Economic Policy Institute

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VIEW THE DATA: *U.S.-China Trade, 1989-2003: Impact on jobs by state and industry*

RISING U.S.-CHINA TRADE IMBALANCE BRINGS LABOR MARKET PAIN TO ALL 50 STATES

EPI economist to testify at Seattle hearing, Thursday

New trade data released today by the U.S. Census Bureau spell more bad news for the nation's labor markets, as domestic production continues to lose ground to imports. Today's data show that the overall U.S. trade deficit continued to climb, hitting another all-time high of $60.3 billion, which translates to about $204 for every man, woman, and child in the United States. Especially telling is the continuing rapid increase in the U.S. trade deficit with China, which accounts for nearly one-quarter of the total U.S. trade deficit and which rose to $148 billion through November 2004, an increase of 29% over the same period in 2003.

New state-by-state, industry-by-industry data, released today by the Economic Policy Institute, chart the weakening of labor markets in every state and the District of Columbia. The steep trade imbalance with China since 1989 has cost the United States 1.5 million jobs that it would have had if trade between the two nations had remained better balanced.

Robert E. Scott, the Economic Policy Institute's senior international economist, analyzed data on imports and exports to paint a detailed picture of the growing gap between imports and exports to track its impact on the nation's employment picture. His analysis of government trade data covers the pivotal years from 1989 through 2003 and tracks the growing dominance of Chinese imports in the U.S. market. Scott shows that the widening trade gap has cost the United States significant numbers of jobs both directly and indirectly, that is, both in goods-producing industries crowded out by imports and in the industries that supply those producers with goods and services.

"The large and growing imbalance in the U.S. trading relationship with China has had a significant, nationwide impact on jobs in expected and unexpected places," Scott said. "China's trading dominance was first felt most strongly in industries like textiles and clothing, where low labor costs have been the chief factor. Now that impact is spreading to high-technology industries, such as semiconductors, where the U.S. was expected to hold its own. Even core U.S. industries like autos and aerospace are starting to feel the pinch."

Scott will present his research findings before a hearing convened by the U.S.-China Economic and Security Review Commission on Thursday, January 13, in Seattle.

The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or "think tank" – based in Washington, D.C. EPI researches the impact of economic trends and policies on working people in the United States and around the world.

The data released by EPI today include state rankings, both by numbers of jobs and the share of state employment affected by the rising U.S. trade deficit with China. Among the findings are:

- California and North Carolina rank among the 10 hardest hit states, both in numbers of jobs (-199,922 and –62,698) and share of the workforce adversely affected (1.39% and 1.65%)
- In numeric terms, the states that are the biggest losers are: California (-199,922), Texas (-99,420), New York (-81,721), Pennsylvania (-69,822), Illinois (-69,668), North Carolina (-62,698), Florida (-60,026), Ohio (-58,094), Michigan (-50,991), and Georgia (-46,848).
- The 10 hardest-hit states, as a share of total state employment, are: Maine (-14,951, or -2.47%), Arkansas (-19,123, -1.67%), North Carolina (-62,698, -1.65%), Rhode Island (-7,548, -1.56%), New Hampshire (-9,443, -1.53%), Indiana (-43,533, -1.50%), Massachusetts (-46,463, -1.46%), Wisconsin (-39,668, -1.43%), Vermont (-4,211, -1.41%), and California (-199,922, -1.39%).
- In 27 states, losses amounted to at least 1% of the total state employment. Losses in the remaining 23 states totaled at least .51% of total state employment. The District of Columbia had the smallest share of its workforce affected, at .18%
- In New England, losses totaled 99,239 and five of the states were among the 10 with the greatest losses as a share of total employment. Maine (-2.47%), Rhode Island (-1.56%), New Hampshire (-1.53%), Massachusetts (-1.46%), and Vermont (-1.41%) ranked in the ten hardest-hit, while Connecticut (-1.01%) ranked in the middle at the 26th position.
- Eight Great Lakes states ranked among the hardest-hit 15, with a total of 449,478 jobs affected: New York (81,721), Pennsylvania (69,822), Illinois (69,668), Ohio (58,094), Michigan (50,991), Indiana (43,533), Wisconsin (39,668) and Minnesota (35,981).
- In the South, Texas had the most jobs affected (99,420), ranking 24th as a share of jobs. Arkansas ranked second, behind only Maine, in the size of the share of total employment affected (1.67%). Besides North Carolina (bullet #1, above), six other southern states were among the 25 hardest-hit: South Carolina (1.34%), Tennessee (1.33%), Alabama (1.23%), Mississippi (1.23%), Georgia (1.21%) and Kentucky (1.07%).

The data tables released today show, for all 50 states and the District of Columbia, details of the industry sectors affected.
Click here for further information on Robert Scott's forthcoming testimony before the U.S.-China Economic and Security Review Commission hearing.