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FOR IMMEDIATE RELEASE

Trade Gap With China Cost More Than 100,000 Pennsylvania Jobs Since 2001

HARRISBURG, PA (September 20, 2011) – The gap between how much the U.S. imports from and exports to China has eliminated or displaced 2.8 million jobs nationally since 2001, including 106,970 in Pennsylvania.

Researchers with the Economic Policy Institute (EPI) in Washington, D.C. found that the so-called “trade deficit” with China grew from \$84 billion in 2001, when China entered the World Trade Organization (WTO), to \$278 billion in 2010. The deficit eliminated or displaced 2,790,100 jobs, or about 2% of total U.S. employment over that period.

Pennsylvania ranked seventh out of the 50 states in the number of net jobs displaced by the trade deficit.

The trade deficit with China is exacerbated by the nation’s manipulation of its currency. Because China has pegged its currency to the U.S. dollar instead of allowing it to fluctuate freely, the yuan has remained artificially low, effectively subsidizing Chinese exports and artificially raising the cost of U.S. exports. As a result, U.S. goods are less competitive in China and in countries where U.S. exports compete with those from China.

“China’s manipulation of the value of its currency has given the nation an unfair advantage in our trading relationship,” said Mark Price, PhD, Labor Economist for the Keystone Research Center. “With U.S. unemployment rates still high, continued currency manipulation by the Chinese threatens to further delay and dampen our recovery.”

Furthermore, Dr. Price noted, China’s repression of labor rights has suppressed wages, artificially subsidizing their exports.

The impact of the trade deficit with China has broader implications than the number of jobs lost or displaced. Competition with China and countries like it has resulted in lower wages and less bargaining power for U.S. workers in manufacturing and for all workers with less than a four-year college degree.

“The U.S-China trade relationship needs a fundamental change,” EPI researchers wrote. “Addressing the exchange rate policies and labor standards issues in the Chinese economy are important first steps.”

Of the nearly 2.8 million U.S. jobs lost or displaced nationally by the trade deficit, 1.9 million were in manufacturing. In both Pennsylvania and the United States, jobs lost due to the rising trade deficit with China account for nearly half of all manufacturing jobs lost between 2001 and 2010. Nationally, the largest share of manufacturing jobs lost or displaced were in computer and electronic parts.

“The composition of imports from China is changing in fundamental ways, with serious implications for certain kinds of high-skill, high-wage jobs once thought to be the hallmark of the U.S. economy,” the EPI researchers wrote.

The EPI report identifies Pennsylvania’s 15th, 19th, 17th, 8th, 6th and 16th Congressional Districts as the hardest hit (respectively) by trade with China. These districts include metropolitan regions in South Central and Southeastern Pennsylvania that are anchored by smaller cities in which manufacturing remains a lynchpin of the regional economy — York, Lancaster, Reading/Berks, and the Lehigh Valley.

A copy of the full report is available online at <http://www.epi.org/publication/growing-trade-deficit-china-cost-2-8-million/>. You can view a table detailing jobs lost or displaced by Pennsylvania Congressional District at <http://bit.ly/PA-China-Trade-Gap>.

The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more: www.keystoneresearch.org.

The Economic Policy Institute (EPI) 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. To learn more, go to www.epi.org.