
Economic Policy Institute

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FOR IMMEDIATE RELEASE:

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Thursday, June 21, 2001

EPI PRESIDENT CALLS FOR ‘STRATEGIC PAUSE’ IN EXPANSION OF U.S. TRADE AGREEMENTS *TESTIFIES BEFORE SENATE COMMERCE COMMITTEE ON EFFECT OF FREE TRADE ON DECLINING U.S. MANUFACTURING INDUSTRIES*

Washington, D.C. – In hearings before the U.S. Senate Commerce Committee this morning, **Jeff Faux**, president of the **Economic Policy Institute**, urged the Senators to consider a “strategic pause” in the expansion of free trade agreements between the U.S. and other countries.

Over 200 such agreements have been signed by the U.S. and its trading partners in the last decade alone, said Faux. But the government has never evaluated the effect of these agreements on the nation’s workers and economic well-being.

Examining the agreements has taken on added urgency in light of the troubled manufacturing sector, which has shed 675,000 jobs in the last ten months, according to Faux.

During the economic boom of the last several years – which was driven mostly by consumer spending – growth in imports far outpaced growth in exports, due to protectionist foreign trading partners, lack of worker and environmental supports in developing countries, and an overvalued dollar, among other causes.

This trade gap has greatly weakened the manufacturing sector, the nation’s most important engine for innovation and productivity growth.

“These agreements are accumulating a massive international debt at the same time that the United States is abandoning the only economic sector that provides the means to pay it down,” Faux said in written testimony.

Faux considers the trade deficit, which is now about four percent of GDP, to be ultimately a greater economic threat than the fiscal deficits that dominated national political debates for two decades. “Federal deficits are owed to ourselves,” Faux said in written testimony. “The dollar liabilities generated by the trade deficit represent foreign claims on American incomes.”

Jeff Faux has been president of the **Economic Policy Institute** since its founding in 1986. The Institute is a non-profit, non-partisan economic think tank, located on the web at <http://www.epinet.org>.