my understanding is that that’s much more difficult. You talked about a lot of alliances among unions, which is really important on the left, but as I understand, it’s much, much less kind of coordination between right and left. Do you think that’s the case and is that a weakness as you go into this fight?

Richard Trumka: I think there’s probably—I don’t know that there’s ever been great coordination between the left and the right. At least, not in my recollection, but I would say that there is a large segment of people across all the political spectrum. Democrats, Republicans, Independent, progressive, liberals, conservative, ultra-conservatives, born-again Christians, you name it, that think that Fast-Track has been bad and I think they exhibit that. And I think that we’ll come together, maybe not in a formal coalition, but that sentiment comes together and will exert tremendous pressure on elected officials from both sides of the spectrum to defeat Fast-Track because it’s been bad, and the American people knows it’s been bad for the country.

Adam Posen: The gentleman over here, please.

Adam Behsudi: Yes. My name is Adam Behsudi with POLITICO.

Richard Trumka: I don’t know where is that?

Adam Behsudi: Oh, I’m right here.

Adam Posen: [Inaudible 01:15:16] to go. He’s over there on the right.
Adam Behsudi: I had two quick questions.

Richard Trumka: He’s on the left.

Adam Posen: Yeah, yeah. At the stage, right.

Adam Behsudi: The first is on your TPA fight and your admission that you can’t outpace corporate spending in this fight. I mean, when you look at TPA and most likely a fight against TPP at some point, what other leverage does a labor—does organized labor have in this fight with lawmakers, with votes? What other areas, strategies are you considering? And then on TPP, in your speech, you admit that this administration is committed to labor rights enforcement and I’m just wondering how that jives with what—you were talking about Honduras and—

Richard Trumka: Yeah. Well, they are committed to, but the rules are so bad they don’t do it. They can’t get around to do it. There’s no way to enforce them. That’s why you need better rules, that’s why we need the rules to be able to do what corporations do. Corporation doesn’t like a regulation that’s passed, they go to court and lose, they get to go to their secret tribunal, get a second bite at it. Give me that.

Let us have labor rights where CWA and the teamsters, and I sit on a panel and we decide the case. And then, the case, they get to decide. We’ll take that process, you know. But that’s what Corporate America has right now, the same process. What was the first part of your question?

Adam Behsudi: [Inaudible 01:16:38] LSD yet?

Richard Trumka: Well, have I been on LSD?

No, the drafters have been on—

Adam Behsudi: [Inaudible 01:16:44] because you want LSDS.

Richard Trumka: Yeah, that’s it.

Adam Posen: [Inaudible 01:16:47] ISDS.

Richard Trumka: Yeah, that’s it. I think the guys are drafted that we’re on the first thing, you know. What was that?

Male Speaker: I guess the first question was what are the leverage do you think labor—organized labor has in the fight against trade? And then, on that second question, a follow-up, I mean—

Male Speaker: Is there anything in TPP that would make you think there is some sort of mechanism that would allow labor to initiate disputes? What’s your—?

Richard Trumka: Well, there is none in TPP. There weren’t labor workers or anybody else except corporations to initiate disputes. Everything else is government initiated. For every other right, environmental right, labor rights, everything else, it’s government. Which is slower than molasses in Alaska in January during a cold spell, that’s how long it takes.

The—what we have, I think, is one, vast majority of the American public has felt the pain of trade deals that haven’t worked for them and haven’t worked for the country. So they are against it, against Fast-Track, 80-some percent probably are against right now. We have the ability to educate them and that’s what we’re doing. We’re educating our members. We’re educating the general public. We’re educating our progressive partners and we’re [inaudible 01:18:06] together.

And sunlight is the great cure for a lot of this stuff because if the American public knew what was in the lot of these agreements, they’d be more—angrier than they are now. They’d be more against trade than they are now or ever have been because they don’t know that corporations can go to court and lose and then go back and get a second [inaudible 01:18:30] from a sheet re-tribunal that they sit on, that they create and they sit on.

So, our view is educate, air, antiseptic sunlight, let people know and debate it and then we’ll see what happened.

Adam Posen: Today, Rich has been very generous in letting the sunshine in in our place and I hope he feels that we have allowed him to shine his light a bit. I’m going to take two last questions at the back. I’m going to just take the two questions in a row if I could and then let Rich get the final word. So, Steve.

Steve Silvia: Hi, I’m Steve Silvia. I teach at American University. And, the question I have is a little different. It’s based on the fact that the UAW has made getting a works council a centerpiece with its organizing drive in Chattanooga and the secretary of labor Tom Perez has been talking favorably about works councils lately.

So, my questions are, do you know if any other AFL-CIO affiliates who are considering using works councils as part of an organizing drive? And,
the second part is, are you going to approach Secretary Perez and talk about the idea of works councils for the US?

Adam Posen: Fascinating. And—

Claude Barfield: Claude Barfield, AEI. I also get off the [inaudible 01:19:49] been on. I wonder if—do you make any—I know it’s early days and we don’t know what—how the negotiations will go, but do you make any distinction between the TPP on the one hand and the proposed US-European free trade agreement on the other? That’s a group of nations that have a wage structure close to ours and welfare states that are at least equal to ours and most of them. How would you go into thinking about it? Do you make any distinctions or is it from this the same thing?

Richard Trumka: No. Well, first of all, we went into TPP with high hopes. I’ll get to TTIP in a second. We went into TPP with high hopes. We submitted a couple hundred suggested changes to the trade representative with language saying, “Make some of these, majority of these and we can get an agreement that actually works for us.” And, I think maybe four, five or maybe six have actually made their way to the table. So, unless you have a different way of negotiating than I do, if you don’t put it on a table, chances are you won’t get it. And these haven’t made it to the table yet, so we don’t think they’re going to get there.

The TTIP, you know, we’ve already met with the European labor movements and what we’ve come up with is a set of principles. Those set of principles say you preserve the social safety net, you preserve workers’ rights, you preserve works councils—and I’m going to get to that in a second—you preserve works councils, these principles, we’ll go with it.

Actually, I think they’re probably in more danger in those negotiations than we are because the worst result that could happen in those negotiations in TTIP would be for us to suck jobs out of Europe and as a result, drop their social safety net. Then we get the worst of both worlds. Instead of everybody prospering, everybody goes down. That would be tragic and we’re going to make sure we’re going to work to hope that doesn’t happen.

But I think just starting from scratch, TTIP has the best chance of succeeding because of the relative equalness of the standards of living in both countries. The cultures are intermingled and very much the same in a lot of ways. So, there’s a good chance that it could succeed and I wish, quite frankly, that it had come first because then it could have been a model for TTIP—I mean, TPP to be patterned after, which would have made life for everyone a whole lot better.
With the works councils, you know, look, we really are interested into our—I don’t know where you went to [inaudible 01:22:38].

Adam Posen: He stands at the mic, he stands down.

Richard Trumka: We really do. We are really looking at the works councils. And I already have talked to Secretary of Labor Perez about works councils. Look, here’s what we think. You know, in this country, too many corporations look at workers as a cost to be cut, not an asset to be invested in. With the works councils, you look at people as another asset and so you invest in them.

Moreover, if you really invest in workers, you not only get their backs and their hands, you get their mind and their spirit, which is pretty creative. And when you get that combination, you really do become far, far, far more competitive in any economy including the global economy and that’s what we seek to do. We think that our works councils have a great potential to have management and workers, their employees come together in joint problem solving, in joint product development, in joint planning and all of those things so they use our head and our heart, not just our back and our hands.

So we’re looking very seriously at them. We think they have great potential. Several other affiliates beyond the autoworkers are actually looking at works councils. And not even in connection with organizing drives, but as a better way to do business and a better way and a better relationship. We think that we if we can get that to happen, where we come together with management in that kind of a process, I don’t think there’s anybody that can beat us. I don’t think anybody can beat us because I have so much faith in the creativity and the ingenuity of the American worker.

And, we’re going to work hard at that. And we’re going to try other stuff, too. And if that doesn’t work, we’ll try something else, but the goal is to try to take us out of the us and them, and get us into an overlay, we’re actually both looking at things together and we’re looking outward rather than inward with each other that you don’t look at me as a cost to be cut.

Now, you have to understand this. Too many corporations right now would—if they had a magic wand and say, “You flick it and your union will go away,” they’d have broken wrists. They’d be flicking that thing so hard. And it’s hard to create a relationship where you work together when you know the person that you’re working with really wants to put a wooden stake in your heart. So we’ve got to get pass that hurdle and codetermination is a great vehicle to get both of us best ever, and that’s
why we’re looking at it and other things as well, and we’re pretty excited about it.

Adam Posen: This is a good note to end on—I’m just going to say two things—three things quickly, none of which disputing Rich.

First is on this note about companies investing in their workers and not just treating them something the flick of the wrist, we will be holding an event here on April 6th talking about the wage increase initiatives that Aetna and Wal-Mart and others have done. We can debate the example in the case of Wal-Mart, how much that was an initiative versus bargaining, pushing them either way.

But, we are going to have a panel including Justin Wolfers and Jacob Kirkegaard from the Peterson Institute talking about the productivity gains from giving low-wage workers of raise and a luncheon talk for Mark Bertolini, the Aetna CEO who initiated that for his company.

A second point, just more broadly, is to think Rich and to thank Thea Lee and Damon Silvers from the policy side at AFL-CIO for coming to us and working with us to make this event. Rich certainly demonstrated not just knowing his brief and being able to wrestle with us, which never was in doubt, but his commitment to sunshine. There are clearly some issues on statistics and things where we would disagree. I leave it—I think our working people and some of the AFL’s working people, we can have those debates in more detail.

But, this is where I want to conclude. I’m grateful to have the leader of the largest coalition of unions in the US, leader of the American Labor Movement come out, engage and make a substantive case, whether or not I agree with it, make a substantive case that has to be confronted that it’s not about being against trade, it’s not even about being against trade with poor countries. It’s about poor agreements. And that is a basis for true debate and engagement, and I’m grateful to Rich Trumka for doing that.

Richard Trumka: And, let me just reciprocate and say thanks for the opportunity because I really believe that there’s no problem that’s insolvable if we (1) we start from the same basis. We don’t have our own facts. I mean, you can have your own opinions, but we ought to get to a basic set of facts at some point. And then we ought to set us some goals and work towards them.

Our goal ultimately as you mentioned, your April 6th event, is to re-link productivity with the wages.

Adam Posen: Exactly.
Richard Trumka: Because they’ve been delinked and when that happened, the worst of all worlds occurred in the country. So, we really look forward to that debate. And, this event I think is an event that should occur in a thousand different places across the country so that we can actually come to a conclusion and say, “Here’s where you are, here’s where I am, here’s how we come together and here’s how we both can win,” because that’s the ultimate goal.

Adam Posen: I’d love to send a bunch of our fellows out there to do that with you and your team. Thank you so much, Rich Trumka.

Richard Trumka: Thank you. Thank you for having me.