



As a scientist and researcher, Jay Buckey has seen how U.S.-based research has been transformed into new American businesses that sell products worldwide. This has long been a source of economic growth. But the risks involved in global trade (outsourcing, closed businesses, wage competition) are hitting our middle class hard and the benefits are not reaching everyone.

Policy Perspective: Global Trade

We have to make sure that trade works for everyone in the U.S. Global trade can benefit us and increase incomes, but we must make sure our citizens aren't placed at the mercy of the international trading system. People should be able to change jobs without being forced to risk their health coverage or retirement savings. Having a workforce that is the best trained, most flexible, and most productive of any in the world benefits both businesses and citizens. To achieve this, we need to address health care, retirement security, education and our investment in research and development.

- U.S. global engagement brings huge aggregate benefits to the U.S. economy, estimated at around \$1 trillion a year.¹ However, these gains have been skewed towards the wealthy, and income inequality has been growing. The share of national income earned by the bottom 80% of households has declined steadily since 1995, with only the richest 20% of households seeing an increase in their share of national income.²
- Although incomes are surging at the highest education and skill levels, those with a college education or less have experienced real wage income decreases as a group since 2000.³
- Education and health care costs are growing faster than wages. From 1995-2005, private four-year tuition grew at 5.7% annually and public four-year tuition grew at 6.9%.⁴ From 2000 onward, health care premiums have grown from 8-14% a year.⁵ From 1998-2007, however, wages for non-supervisory jobs have grown only around 3.7% a year.⁶
- Americans facing global job competition lack meaningful assistance to get new skills or upgrade their productivity. The federal government spends less than a billion dollars on trade adjustment policies (aid for workers displaced by trade) each year, which is less than a .1% of what the country gains from trade.⁷
- Although trade is global, environmental regulations and labor regulations are not.
- The personal savings rate is less than 1%,⁸ meaning that many families don't have the resources to accommodate a job change or health crisis. This severely limits flexibility and freedom.

As the National Council on Competitiveness states in their report, Innovate America, "American businesses, government, workers and universities face an unprecedented acceleration of global change, relentless pressure for short term results, and fierce competition from countries that seek an innovation-driven future for themselves." The key to success for America in the global economy will involve the following:

- *Moving away from employment-based health care insurance.* A universal and portable system would provide the flexibility for Americans to succeed in the global economy and allow small businesses to hire people more easily. This would also save administrative costs.
- *Preserving social security and providing more options for increased retirement savings.* Social Security should remain intact and adjusted to maintain its long-term viability.
- *Strengthen programs that help those displaced by trade.* This would include enforcement of trade agreements, easy access to education and training, and effective trade adjustment assistance.

Paid for by Buckey For Senate

- 1 Aldonas et al... "Fact Sheet: Succeeding in the Global Economy." The Financial Services Forum. June 26, 2007. <www.financialservicesforum.org/.../FACT%20SHEET%20-%20Succeeding%20in%20the%20Global%20Economy.pdf> Accessed 9/5/07.
- 2 U.S. Census Bureau, Current Population Survey, 1968 to 2006 Annual Social and Economic Supplements. Table A-3. <http://www.census.gov/hhes/www/income/histinc/p60no231_tablea3.pdf> Accessed 9/5/07.
- 3 Kenneth F. Scheve and Matthew J. Slaughter. "A New Deal for Globalization." Foreign Affairs. July/August 2007.
- 4 "Trends in College Pricing 2005" The College Board. www.collegeboard.com/prod_downloads/press/cost05/trends_college_pricing_05.pdf - Accessed 9/6/07.
- 5 "Health Care Costs a Primer" The Kaiser Family Foundation. August 2007. <<http://www.kff.org/insurance/7670.cfm>> Accessed 9/6/07
- 6 Bureau of Labor Statistics: Current Employment Statistics Survey. Table B-4. (Measured January to January) <<http://www.bls.gov/webapps/legacy/cesbtb4.htm>> Accessed: 9/4/07
- 7 TAA Program Overview: Employment and Training Administration. <http://www.doleta.gov/tradeact/taa/ProgramOverviews.cfm> Accessed 9/4/07.
- 8 "Personal Savings Rate." <<http://www.bea.gov/briefrm/saving.htm>> Accessed 9/4/07.