



News from the Fiscal Policy Institute

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China trade gap displaces 140,000 New York jobs *China's currency manipulation fuels continued trade imbalance*

The growing trade deficit between the U.S. and China eliminated or displaced an estimated 140,000 jobs in New York between 2001 and 2008, according to a new report from the Economic Policy Institute in Washington, DC. Nationally, 2.4 million jobs have been lost.

"New York has lost 140,000 predominantly middle-wage manufacturing jobs in recent years as a result of China's unfair trade practices," said James Parrott, deputy director and chief economist at the Fiscal Policy Institute, citing the new report, *Unfair China Trade Costs Local Jobs*. The report includes new estimates of job losses between 2001 and 2008, by Congressional district.

Parrott said, "The negative impact of our huge trade imbalance with China is responsible for nearly half of New York's manufacturing job loss since 2000, and hits regions in all parts of New York." The Congressional districts experiencing a greater than average negative job impact include districts in Long Island (CD 2), Brooklyn, Queens and Manhattan (CDs 8, 12 and 14), the Hudson Valley (CDs 19, 20 and 22), and Central and Western New York (CDs 25, 26 and 29). Each lost manufacturing job means the loss of an additional job in the New York economy, in businesses that sell goods and services to local manufacturers or to manufacturing workers.

A major reason for the trade imbalance is China's artificially low currency value. While the value of its currency should have increased as China exported more and more goods, it has instead remained artificially low, a result of China's aggressive efforts to manipulate the currency by acquiring more than two trillion dollars in foreign exchange reserves since 2001. By making China's exports cheaper, and U.S. exports to China more expensive, this currency manipulation gives China an unfair advantage in global trade. In 2009, China was responsible for more than 80 percent of the United States' total, non-oil grade deficit.

The House Ways and Means Committee is holding a full Committee hearing this week to examine China's currency manipulation. In the Senate, a bipartisan group of lawmakers introduced legislation last week to address the issue.

The report's author, EPI economist Robert Scott, points to factors besides exchange rates that exacerbate the U.S.-China trade imbalance. "China's repression of labor rights has suppressed wages, thereby artificially subsidizing exports," he said.

For more information:

Re-Balancing U.S. Trade and Capital Accounts, Trade Policy and Job Loss: Embargoed materials available at http://www.epi-data.org/docs/embargo/unfair_china/.

User: epimedia

Password: preview9g4w3

A telephone news briefing will be held at 2:15 p.m. EDT on Tuesday, March 23, 2010.

Participants include:

- Sen. Charles Schumer (D-N.Y.)
- Sen. Lindsey Graham (R-S.C.)
- Robert Scott, director of international research, Economic Policy Institute
- Scott Paul, executive director, Alliance for American Manufacturing

To participate, dial 1-866-838-2054 (no access code needed). Please RSVP at dave@tricomassociates.com or scapozzola@aamfg.org.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.

The Economic Policy Institute (www.epi.org) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI's mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.

The Alliance for American Manufacturing (www.americanmanufacturing.org) is a nonpartisan, nonprofit partnership of several leading U.S. manufacturers and the United Steelworkers.

Net job loss in New York Congressional districts due to growing trade deficits with China, 2001-08

CD Representative	Net jobs lost	Total employment	Share of total employment
1 Tim Bishop (D)	4,900	330,700	1.48%
2 Steve Israel (D)	5,600	325,900	1.72%
3 Peter T. King (R)	4,300	310,800	1.38%
4 Carolyn McCarthy (D)	4,000	312,400	1.28%
5 Gary Ackerman (D)	4,900	311,000	1.58%
6 Gregory W. Meeks (D)	3,700	303,800	1.22%
7 Joseph Crowley (D)	3,800	303,500	1.25%
8 Jerrold Nadler (D)	6,800	362,800	1.87%
9 Anthony D. Weiner (D)	4,500	302,300	1.49%
10 Ed Towns (D)	2,800	265,300	1.06%
11 Yvette D. Clarke (D)	3,600	300,600	1.20%
12 Nydia Velázquez (D)	6,700	301,000	2.23%
13 Michael McMahon (D)	4,200	312,600	1.34%
14 Carolyn B. Maloney (D)	6,400	370,100	1.73%
15 Charles B. Rangel (D)	4,100	286,800	1.43%
16 José Serrano (D)	2,900	231,300	1.25%
17 Eliot L. Engel (D)	3,600	298,300	1.21%
18 Nita Lowey (D)	4,400	318,600	1.38%
19 John Hall (D)	7,600	335,200	2.27%
20 Scott Murphy (D)	6,100	336,000	1.82%
21 Paul Tonko (D)	4,100	323,600	1.27%
22 Maurice Hinchey (D)	7,200	319,400	2.25%
23 Bill Owens (D)	3,600	286,600	1.26%
24 Michael Arcuri (D)	4,800	305,600	1.57%
25 Dan Maffei (D)	5,500	316,600	1.74%
26 Chris Lee (R)	5,500	318,200	1.73%
27 Brian Higgins (D)	4,500	294,800	1.53%
28 Louise McIntosh Slaughter (D)	4,000	259,400	1.54%
29 vacant	6,100	311,800	1.96%
Statewide	140,500	8,954,600	1.57%
Nationwide	2,414,900	141,348,700	1.71%

Source: Economic Policy Institute analysis of Census Bureau, International Trade Commission, and Bureau of Labor Statistics data.

Notes: "Total employment" is average employment in 2005-07. State and national totals vary slightly due to rounding.

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