

VOTE YES ON H.R. 1875

Creating an Emergency Commission to End the Trade Deficit

Our ability to achieve a durable global recovery depends on our ability to achieve a pattern of global demand growth that avoids the imbalances of the past. (President Obama, June 2010)

Trade Deficits Matter. Experts suggest that every \$1 billion increase in net exports creates about 6000 jobs (mainly high-paying manufacturing jobs). Unfortunately, the converse is also true: a \$1 billion decrease in net exports results in the loss of about 6000 jobs. These figures underscore the fact that persistent U.S. trade deficits harm the U.S. manufacturing base – a critical element of our economy. It is time to confront and address the root causes of these imbalances.

A Much Needed Commission. H.R. 1875 establishes an “Emergency Trade Deficit Commission” (“the Commission”) to examine the “nature, causes and consequences” of the U.S. trade deficit and to provide recommendations on how to “address and reduce” trade imbalances. The eleven Members of the Commission are chosen by the President, the House and the Senate. The Commission will have 16 months to submit its findings in a final report, and thereafter will be terminated. (A similar commission was created in 1998, but with a more limited scope.)

Providing A Road Map Forward. H.R. 1875 directs the Commission to examine various factors that may influence the trade deficit including: (1) currency manipulation; (2) foreign government purchases of U.S. assets; (3) non-tariff barriers; (4) failure to comply with international labor standards; (5) lack of environmental protection and enforcement; (6) subsidies; and (7) border taxes.

The legislation also requires the Commission to examine the consequences of the U.S. trade deficit, including its impact on the U.S. domestic economy and U.S. economic growth.

Finally, H.R. 1875 requires the Commission to issue recommendations and identify specific strategies on topics including: (1) improving U.S. trade balance with countries with which the United States has “significant, persistent sectoral or bilateral trade deficits”; (2) trade policy tools that can be used to address the root causes of trade imbalances; and (3) policies that will boost U.S. manufacturing.

Addressing the Deficit Supports U.S. Manufacturers. The Commission will focus on the concerns about the trade deficit that Democrats have been expressing for years. This will provide added momentum for efforts to address the trade imbalance problem and strengthen U.S. manufacturing.