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FOR IMMEDIATE RELEASE
October 2, 2008

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EPI
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Jobs Losses Hurt Every State as Unfair Trade Practices Contribute to Weak Economy

U.S. Non-oil Trade Deficit Cost 5.6 Million Jobs in 2007; California, Michigan Among States Hardest Hit

WASHINGTON – While woes on Wall Street have riveted national attention, the situation on Main Street continues to deteriorate. Even without considering the glut of foreign oil imports, the United States' massive trade deficit with all of its trading partners resulted in the loss or displacement of 5.6 million jobs in 2007, according to a new report by the Economic Policy Institute (EPI).

The net job loss due to the U.S. non-oil trade deficit has been felt nationwide, displacing workers and weakening job growth in all 50 states and the District of Columbia. Leading the list in net job loss is California, which had 696,300 jobs lost or displaced in 2007, followed by Texas with 405,300, New York (326,100), Michigan (319,200), Ohio (303,800), Illinois (260,800), Florida (233,800), Pennsylvania (228,900), North Carolina (222,100) and Georgia (186,000).

Michigan took the biggest hit at 7.5 percent of total employment, followed by South Carolina with 6.2 percent of total employment lost (121,100 jobs). Others in the top 10 include Alabama (5.9 percent, 117,700 jobs), Tennessee (5.8 percent, 161,400,), Ohio (5.6 percent, 303,800), Maine (5.9 percent, 34,500), Indiana (5.5 percent, 165,600), North Carolina (5.4 percent, 222,100), New Hampshire (5.2 percent, 34,000), and Kentucky (5.2 percent, 97,000).

"The turmoil on Wall Street can only compound the problems of an already weakening job market," said Robert E. Scott, EPI's Director of International Programs and the author of the report. "Our research shows no state or sector is exempt from the impact of non-oil U.S. trade deficits."

While several factors contribute to the nation's trade deficit, the most important causes "are the unfair trade practices of many U.S. trading partners, especially the distortion of exchange rates through the currency intervention policies of China and other Asian governments," the report states. Ending currency manipulation by the Chinese government is essential in order to persuade Japan and other currency manipulators to end these practices as well, it concluded.

"The overall U.S. trade deficit has grown steadily for almost two decades, mainly draining jobs in the manufacturing sectors," Scott said. "Ending unfair trade practices can significantly improve the fundamentals of the domestic economy and help restore sustainable, broadly shared growth of jobs and income. "

In addition to the loss of jobs, “competition with artificially cheap imports has also put downward pressure on the wages of all U.S. workers,” the report concludes. Between 2000 and 2007, workers displaced from manufacturing—the sector hardest hit by U.S. non-oil trade deficits—are often forced to take jobs in sectors such as in home health care, accommodation and food service industries, where wages are typically much lower than in manufacturing. The average wages of those who secured re-employment were 11 percent to 13 percent lower than in their previous jobs.

The report notes that the dollar has lost substantial value, facilitating U.S. exports, but imports have skyrocketed because of unfair trade policies by other countries. The elimination of the U.S. non-oil trade deficit could support millions of new jobs in export industries, and contribute to the revitalization of U.S. manufacturing, it said.

More than four million (70 percent) of the jobs displaced in 2007 were in the manufacturing sector. The automobile industry in Michigan was hit hard, along with computer and electronic components in such states as California, Texas, Oregon and Minnesota. Another hard-hit major industrial sector is textile, clothing and accessories, with job loss especially affecting the Carolinas, Tennessee, Kentucky and other southern states.

The accompanying tables show the state-by-state totals, both in numbers of jobs lost and as a share of total employment, due to the U.S. non-oil trade deficit. They can be viewed online at http://www.epi.org/content.cfm/bp222

Net Job Loss due to U.S. non-oil trade deficit, ranked by number of job losses, 2007		
rank	State	Net Job Loss
1	California	696,300
2	Texas	405,300
3	New York	326,100
4	Michigan	319,200
5	Ohio	303,800
6	Illinois	260,800
7	Florida	233,800
8	Pennsylvania	228,900
9	North Carolina	222,100
10	Georgia	186,000
11	New Jersey	185,200
12	Indiana	165,600
13	Tennessee	161,400
14	Wisconsin	141,100
15	Missouri	129,300
16	Massachusetts	123,600
17	South Carolina	121,100
18	Alabama	117,700
19	Minnesota	112,500
20	Kentucky	97,000
21	Virginia	87,800
22	Oregon	85,000
23	Arizona	75,700
24	Washington	70,100
25	Colorado	68,100
26	Arkansas	62,200
27	Maryland	59,400
28	Mississippi	59,100
29	Iowa	56,900
30	Connecticut	54,700
31	Louisiana	42,700
32	Utah	39,300
33	Oklahoma	37,600
34	Maine	34,500
35	New Hampshire	34,000
36	Nebraska	29,800
37	Kansas	26,000
38	Rhode Island	25,400
39	Idaho	25,000
40	Nevada	24,900
41	New Mexico	20,900
42	West Virginia	17,800
43	Vermont	13,000
44	Delaware	11,000
45	South Dakota	9,400
46	Hawaii	8,900
47	Montana	8,200
48	Alaska	8,100
49	District of Columbia	5,400
50	North Dakota	4,300
51	Wyoming	3,900
	National Total*	**5,645,900**
*Totals vary slightly due to rounding errors		
Source: EPI Analysis of Census Bureau and BLS data.		

Net Job Loss due to U.S. non-oil trade deficit, ranked by share of state employment, 2007		
rank	State	Share of state employment
1	Michigan	7.49%
2	South Carolina	6.21%
3	Alabama	5.87%
4	Tennessee	5.77%
5	Ohio	5.60%
6	Maine	5.59%
7	Indiana	5.54%
8	North Carolina	5.36%
9	New Hampshire	5.24%
10	Kentucky	5.19%
11	Arkansas	5.17%
12	Rhode Island	5.15%
13	Mississippi	5.13%
14	Oregon	4.91%
15	Wisconsin	4.90%
16	Missouri	4.63%
17	California	4.59%
18	New Jersey	4.55%
19	Georgia	4.49%
20	Illinois	4.36%
21	Vermont	4.22%
22	Minnesota	4.06%
23	Pennsylvania	3.95%
24	Texas	3.91%
25	Idaho	3.81%
26	Massachusetts	3.77%
27	Iowa	3.75%
28	New York	3.73%
29	Connecticut	3.22%
30	Utah	3.14%
31	Nebraska	3.10%
32	Colorado	2.92%
33	Florida	2.91%
34	Arizona	2.84%
35	Alaska	2.55%
36	Delaware	2.52%
37	New Mexico	2.48%
38	Oklahoma	2.40%
39	Washington	2.39%
40	West Virginia	2.35%
41	Virginia	2.33%
42	South Dakota	2.31%
43	Maryland	2.28%
44	Louisiana	2.22%
45	Nevada	1.93%
46	Kansas	1.89%
47	Montana	1.85%
48	Hawaii	1.43%
49	Wyoming	1.35%
50	North Dakota	1.20%
51	District of Columbia	0.78%
	National Total*	4.11%
*Totals vary slightly due to rounding errors		
Source: EPI Analysis of Census Bureau and BLS data.		

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.