Trade Discrimination

The Disproportionate, Underreported Damage to U.S. Black and Latino Workers From U.S. Trade Policies

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Additional copies of this document are available from:
Public Citizen's Global Trade Watch
215 Pennsylvania Ave SE, Washington, DC
20003 (202) 546-4996

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Executive Summary

The damage caused by the corporate-led hyperglobalization that has been implemented over the past decades by "trade" agreements such as the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO) and NAFTA-style free trade agreements (FTAs) has been well documented — from mass job offshoring to unreliable supply chains to downward pressure on wages to weakened consumer and environmental protections.

In his 2016 presidential campaign, Donald Trump hijacked progressives' critique of corporate globalization and job offshoring, but reframed it into a narrative of resentment with racialized appeals to target *white* working-class voters.

This followed on the "China Shock" research conducted by Massachusetts Institute of Technology Professor David Autor and others that showed the lasting impact on specific regions of the country from the loss of millions of U.S. jobs related to trade with China. Prominent press coverage of Autor's work and Trump's 2016 election focused on white non-college educated workers as the main victims of corporate-led hyperglobalization.

That conventional wisdom is challenged by the data presented in this report. The trade-related decline of U.S. manufacturing had a dire impact on racial minorities, particularly African Americans. In many ways, the damage has fallen disproportionately on people of color in the United States.

As Donald Trump failed to deliver on his promises to stop job offshoring or to create a "manufacturing boom" by "bringing back" or creating millions of new manufacturing jobs, in 2020 a surge in union voters and voters who earn $50,000 or less in key swing states ousted Trump, initial exit poll analyzes show. Whether these working-class voters of diverse races and ethnicities will stick with the Democratic Party depends on whether their lives and livelihoods measurably improve over the next four years. And that relies on the Biden administration enacting economic policies designed to do just that, which means breaking from the trade policy supported by Republican and Democratic presidents alike over the past few decades.

While decades of such corporate-rigged trade policies have harmed many American workers of all races and ethnicities, Black and Latino workers who lost jobs and experienced wage stagnation from NAFTA, the agreements enforced by the WTO, and the "China Shock" following China's entry into the WTO — all policies enacted during the Clinton administration — have assumed a disproportionately large share of the harm inflicted by these deals. U.S. government data — despite shortcomings as to the recognition of the

complexities of race and ethnicity[i] — show that these two groups were overrepresented in the industries and concentrated in the regions that were hit hardest.

The findings in this report on relative wage levels and wealth also show that U.S. structural, race-based social and economic inequities that undermine the economic and social welfare of people of color have been further exacerbated by dislocations caused by U.S. trade policies. This report expands on the U.S. aspect of the research we published in late 2018 about NAFTA's negative impact on working people in Mexico and on U.S. Latinos and the grim scenario facing the many Mexicans who migrated to the United States for work after NAFTA destroyed their livelihoods to now face increasingly precarious work conditions and racist, hateful attacks from Donald Trump.[1] This report shows that among U.S. workers hurt by decades of corporate-designed trade policies, Black and Latino workers have suffered disproportionate injury:

- **Black and Latino workers were disproportionately represented in nine out of the 10 manufacturing industries that have been hit hardest by import competition.** While Latinos comprised 8.9% of the labor force, they represented 12.3% of workers in the manufacturing of fabricated metals, 11.4% of furniture and 10.5% of plastics and rubber. While Black workers comprised 10.6% of the overall labor force in 1995, they represented 13.5% of the workforce in paper manufacturing, 11.4% in chemicals, 11.3% in transportation equipment and 11.1% in primary metals. African Americans and Latinos represented 13% and 15.4%, respectively, of the workforce in the beverages industry.
    - **According to the U.S. Bureau of Labor Statistics, Black workers have lost nearly half a million manufacturing jobs (494,000) during the NAFTA-WTO era. Black workers' manufacturing losses were evenly spread across many subsectors that suffered significant trade-related job loss.** For instance, in the automotive sector, by 2010, in just the first 15 years of NAFTA, Black workers had lost 56,524 jobs. Black workers were disproportionately represented in the primary metals manufacturing sector hit by the NAFTA-WTO era with a loss of 53,800 jobs. Black workers have also lost 22,100 jobs in the paper manufacturing industry and 18,600 jobs in the beverages and tobacco industry during the NAFTA-WTO era, two more sectors where Black workers were overrepresented relative to their general share of the workforce.
    - **Latino workers also experienced job losses in sectors where they were overrepresented when the NAFTA and WTO went into effect.** Latinos lost 123,000 jobs in the decline in the U.S. electrical equipment and appliances industry, and

[i] For instance, the data do not recognize the overlap between categories such as Black and Latino or that African American might not encompass all of the Black population in the country.

during the last 25 years, 182,700 Latino jobs in the United States have been lost in textiles, apparel and leather manufacturing.

- **The explosion of deficits in highly trade-impacted manufacturing industries — along with the offshoring threat — also contributed to the stagnation of wages in sectors employing significant numbers of Black and Latino workers.** Whereas earnings in highly trade-impacted industries have remained virtually flat (0.02% average growth rate on real terms), workers' earnings in all manufacturing and hospitality and leisure had less than impressive but at least some degree of average yearly real earnings growth, with rates of 0.54% and 0.92% respectively.

- **Black and Latino workers are also disproportionately represented in call center and customer service jobs that have been subject to mass offshoring.** People of color (Black, Asian and Latino Americans) account for 43% of U.S. workers engaged as customer service representatives but are 36.4% of the U.S. workforce. Over the past 25 years, 71,788 U.S. jobs are TAA-certified as lost to trade with the Philippines, which has been the country of choice for call center offshoring. Some 58,220 of the U.S. jobs certified as lost to the Philippines are designated as explicitly lost to offshoring.

- **The 20 U.S. states that are least racially diverse had only 20% of all government-certified trade job losses during the NAFTA-WTO era.** Those states also represent less than 10% of total of U.S. manufacturing job losses during the NAFTA-WTO era (only 300,000 of the total 4 million) according to the U.S. Bureau of Labor Statistics.

- **States and cities with the largest Black and Latino populations have been hardest hit by the economic and social fallout of failed U.S. trade policies**.

  - **Just 15 U.S. states that are home to 85% of the total Latino population account for half of TAA-certified trade-related job losses — 1.6 million of the more than 3.2 million U.S. jobs lost — from the start of the NAFTA-WTO era in 1994 to the latest TAA certifications covering most of 2019.** Those 15 states also account for nearly half (47%) of all TAA-certified job losses caused by NAFTA – 480,000 out of 1.01 million. These 15 states also account for 2.4 million of the 4 million total manufacturing job losses documented by the U.S. Bureau of Labor Statistics during the NAFTA-WTO era.

  - **The 15 states that are home to 58% of the Black population account for 2.9 million of the 4 million total manufacturing job losses documented by the U.S. Bureau of Labor Statistics during the NAFTA-WTO era.** These states account for 57% of TAA-certified trade job losses — 1.8 million of the more than 3.2 million U.S. jobs. Those 15 states also account for 57% of TAA job losses caused by NAFTA, from NAFTA's implementation up to April 2020.

  - **Many cities such as Detroit, Chicago, Pittsburgh, New York and Cleveland that were hardest hit by U.S. trade policy failures were locations whose growing manufacturing employment opportunities had drawn six million Black workers fleeing from racial terror and poverty in the Jim Crow South for safety and better economic opportunities in the first half of the 1900s.**

- **U.S. Latino and Black workers who lose their jobs are even less likely than their white counterparts to find a replacement job, according to the Bureau of Labor Statistics.** For every 100 white workers who lose their jobs, 14.3 remain unemployed. Meanwhile, for every 100 Black workers who lose their jobs, 21.2 remain unemployed. Similarly, for every 100 Latino workers who lose their jobs, 21.8 remain unemployed.

- **Increased competition for a reduced number of well-paying jobs available for non-college-educated workers exacerbates underlying structural racial discrimination in hiring, promotions and wages that, even in the absence of trade impacts, have resulted in lower wages for Black and Latino workers relative to similarly educated non-Latino white workers.** A study by the Economic Policy Institute estimated that, even in manufacturing and controlling for educational differences, actual wages for Latino and Black workers are, respectively, about 25% and 23% lower compared to wages paid to white workers.

- **In no small part because of damaging disparities in educational opportunities, Black and Latino workers are overrepresented relative to their share of the overall workforce among the 58% of Americans without college degrees who were left to compete for an ever-diminishing number of quality jobs available for non-college educated workers.** Sixty-eight percent of Black Americans and 77% of Latino Americans do not have college degrees as of 2019, compared to 54% of the white population.

- **After 25 years of the NAFTA-WTO model, large racial wage gaps remain for men and are worsening for women.** When NAFTA and the WTO began, Black men earned 75 cents, and Latino men earned 64 cents for every dollar earned by white men. Black women earned 88 cents, and Latinas earned 78 cents for every dollar earned by white women. Today, Black men earn 79 cents, and Latino men earn 71 cents for every dollar earned by white men. Black women earn 83 cents, and Latinas earn 73 cents for every dollar earned by white women.

- **The wage premium offered by the manufacturing sector relative to other sectors is a particularly important factor, given the racial wage gap that exists across all sectors.** Median weekly earnings in 2020 are $786 for Latino workers and $806 for Black workers –

compared to $1,018 for white workers. These median wage gaps are further widened by gender. The median Black woman earns $779 per week, and the median Latina earns $717 per week, while the median U.S. woman worker overall earns $913 per week. Meanwhile, white women earn a median weekly income of $930 per week.

- **When Black and Latino workers lost manufacturing jobs and found new jobs, they faced disproportionate pay cuts.** More than half of Black workers and about 60% of full-time Latino workers earn less than $15 an hour, compared with 42% of full-time U.S. workers overall. While the manufacturing sector lost about 4 million jobs between 1993 and 2019, other sectors with jobs available to those without college education – such as retail and leisure and hospitality – gained 6.8 million jobs. With average wages of $18.11 an hour, these sectors pay two-thirds that of manufacturing. Today, Latino workers make up 24% and Black workers 13.1% of these sectors, percentages greater than their representation in the overall workforce. As increasing numbers of trade-displaced workers have joined the glut of workers competing for these non-offshorable jobs, real wage growth has been extremely modest in these growing sectors.

- **The states that have large Black and Latino populations also strikingly correlate with those with higher income inequality levels.** Five out of the 10 most unequal states in the nation (New York, Florida, California, Illinois and New Jersey) are home to large Latino and Black populations. Additionally, Nevada, Massachusetts and Washington, which are states with large representations of Latino families, are also in the top 10 most unequal states in the country. These same eight states are among the 10 states with the biggest jumps in income share accumulated by the richest 1% from 1972 to 2015. In other words, in these eight states the top 1% increased their share of income by at least 10.7%, leaving less for the rest of their communities.

- **Wealth inequality also has worsened over the NAFTA-WTO era with disproportionate damage to Black and Latino families. The median wealth for white families is 41 times that of Black families and 22 times that of Latino families.** Median Black family wealth in the United States is $3,500, which represents only 2% of the median white family's $147,000. Similarly, median Latino family wealth is $6,500, representing 4% of that of a median white family. And racial disparities in wealth have grown more severe over time. From 1995 (when the WTO went into effect and the first year of NAFTA) to 2016 (the latest data available), the median Black family wealth has increased only by $308. During that same period, the median Latino family's wealth has slightly increased by $1,345. Meanwhile, the average white family has increased its wealth by more than $50,000.

Introduction

The U.S. public was promised the North American Free Trade Agreement (NAFTA) would create 200,000 new high-wage U.S. jobs per year in its first five years alone.[2] The World Trade Organization (WTO) was to increase U.S. wages by $1,700 per year for the average American family and create 500,000 new jobs.[3] China entering the WTO in 2001 would create a massive new U.S. export market and only increase the U.S. trade deficit with China by $1 billion, projected the U.S. International Trade Commission in its analysis of the impact of Congress approving Permanent Normal Trade Relations (PNTR) trade status for China.[4]

Twenty-five years later, it's obvious that the actual outcome of these "trade" policies is the opposite of the promised gains. The promised trade-created jobs never materialized, but millions of jobs were lost as offshoring and floods of imported goods associated with an exploding trade deficit gutted U.S. manufacturing.

Since the start of NAFTA and the WTO, 3.2 million U.S. jobs have been U.S.-government-certified as lost to trade just under the Trade Adjustment Assistance (TAA) program. More than a million of these job losses are attributed to NAFTA. TAA, which provides qualified workers extended unemployment benefits and retraining funds, represents a significant undercount of trade-related job loss given it only covers certain types of jobs, and workers need to know to apply and then must fill out lengthy applications that prove the trade connection. The U.S.-China overall deficit increased by $192 billion, and millions of American jobs were lost in what is now understood as the "China Shock."[5] Notably, after Congress approved China's entry into the WTO in 2000, the overall U.S. trade deficit with China soared 164%, according to the U.S. Census Bureau. U.S. Bureau of Labor Statistics' data show that during the NAFTA-WTO-China PNTR era, over 60,000 U.S. factories have closed, and overall net U.S. manufacturing employment has declined by 4.5 million — one out of every four U.S. manufacturing jobs.[6] U.S. median wages have been stagnant during this period with most manufacturing workers who lose jobs to trade and find reemployment forced to take pay cuts. Two of every five rehired in 2018 were paid less in their new job, with one in six losing greater than 20% of their income.[7] For the average Latino or Black worker earning the median manufacturing wage of $39,500 per year, this meant an annual loss of at least $7,900.

NAFTA, the WTO and other U.S. trade policies that focused on corporate priorities rather than domestic job creation have undeniably negatively affected Latino and Black Americans. Contrary to recent conventional wisdom, the data do not show that white working-class Americans were disproportionately injured.

As a candidate, Donald Trump hijacked progressives' critique of corporate globalization and job offshoring, but reframed it into a narrative of resentment with racialized appeals to *white* working-class voters. As this study documents, the underlying trade, employment and

demographic data show that people of color in America were equally, if not more negatively affected.[ii]

The accepted wisdom that U.S. trade policies most severely hurting white working-class Americans is, in part, based on the China Shock research.[8] It used demographic data for the "commuting zones" around areas where import-competing industries were hit hardest by imports from China. This methodology shows that these places tend to be whiter than the rest of America.[9] However, this approach fails to capture the way in which trade affects different social groups within a single community. For instance, an area's population can be predominantly white, but its manufacturing industries might employ mostly Black and Latino workers. These complexities are hinted at in U.S. government datasets that provide demographic data on employment in various industrial sectors and that show where production facilities of various industries are concentrated.

Notably, exit poll data from the 2016 election shows that Trump won not only because he gained support from white working-class voters who previously had supported President Barack Obama, but because fewer Black and Latino voters and Millennials of all races and ethnicities participated in the 2016 election. As pollster Stan Greenberg wrote in the American Prospect about the 2016 election: "The Democrats don't have a white working-class problem. They have a working-class problem, which progressives have been reluctant to address honestly or boldly. The fact is that Democrats have lost support with *all* working-class voters across the electorate, including the Rising American Electorate of minorities, unmarried women, and millennials. This decline contributed mightily to the Democrats' losses in the states and Congress and to the election of Donald Trump."[10]

As data about the 2020 election continues to be gathered and assessed, initial analyses from exit polling show that working-class voters, of all races and ethnicities, were key to ousting Trump from the White House and electing Joe Biden as the next president of the United States. Some notable indicators include:

[ii] The demographic data available in U.S. government datasets do not recognize the complexities of race and ethnicity in a country like the United States. Bureau of Labor Statistics (BLS) data classifies population by race/ethnicity in four categories: white, Black or African American, Asian, and Hispanic or Latino. This categorization does not recognize the overlap between categories such as Black or white and Latino or that African American might not encompass all of the Black population in the country. Furthermore, bundling together distinct groups of people, like African Americans and African migrants, disregards the specific issues and challenges that each group faces. However, due to this data shortcoming, this report focuses on the impacts of U.S. trade policies on Black and Latino workers, as defined by the BLS, and for fluidity uses Black and African American interchangeably. The report also uses the term white, understanding that this means non-Latino white population. Additionally, this research focuses on impacts on workers within the United States, regardless of legal status.

- At the national level, 56% of union voters supported Biden while 40% supported Trump. This 16-point union-voter margin for Biden nearly doubles Hillary Clinton's union-voter margin in 2016.[11]
    - In some key swing states that decided the 2020 election, the union-voter swing against Trump was yet larger. In 2016, Clinton carried union voters by 10 points in Wisconsin (53% - 43%), while in 2020, Biden beat Trump's Wisconsin union vote by 19 points (58% - 39%). In both Michigan and Nevada, Biden's margin with union voters was larger than Clinton's in 2016.[12]
- Voters living in households making $50,000 and under also were critical to Joe Biden's victory. In 2020, Biden won 55% of these voters, beating Clinton in 2016 (52%) and Obama in 2012 (54%).[13] According to Washington Post exit polls, 35% of voters fall into this income category,[14] in which Black and Latino families are disproportionally represented. While 37.1% of the entire population lives in households with an income of less than $50,000, this figure rises to 53.8% and 44.1%, respectively, for families where the householder is Black and Latino.[15]
    - In Wisconsin, Biden won voters making $50,000 and under by 22 points (60% - 38%), up 18 points from Hillary Clinton in 2016 (49% - 45%). In Georgia, Clinton lost these voters to Trump by 1 point (47% - 48%), while Joe Biden won 56% of voters to Trump's 42%, a 15-point swing in four years. In Michigan these voters went to Biden 57% - 42%, up four points from Clinton in 2016 (53% - 42%). Biden also outperformed with these voters in Pennsylvania, capturing 56% to Trump's 42%, up 2 points from Clinton's showing in 2016 (54% - 42%).[16]

What caused these shifts? Certainly, more research is needed. Sadly, the 2020 network exit polls did not explicitly ask about trade, as they did in 2016 when exit polling found trade issues and job offshoring to be key factors in swing Midwestern states that had voted for Obama twice and then Trump. However, what already is well documented is that Trump did not deliver his promises to working-class people. Instead of stopping trade-related job loss and offshoring, during the Trump administration 311,427 American jobs have been government-certified as lost to trade, with 202,543 explicitly listed as offshored.[17] Instead of creating a manufacturing jobs boom, growth in that sector continued on a trajectory it had during the last two years of the Obama administration and then, by the start of 2019, flattened. Then in large part because of Trump's mismanagement of the COVID-19 crisis, some 750,000 manufacturing jobs have been lost in 2020.[18] Instead of ending the trade deficit, "and quickly," imports into the U.S. surged and the U.S. trade deficit by the third quarter of

Trump's final year in office is 26.4% higher than in the same period in President Barack Obama's last year, despite a 14.6% overall fall-off in trade flows compared to 2019 related to the COVID-19 pandemic.[19]

Whether these working-class voters of diverse races and ethnicities will stick with the Democratic Party or vote at all in 2024 depends on whether their lives and livelihoods measurably improve over the next four years. And that relies on the Biden administration enacting economic policies designed to do just that, which means breaking from the trade policy supported by Republican and Democratic presidents alike over the past few decades. Whatever political party delivers for working-class voters of all races and ethnicities will be the party able to win national elections.

Democrats' need to create a new working-class-first trade policy is especially urgent given the critical role Black and Latino voters have traditionally played in their electoral majorities. Black and Latino workers directly lost jobs and experienced wage stagnation from NAFTA, the agreements enforced by the WTO and the "China Shock" following China's entry into the WTO because they were overrepresented in the industries and concentrated in the regions that were hit hardest. Latino and Black workers have also been impacted by the prevailing economic trends plaguing many U.S. workers during the NAFTA-WTO period, only more intensely. These findings spotlight why the next Democratic administration must recognize the disproportionate harm done by past trade policies to people of color and adopt a new approach to redress it.

Job offshoring and the decline of manufacturing especially affect Black and Latino workers due to the damaging disparities in educational opportunities resulting in Black and Latino workers being overrepresented in the non-college educated workforce and the way in which increased competition for a reduced number of quality jobs available for non-college educated workers exacerbates underlying racial biases.

The outcome: Latino and Black workers impacted by "trade" deals struggle harder to find new jobs and face larger pay cuts when they do. This entrenches and widens significant income and wealth inequality existing between Black and Latino families relative to their white counterparts, contributing to the racist economic structure prevalent in the United States.

1. U.S. Trade Policy Has Increased the Economic Insecurity of Many Black and Latino Families

People of color, both inside the United States and in the Global South, have borne the brunt of the damage caused by corporate-led globalization. U.S. trade policies have had devastating effects in the developing world. NAFTA, for example, displaced more than two million Mexicans engaged in farming and related work after floods of subsidized U.S. corn flowed into Mexico after the country eliminated policies that had only allowed corn imports if domestic production failed to meet demand.[20] Many of the NAFTA-displaced headed to Mexican border maquila factory towns and across the U.S. border in search of work, creating a precarious workforce that was easily exploited by companies on both sides of the border.[21] Since then, Mexico's real wages have decreased, and over half of the population still lives in poverty.[22]

Yet, while the negative effects on U.S. trade partners with large populations of people of color have been extensively documented and discussed, the disproportionate harm assumed by Black and Latino families inside the United States has received less attention. This report puts the spotlight on this issue.

1.1 The Decline of Manufacturing Due to Trade Harms Black and Latino Families

The dramatic decline of the U.S. manufacturing sector over the past three decades has disproportionately harmed Black and Latino workers. A strong manufacturing sector means higher wages, better working conditions, greater rates of unionization, and more economic stability. Manufacturing wages are higher, on average, than those in the service sector, a fact often twisted to claim that export-related jobs have higher-than-average wages. For example, U.S. workers in the manufacturing sector earned an average of $27.70 per hour in 2019, compared to $16.56 in leisure and hospitality, and $19.68 per hour in retail,[23] which are sectors with numerous jobs also available for workers without college degrees.

Even using median wage data, which limit how higher supervisory staff salaries distort the calculation of average manufacturing sector salaries, manufacturing generally provides better wages compared to other sectors of the economy. The table below shows median weekly earnings for manufacturing, retail, leisure and hospitality, and all industries in 2019. Broadly speaking, the manufacturing median weekly wage is 4.81% higher compared to the median for workers in all sectors, and 33.5% and 55.7% superior to weekly wages in the retail and leisure, and hospitality industries, respectively.

Median Usual Weekly Earnings in 2019				
Industry / Type of Worker	Manufacturing	Retail	Leisure and Hospitality	All Industries
Total	$ 936	$ 701	$ 601	$ 893
Union Members	$ 962	$ 744	$ 722	$ 1025
Represented by Unions	$ 962	$ 730	$ 698	$ 1013
Non-union	$ 933	$ 699	$ 597	$ 881

Source: U.S. Bureau of Labor Statistics[24]

The table also shows how the wages for union workers and workers represented by unions (i.e., workers who report no union affiliation but whose jobs are covered by a union contract) are higher compared to non-unionized wages in the same sector. A higher proportion of workers benefit from this "union premium" in manufacturing compared to the aforementioned services industries. Whereas the unionization rate in manufacturing is about 9.5%, the rate for retail is around 5%, and 3.5% for leisure and hospitality.[25] The higher rates of unionization in manufacturing means more workers in that sector have better salaries. The Center for American Progress found that unions especially benefit non-white members with regard to wealth accumulation, as they see larger increases in pay, benefits, and employment stability than white union members.[26]

The negative consequences that the decline of manufacturing has had on African American families has been the subject of several recent studies. In 2018, the Alliance for American Manufacturing issued a report documenting how high and long-term unemployment experienced by African Americans due to deindustrialization contributed to the impoverishment of Black communities. This study further explains how deindustrialization spurred a loss of personal wealth for African Americans, along with population loss and segregation and decline in municipal financial resources in deindustrialized communities, whose remaining residents were mainly Black.[27] Additionally, Professor Eric D. Gould of the Hebrew University of Jerusalem provided empirical evidence showing that manufacturing decline between 1960 and 2010 had a disproportionate impact on Black communities in terms of wages, employment, marriage rates, house values, poverty rates, death rates, single parenthood, teen motherhood, child poverty, and child mortality.[28]

In that sense, the manufacturing sector as well as unionization have been a pathway for Americans of all races and ethnicities to the middle class, and deindustrialization and the decline of union membership particularly affect African Americans and Latinos' prospects to reach to this pathway.

1.2 Manufacturing Job Loss and Wage Stagnation Is Concentrated in Economic Sectors With Significant Black and Latino Employment

Black and Latino workers were disproportionately represented in industries that have been hit hardest by offshoring and import competition. This reality was explored in a 2019 paper by the Center for American Progress with regard to Black workers and the automotive sector.[29] The percentage of African Americans and Latinos working in the manufacturing sectors hit the hardest is greater than their overall representation in the U.S. workforce.

The table below shows the 10 manufacturing subsectors that experienced the greatest trade balance decline between 1993 and 2019.[iii]

Top 10 of Most Affected Manufacturing Subsectors by Average Yearly Percentage Variation (1993 – 2019)

Manufacturing Subsector	Average Yearly Trade Balance (2019 USD)	Average Yearly Percentage Variation
323. Printing	$701,319,419.33	-145.17%
337. Furniture	($22,544,917,825.68)	-69.77%
326. Plastics & Rubber	($11,376,274,000.93)	-67.52%
312. Beverages & Tobacco	($8,823,235,238.18)	-45.81%
325. Chemicals	($14,019,673,081.36)	-41.22%
332. Fabricated Metal Products	($17,122,291,565.16)	-25.44%
331. Primary Metals	($34,531,042,433.70)	-16.00%
322. Paper	($1,305,854,990.22)	-13.23%
335. Electrical Equip., Appliances & Components	($37,367,280,992.10)	-10.80%
336. Transportation Equipment	($101,968,915,910.31)	-10.23%

Source: U.S. International Trade Commission[30]

[iii] The table was constructed using trade data sourced from the U.S. International Trade Commission discerned by North American Industry Classification System (NAICS) 3-digit codes. Since this system replaced the Standard Industrial Classification (SIC) System in 1997, we used the equivalent SIC codes to retrieve trade data for 1993, 1994, 1995 and 1996. Appendix A includes a chart with the equivalences used.

African Americans, Latinos or both were a larger share of the workforce compared to their share over the entire working population in nine of the 10 industries listed above in 1995, the earliest year with employment data by detailed industry and race and Hispanic origin that is proximate to the start of the NAFTA and WTO. (The only exception was printing, which in any case represents a considerably smaller share of trade.) For example, while Black workers comprised 10.6% of the overall labor force in 1995, they represented 13.5% of the workforce in paper manufacturing, 11.4% in chemicals, 11.3% in transportation equipment and 11.1% in primary metals.[31] While Latinos comprised 8.9% of the labor force, they represented 12.3% of workers in the manufacturing of fabricated metals, 11.4% of furniture, and 10.5% of plastics and rubber.[32] Furthermore, African Americans and Latinos represented 13% and 15.4%, respectively, of the workforce dedicated to the beverages industry.

Textile and apparel are not included in the industries that experienced the sharpest deteriorations on their trade balances during the NAFTA-WTO era because by 1993 the trade deficit for these products was already large — $53.1 billion in 2019 dollars. However, a large proportion of Black and Latino workers, with respective participation of 15% and 24%, worked in the textile and apparel sectors. And, these sectors faced floods of imports from low-wage countries during the NAFTA-WTO era, leading to a $107.4 billion deficit in 2019.

After the explosion of the U.S. trade deficit, triggered by the entry into force of NAFTA and the WTO, African Americans and Latinos experienced considerable job losses in the sectors that had substantial trade balance deteriorations and where they were overrepresented during the mid-1990s when the trade deals went into effect.

Black workers' manufacturing job losses were evenly spread across several subsectors. Comparing Bureau of Labor Statistics' employment data for 1995 and 2019, Black workers were disproportionately represented in the primary metals manufacturing sector hit by NAFTA-WTO era with a loss of 53,800 jobs. Black workers have also lost 22,100 jobs in the paper manufacturing industry and 18,600 jobs in the beverages and tobacco industry during the NAFTA-WTO era, two more sectors where Black workers were overrepresented relative to their general share of the workforce.[33]

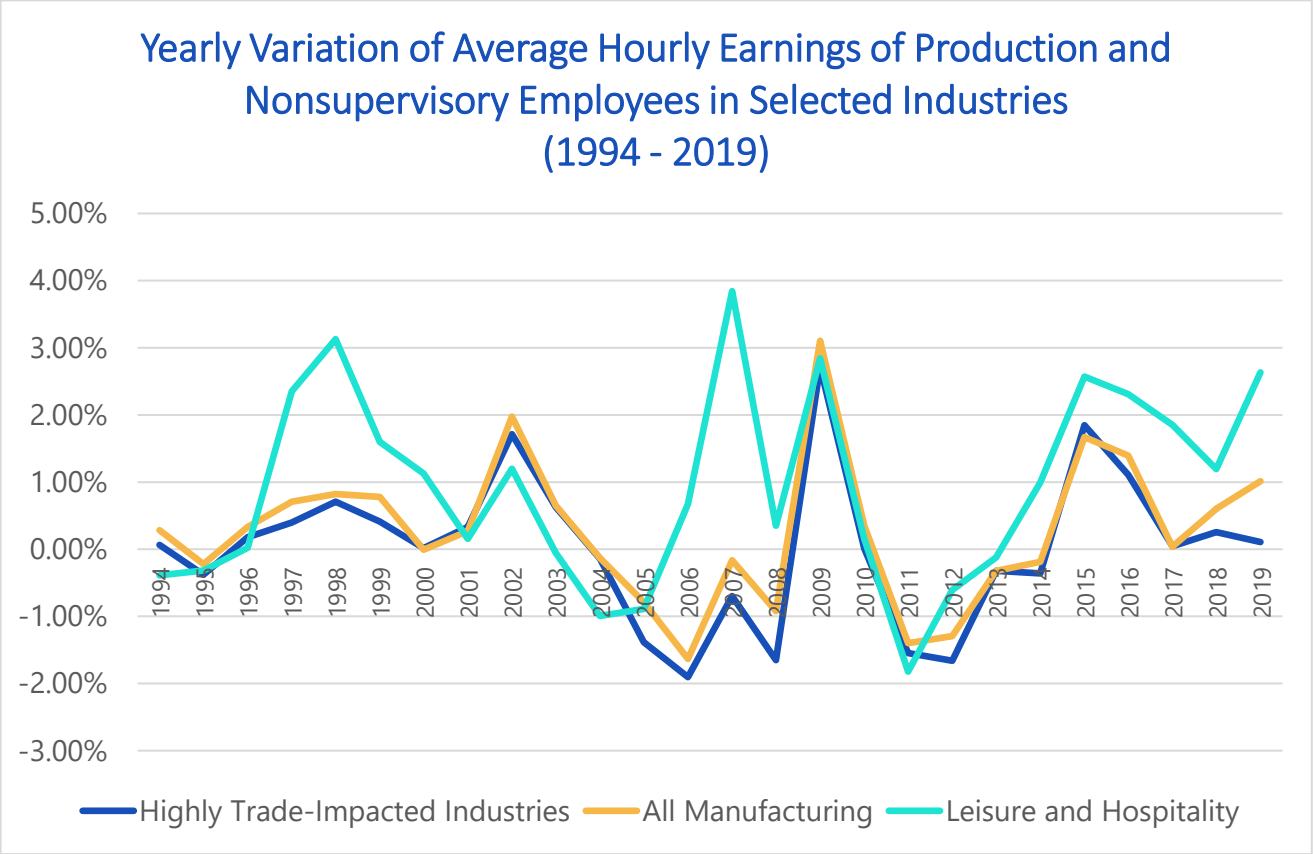
During the last 25 years, African Americans also lost 120,900 jobs in electrical equipment and appliances, 51,200 jobs in fabricated metals, and 30,200 jobs in plastics and rubber manufacturing, sectors in which Black workers were not overrepresented.[34] Overall, Black workers have lost nearly half a million manufacturing jobs (494,000) during the NAFTA-WTO era.[35]

In the automotive sector, between 1995 and 2010 alone – the first 15 years of NAFTA – Black workers lost 56,524 jobs.[36] Well-paying, middle-class, union, auto-sector jobs were outsourced to Mexico, where U.S. companies paid workers less per day than they paid U.S. workers per hour to do the same jobs. From the start of NAFTA into 2019, the United States has seen the trade deficit with Mexico in autos and auto parts increase 3,004%.[37] The suppression of independent unions in Mexico and other policies and practices designed to lock in low wages has fueled the offshoring of production by U.S. automakers to the present. In 2019, General Motors announced that it would close plants in the Midwest as it had shifted its most popular vehicles' production to Mexican plants. Ford decided to make its new Mustang hybrid SUV in Mexico. To the extent the auto sector has added U.S. jobs, growth has been in Southern states that lost hundreds of thousands of jobs in textile and furniture manufacturing. There, workers in non-unionized auto sector factories making non-U.S. brands are paid considerably less than autoworkers employed by the Big Three U.S. automakers in Midwestern union plants had made. For instance, between 2001 and 2018, Michigan lost 125,200 auto jobs, while Alabama gained 25,200.[38] Today, non-union jobs in foreign "transplant" auto factories represent 48% of U.S. vehicle production, up from just 17% in 2000.[39]

Latino workers also experienced job losses in sectors where they were overrepresented when NAFTA and the WTO went into effect and U.S. manufacturing workers faced the pincer move of harsh import competition and production offshoring. However, today Latinos represent almost double the share of the U.S. workforce relative to 25 years ago — from 8.9% to 17.6%. As a result, more Latinos work in various manufacturing industries today compared to 1995. While many Mexican workers on the other side of the border found jobs in *maquiladoras* where U.S. companies paid Mexican workers less than $2 per hour producing electrical equipment and appliances for the U.S. market in the NAFTA period, U.S. Latinos lost 123,000 jobs in the decline in the U.S. electrical equipment and appliances industry.[40] Perhaps more infamously, during the last 25 years 182,700 Latino jobs in the United States have been lost in textiles, apparel and leather manufacturing.[41] The California garment sector centered in Los Angeles, with an estimated 80% Latino workforce, was one of these casualties.[42]

The explosion of trade deficits in the aforementioned sectors — along with the offshoring threat — not only resulted in significant job loss for people of color across the United States. It also contributed to the stagnation of wages, which was especially acute in highly trade-impacted manufacturing industries. The graph below shows the growth rate of average earnings for production and nonsupervisory employees in highly trade-impacted manufacturing industries (which correspond to the top 10 most affected manufacturing

subsectors identified above, with the exception of beverages and tobacco due to the lack of comparable data), all manufacturing industries, and leisure and hospitality.



Source: U.S. Bureau of Labor Statistics

The graph illustrates how workers in highly trade-impacted manufacturing industries had lower earnings growth rates compared to all manufacturing. Furthermore, the growth rates for wages of leisure and hospitality workers, who are relatively unexposed to import competition or offshoring threats, have been greater than those in manufacturing. Whereas earnings in highly trade-impacted industries have remained virtually flat (0.02% average growth rate on real terms), workers' earnings in all manufacturing and hospitality and leisure had less than impressive but at least some degree of average yearly real earnings growth, with rates of 0.54% and 0.92% respectively. This is not to say that non-college educated workers would be better off if they were engaged in leisure and hospitality activities given that wages in this sector are considerably lower compared to manufacturing. Nevertheless, these figures on wage *growth rates* illustrate the impact that the deterioration of trade balances has had on the wages of workers engaged in industries where Latinos and African Americans were overrepresented.

These findings are consistent with recent econometric literature. Professors John McLaren from the University of Virginia and Shushanik Hakobyan from Middlebury College found that NAFTA reduced wage growth in the most affected industries by 17 percentage points relative to other industries.[43]

The economic fallout from NAFTA, the WTO and China trade not only disproportionately harmed manufacturing workers in sectors in which many people of color were employed, but in addition, the states and cities where Black and Latino populations are concentrated represent a disproportionate share of TAA-certified trade job loss.

1.3 Trade-Related Job Loss Is Concentrated in States With Greatest Black and Latino Populations

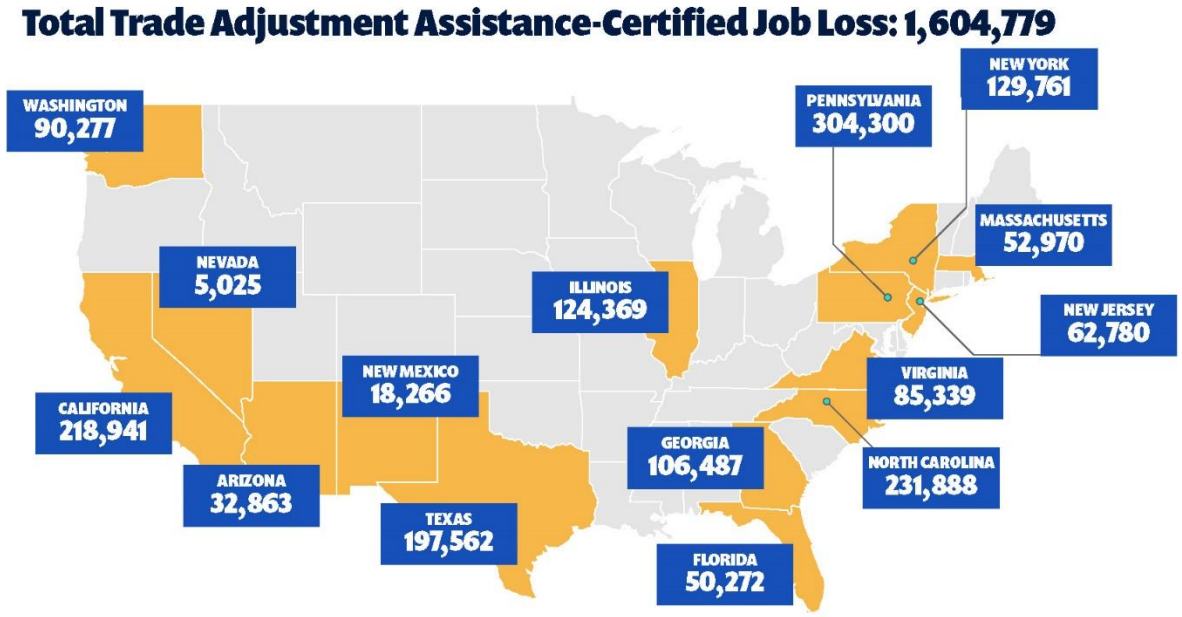
Just 15 U.S. states that are home to 85% of the total U.S. Latino population[44] account for half of TAA-certified trade-related job losses – 1.6 million of the more than 3.2 million U.S. jobs lost – from the start of the NAFTA-WTO era in 1994 to the latest TAA certifications, which cover most of 2019.[45] Those 15 states also account for nearly half (47%) of all TAA-certified job losses caused by NAFTA – 480,000 out of 1.01 million.[46] Moreover, 2.4 million of the 4 million total manufacturing job losses documented by the U.S. Bureau of Labor Statistics during the NAFTA-WTO era supported working families in these 15 states.[47]

It's Not All Manufacturing

Call Centers Employ Many People of Color and Have Been Hit by Mass Offshoring

Globalization and trade deals have also impacted service sector jobs. Call center jobs provide an example of service sector jobs for which many workers benefit from union representation that are being mass outsourced to low wage countries, like the Philippines. The Business Process Outsourcing (BPO) industry considers the Philippines a choice venue because call center workers there are paid less than $2 per hour and are denied basic worker rights.[i] U.S. call center workers represented by the Communications Workers of America union have coordinated with their Filipino counterparts, including to protest the arrest of those seeking to organize unions to fight for better wages and working conditions.[i] Some 58,220 of the U.S. jobs certified as lost to the Philippines are designated as explicitly lost to offshoring. People of color (i.e., Black, Asian and Latino Americans) account for 43% of U.S. workers engaged as customer service representatives.[i] Some 71,788 U.S. jobs are TAA-certified as lost to trade with the Philippines, with 58,220 of those jobs designated as explicitly lost to offshoring.[i] Until recent years, TAA did not cover service sector workers at all, so waves of call center and other service-sector instances of mass offshoring were not counted. More offshoring is projected for call center jobs, with the U.S. Bureau of Labor Statistics having forecast that an additional 51,600 American jobs would be lost in the sector between 2018 and 2028.[i]

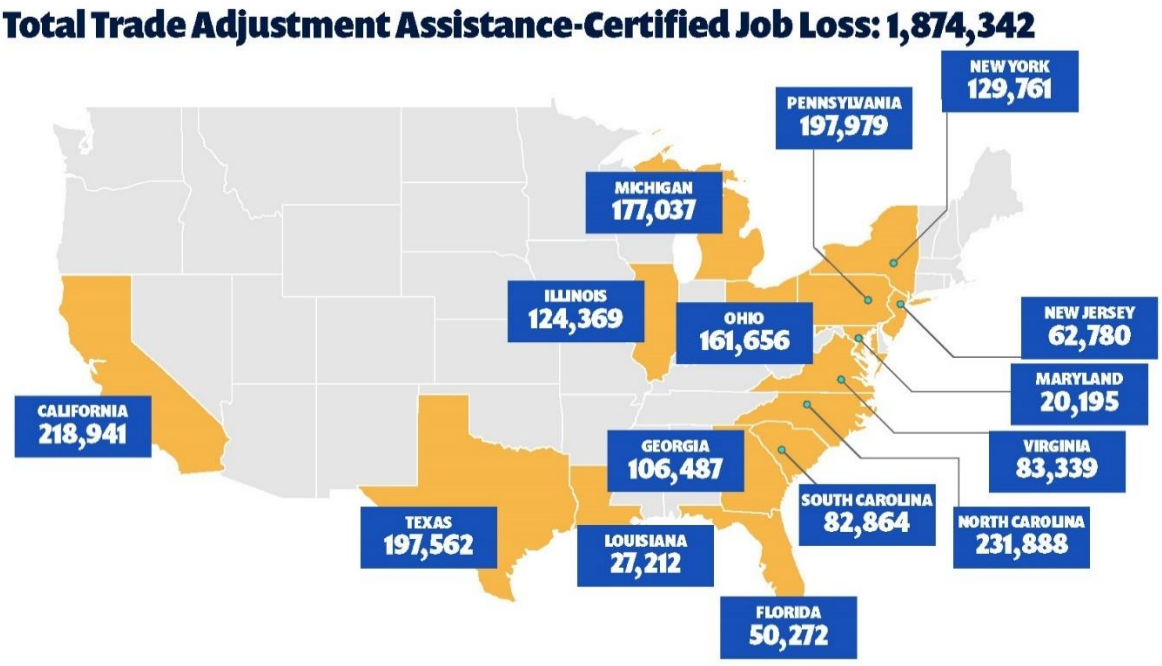
50% of Government-Certified Trade-Related Job Losses (1.6 Million) Are in These 15 States Where 85% of the Latino Population Resides



Source: U.S. Department of Labor Trade Adjustment Assistance data provided with geomapping via Public Citizen's Trade Adjustment Assistance Database

According to the U.S. Bureau of Labor Statistics, Black workers have lost nearly half a million manufacturing jobs (494,000) during the NAFTA-WTO era.[48] Just 15 states that are home to 58% of the Black population[49] account for 57% of TAA-certified trade-related job losses – 1.8 million of the more than 3.2 million U.S. jobs – between the start of the NAFTA-WTO era and mid-2019.[50] Additionally, 57% of TAA job losses caused by NAFTA — since NAFTA's implementation up to April 2020 — happened in these 15 states.[51] These 15 states also account for 2.9 million of the 4 million total manufacturing job losses documented by the U.S. Bureau of Labor Statistics during the NAFTA-WTO era.[52]

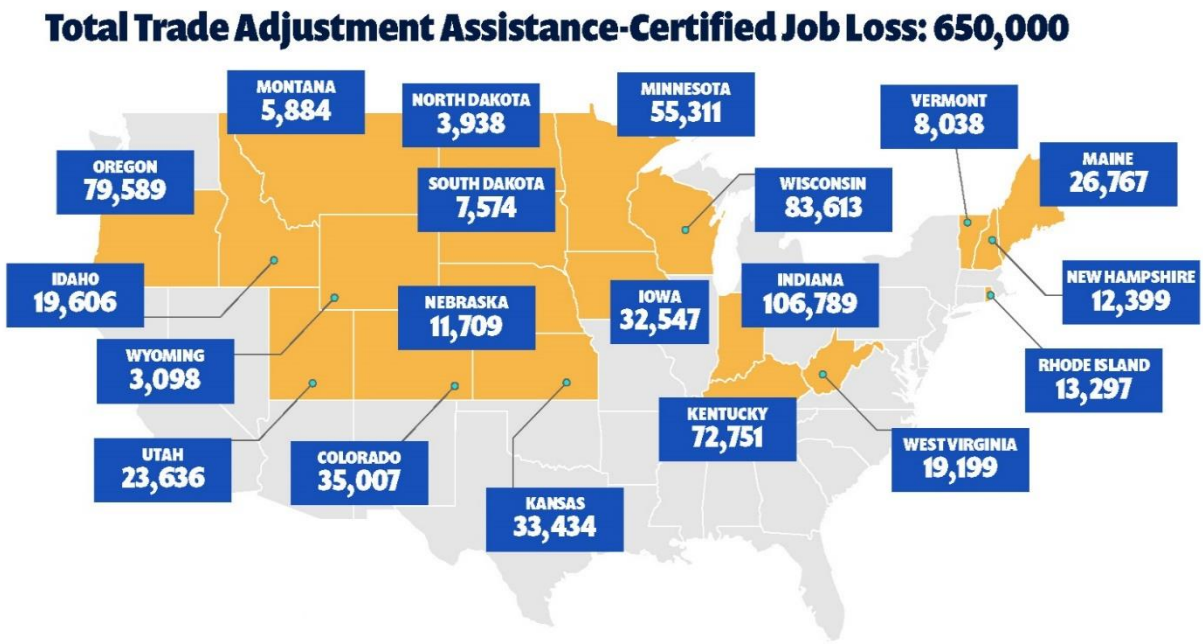
57% of Government-Certified Trade-Related Job Losses (1.8 million) Are in These 15 States Where Majority of Black Population Resides



Source: U.S. Department of Labor Trade Adjustment Assistance data provided with geomapping via Public Citizen's Trade Adjustment Assistance Database

The 20 U.S. states that are least racially diverse also are states that have less manufacturing and thus have been less impacted by trade-related job offshoring tracked by the TAA program. Combined together, Maine, Vermont, West Virginia, New Hampshire, Idaho, Wyoming, Iowa, Utah, Montana, Nebraska, Kentucky, Wisconsin, Colorado, North Dakota, Oregon, Kansas, Indiana, South Dakota, Minnesota, and Rhode Island represent 650,000 of the 3.2 million TAA certified job losses and less than 10% (only 300,000 of the total 4 million) of U.S. manufacturing job losses during the NAFTA-WTO era, according to the U.S. Bureau of Labor Statistics." [53]

The 20 U.S. States That Are Least Racially Diverse Have Less Manufacturing and Thus Have Been Less Impacted by Trade-Related Job Offshoring Tracked by the TAA Program



Source: U.S. Department of Labor Trade Adjustment Assistance data provided with geomapping via Public Citizen's Trade Adjustment Assistance Database

Many of the states — and cities such as Detroit, Chicago, Pittsburgh, New York, and Cleveland — that were hardest hit by U.S. trade policy failures were locations whose growing manufacturing employment opportunities had drawn six million Black workers fleeing racial terror and poverty in the Jim Crow South for safety and better economic opportunities in the first half of the 1900s.[54]

U.S. Cities With Large Black and Latino Populations Slammed by Trade-Related Job Loss

The trade-related loss of factories, jobs and wages had a significant impact on many cities where people of color (i.e., Black, Asian, Latinos, American Indians) constitute a large share of the population. Local governments were simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization, straining the social safety net. The result has been a significant crisis for local government services, including education, in the areas hardest hit. Throughout the United States, communities have suffered significant economic stress due to trade deals. Here are some examples of the impact of globalization on well-paying manufacturing jobs in cities with a large population of people of color. The following figures[55] are for the 1995-2019 time period (the earliest and latest years for which comparable data are available), and all dollar figures are adjusted for inflation.

Baltimore: People of color constitute 73% of Baltimore's 593,490 residents.[56] From 1995 to 2019, the city lost 44,300 of its manufacturing jobs, which comprised 42.6% of its manufacturing workforce.[57]

Chicago: People of color constitute 68.5% of Chicago's 2.7 million population.[58] From 1995 to 2019, Chicago lost 219,100 of its manufacturing jobs, which comprised 44% of its manufacturing jobs.[59]

Cleveland: People of color constitute 68.4% of Cleveland's 381,000 population.[60] From 1995 to 2019, the city lost 76,200 of its manufacturing jobs, which comprised 38% of its manufacturing workforce.[61]

Detroit: People of color constitute 90% of Detroit's 670,000 population.[62] From 1995 to 2019, Detroit lost 48,700 manufacturing jobs — one-third of its manufacturing workforce.[63] Many of the jobs were lost to NAFTA in automobile sector factories. The counties surrounding Detroit and nearby towns like Flint, which have major Black populations, also suffered major NAFTA-related auto sector job loss.

El Paso: People of color constitute 89.5% of El Paso's 681,728 population.[64] From 1995 to 2019, El Paso lost 27,400 of its manufacturing jobs, which comprised 61% of its manufacturing workforce.[65]

Los Angeles: People of color constitute 73.6% of the 3,979,576 people living in Los Angeles.[66] From 1995 to 2019, Los Angeles lost 284,500 of its manufacturing jobs, which comprised 46% of its manufacturing workforce.[67]

Milwaukee: People of color constitute 65.9% of the 590,157 people living in Milwaukee.[68] From 1995 to 2019, Milwaukee lost 44,100 of its manufacturing jobs, which comprised 27.1% of its manufacturing workforce.[69]

Philadelphia: People of color constitute 67.4% of the 1,584,064 people living in Philadelphia.[70] From 1995 to 2019, Philadelphia lost 39,900 of its manufacturing jobs, which comprised 54.6% of its manufacturing workforce.[71]

St. Louis: People of color constitute 56.7% of the 300,576 people living in St. Louis.[72] From 1995 to 2019, St. Louis lost 60,800 of its manufacturing jobs, which comprised 33.8% of its manufacturing workforce.[73]

1.4 Black and Latino Workers Are Overrepresented Among Those Whose Wages Have Stagnated and Economic Fortunes Declined Since NAFTA

The data incorporated in the previous sections suggest that, contrary to recent conventional wisdom, Black and Latino workers have indeed been severely affected by the job loss and wage stagnation caused by failed trade policies in the United States. And, Black and Latino workers have been disproportionately affected by the broader economic trends impacting U.S. workers during the NAFTA-WTO period. However, the negative impact of trade shock job loss and wage declines are magnified for these demographic groups because it comes in the context of underlying racial biases against Black and Latino populations that have affected hiring and promotion prospects, wages and educational opportunities for generations.

The manufacturing sector provides well-paid jobs for workers without college degrees. Job offshoring and the decline of manufacturing has meant disproportionate wage losses for Black and Latino workers, in part because of damaging disparities in educational opportunities resulting in Black and Latino workers being overrepresented relative to their share of the overall workforce among the 58% of Americans without college degrees who were left to compete for an ever-diminishing number of quality jobs available for non-college educated workers. Sixty-eight percent of Africans Americans and 77% of Latinos do not have college degrees as of 2019, compared to 54% of the white population.[76] Professors Mary Batistich and Timothy Bond of Purdue University recently explored the impact of the rise of import competition from Japan during the 1970s and 1980s on manufacturing losses for African Americans. They found that while import competition from Japan led to decreased manufacturing

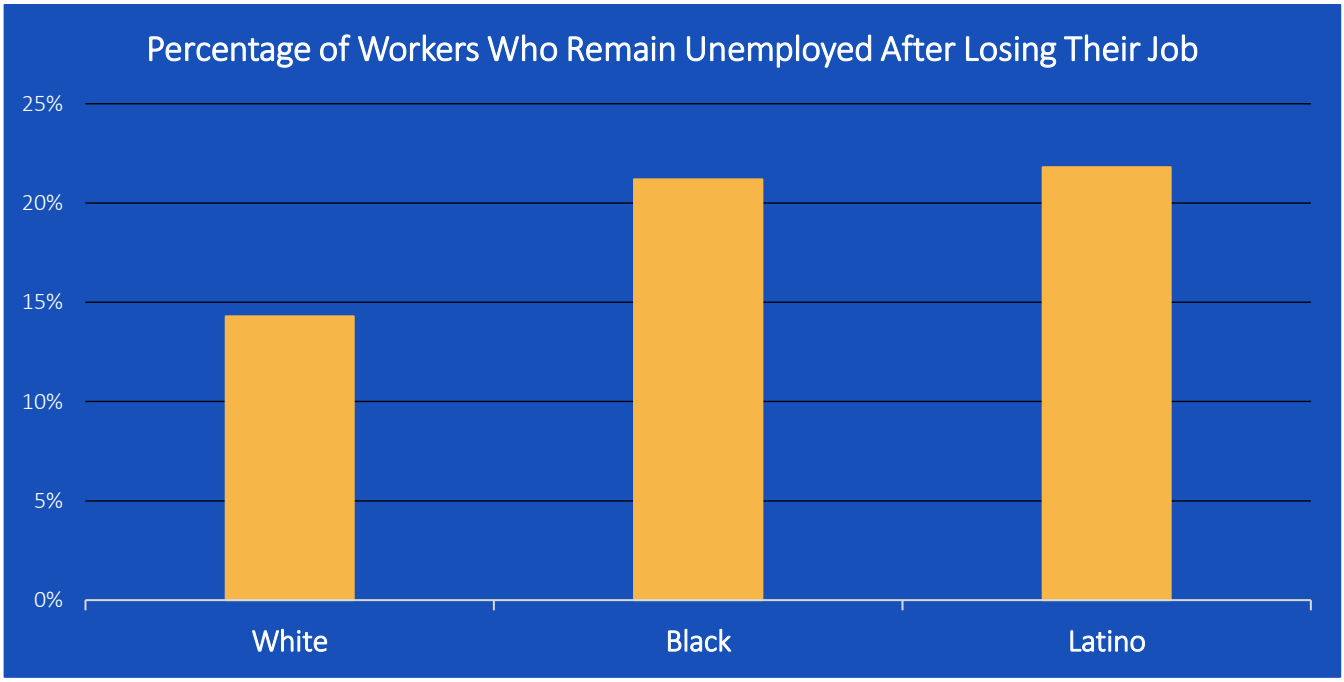
Even When Well-Paying Jobs Are Not Outsourced, Downward Pressure on Wages Continues

NAFTA's special investor protections and guaranteed duty-free access for Mexican goods to the U.S. market have led to downward pressure on wages even in the context of workers with union representation. Namely, after NAFTA, U.S. companies became more likely to threaten relocation as a means of defeating union organizing drives or otherwise restrain or cut wages or benefits for U.S. workers in union contract negotiations.[74] The research found an increase in the number of such threats of relocation in mobile industries after NAFTA came into effect. Overall, unions had a lower success rate in campaigns where threats to close were used (38%) than in campaigns where no such threats were made (51%).[75]

employment, labor force participation, and median earnings for Black workers, white workers gained manufacturing jobs due to their higher levels of education.[77]

However, educational differences are not the only factor and indeed may not be most important in amplifying the negative impact of international trade on communities of color. Increased competition over a reduced number of quality jobs available for non-college educated workers after decades of offshoring and import surges also exacerbates the poisonous racial dynamics that, even without considering offshoring and import competition, result in discriminatory hiring practices and wage disparities between similarly educated white workers and their Black and Latino peers.

Indeed, Black and Latino workers who lose their jobs are even less likely than their white counterparts to find a replacement job, according to the Bureau of Labor Statistics.[78] For every 100 white workers who lose their jobs, 14.3 remain unemployed.[79] Meanwhile, for every 100 Black workers who lose their jobs, 21.2 remain unemployed.[80] Similarly, for every 100 Latino workers who lose their jobs, 21.8 remain unemployed.[81]



Source: U.S. Bureau of Labor Statistics

And, African Americans and Latinos get paid less than their white peers carrying out the same tasks. A study by the Economic Policy Institute estimated that, even in manufacturing and

controlling for educational differences, actual wages for Latino and Black workers are, respectively, about 25% and 23% lower compared to wages paid to non-Latino white workers.[82]

To that end, both educational disparities and underlying racial dynamics seem to contribute to the disproportionate impact that NAFTA, the WTO, and other trade deals have on Black and Latino Americans.

Despite these racial disparities in manufacturing wages, the wage premium offered by the manufacturing sector relative to other sectors could still raise the level of income generated by Black and Latino workers. Nevertheless, according to the same study by the Economic Policy Institute, the almost one million Black, Latino and Asian workers who were displaced because of the increased deficit following the China trade deal may also have suffered a net pay cut as large as 25.5%. The study estimated a net loss per displaced worker of almost $10,500 a year — from $45,800 in the jobs displaced by the China trade deficit to $35,340 in the new categories of jobs available to workers with similar education levels.[83]

These declines come in the context of a large wage gap between Black and Latino workers relative to white Americans across all sectors. In 2020, the average U.S. white worker earned $979 per week, while the average Black worker earned $775 per week, and the average Latino worker earned $722 per week.[84] Women of color receive even lower wages, with the average Black woman worker earning $742 per week (compared to $823 for Black men) in 2020, and the average Latina worker earning $678 per week (compared to $763 for Latino men).[85]

The median wage data show the same pattern. Median weekly earnings in 2020 are $786 for Latino workers and $806 for Black workers. This is considerably less when compared to the median weekly wage of $1,002 earned by American workers overall.[86] These median wage gaps are further widened by gender. The median Black woman earns $779 per week, and the median Latina earns $717 per week, while the median U.S. woman worker overall earns $913 per week. Meanwhile, white women earn a median weekly income of $930 per week.

And when Black and Latino workers lose manufacturing jobs and find new jobs, they faced disproportionate pay cuts. According to analysis of Census data by the National Employment Law Project, more than half of Black workers and about 60% of full-time Latino workers earn less than $15 an hour, compared with 42% of full-time U.S. workers overall.[87] For example, in the leisure and hospitality sector, which pays on average $16.56 per hour, Latino workers account for 24% of the workforce and Black workers 13.1%.[88] This is higher

than both groups' representation in the overall workforce, at 12.3% and 17.6% for Latino and Black Americans, respectively.

The wage gap between white and Latino workers as well as the wage gap between white and Black workers has remained wide. In 1994, at the start of the NAFTA-WTO era, Black men earned 75 cents for every dollar earned by white men, and Black women earned 88 cents for every dollar earned by white women.[89] As of 2018, in inflation-adjusted terms, a significant wage gap remains, as Black men earn 79 cents for every dollar earned by white men, and Black women earn 83 cents for every dollar earned by white women. Similarly, in 1994, Latino men earned 64 cents for every dollar earned by white men, and Latinas earned 78 cents for every dollar earned by white women. As of 2018, Latino men earn 71 cents for every dollar earned by white men, and Latinas earn 73 cents for every dollar earned by white women.

Sadly, these wage figures are not surprising. Elimination of so many manufacturing jobs has had an overall depressive effect on wages for all workers of similar educational levels, namely those without college degrees. This occurs as displaced manufacturing workers find reemployment in non-offshorable service sectors that pay less.[90] According to the U.S. Bureau of Labor Statistics, about two out of every five manufacturing workers displaced and rehired experienced a wage reduction. About one out of every four took a pay cut of greater than 20%.[91] For the average Latino or Black worker earning the median manufacturing wage of $39,500 per year, this meant an annual loss of at least $7,900.

This trade-related downward pressure on wages is a prediction of mainstream international trade theory. When manufacturing workers are displaced and seek new jobs, they add to the supply of U.S. workers available for non-offshorable, non-professional jobs, for instance in the hospitality, retail, and health care sectors. While all U.S. workers with similar education levels have suffered growing economic insecurity from the downward pressure on wages caused by elimination of higher-wage manufacturing jobs, the impact on Black and Latino workers is greater given the structural biases in education levels and poisonous racial dynamics.

While the manufacturing sector lost about 4 million jobs between 1993 and 2019, the leisure and hospitality sector — with an average wage of $16.6 an hour, 40% less than the average manufacturing wage — gained 6.8 million jobs during the same period.[92] Latinos make up 24%, and Black workers make up 13.1% of workers in these sectors, compared to 17.6% and 12.3% respectively of the overall U.S. workforce.[93] As increasing numbers of trade-displaced

workers have joined the glut of workers competing for these non-offshorable jobs, real wage growth has been extremely modest in these growing sectors.

The loss of manufacturing jobs also has well-documented spillover effects. Each manufacturing job lost means less income to be spent supporting other sectors in communities with large Black and Latino populations. According to the Manufacturers Alliance for Productivity and Innovation (MAPI) Foundation, in 2016 each manufacturing job producing value for "final demand" supported more than three other jobs in the supply chain – from generating raw materials to delivery to the customer. Each manufacturing job loss jeopardizes these other jobs,[94] as well as jobs at restaurants and other businesses that workers losing well-paid manufacturing jobs can no longer afford to patronize, and jobs in construction and other government services supported by the taxes of manufacturing firms and well-paid workers.[95]

The resulting broad-based, middle-class wage stagnation has contributed significantly to growing inequality, with Black and Latino Americans underrepresented in the small group gaining economic ground. There are only three Black and nine Latino CEOs of Fortune 500 companies, and these groups are underrepresented among board members.[96] Latino and Black Americans are underrepresented in financial activities like banking and securities,[97] where the disproportionate returns to economic growth have gone in recent years.

And lost wages during working years impact the retirement savings of Latino and Black Americans and place Latino and Black retirees in extremely precarious circumstances. In 2014, the Communications Workers of America calculated an annual cost due to trade-induced job loss that reached $35 billion in Social Security revenue.[98] Studies have found that Black and Latino Americans are more likely to spend retirement at or near the poverty level. In 2012, Economic Policy Institute estimated that 69% of Latino and 60% of Black Americans age 65 or older had incomes less than two times the supplemental poverty threshold, compared to 44% of whites.[99]

2. Overall Trend of Increasing Inequality, Concentration of Wealth Impacts Black and Latino Americans More Severely

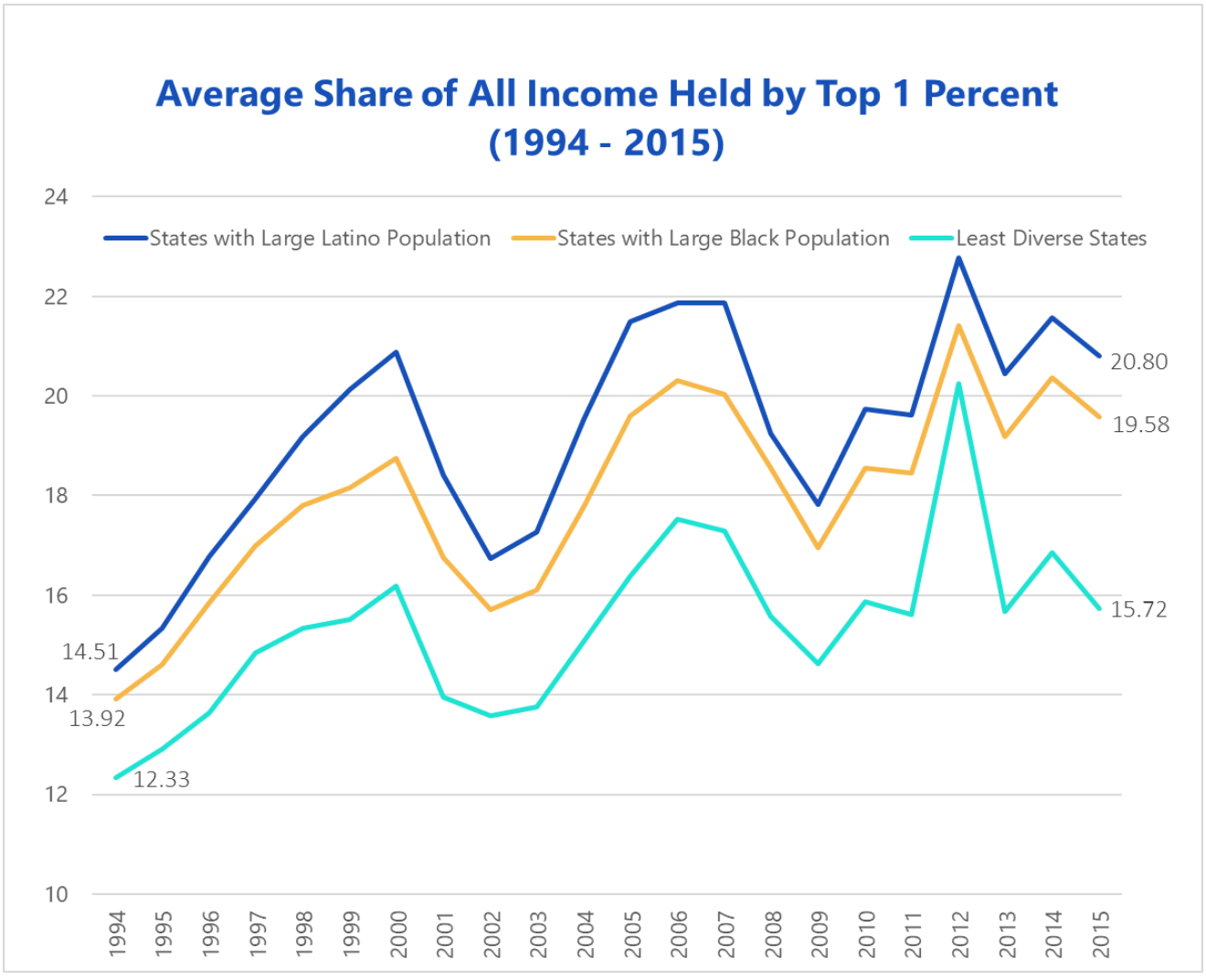
According to a recent study issued by the Economic Policy Institute, states that have large Black and Latino populations also strikingly correlate with those with higher income inequality levels. Five out of the 10 most unequal states in the nation (New York, Florida, California, Illinois and New Jersey) are home to large Latino and Black populations. Additionally, Nevada, Massachusetts and Washington, which are states with large representations of Latino families, are also in the top 10 most unequal states in the country.[100] These same eight states are among the 10 states with the biggest jumps in income share accumulated by the richest 1% from 1972 to 2015.[101] In other words, in these eight states the top 1% increased their share of income by at least 10.7%, leaving less for the rest of their communities.

The top-to-bottom ratio also shows that inequality is higher in states with large Black and Latino populations, compared to less diverse states. The top-to-bottom ratio in the 20 least diverse states mentioned above in 2015 was, on average, 18.7. This basically means that a family in the top 1% in those states received, on average, 18.7 times as much income as a family in the bottom 99%. This already egregious figure was higher in the 15 states where the majority of the Black population resides (24.3) and even worse in the home to 85% of the total Latino population (26.3).[102]

The share of all income accumulated by the top 1% increased more rapidly during the NAFTA-WTO era compared to the previous two decades (1972-1993) in the states with large populations of people of color. While between 1972 and 1993, the share of income held by the top 1% grew, on average, 0.19 percentage points per year in the least diverse states. In states with large Latino and Black populations it grew, on average, by 0.23 and 0.20 percentage points, respectively. During the NAFTA-WTO years, the same figure has been 0.15 percentage points for the least diverse states, meaning that the accumulation of income by the top 1% has decelerated in these places. However, in states with large representations of people of color, the rate has actually increased. In states with significant Latino populations it was 0.28, and in states with a large number of Black population it was 0.26.[103] Thus, even as income inequality increased during the last four decades throughout the country, during the NAFTA-WTO era it has grown even faster in states that are home to large groups of people of color. As a consequence, income inequality today is considerably worse in states that are home to the majority of the people of color in the country compared to less diverse states. In

1994, the spread between the average share of income held by the top 1% in least diverse states and in states with large Latino and Black populations was 2.18% and 1.59%, respectively. In 2015, the spreads rose to 5.08% and 3.86%, respectively.[104]

Wealth inequality has also worsened over the NAFTA-WTO era. Between 1994 and 2020, the top 1% increased its total net worth by $21 trillion, while the bottom 50% actually saw its net worth decrease by $320 billion over the same period.[105] In 1994, the top 1% owned 23% of all assets, while the bottom 50% owned 8% of all assets.[106] By 2019, the top 1% asset share increased to 27.8% while the bottom 50% share decreased to 6%.[107] The trend of growing wealth inequality has had especially extreme impacts on people of color. **The median wealth for white families is 41 times that of Black families and 22 times that of Latino families.**



Source: Economic Policy Institute

Median Black family wealth in the United States is $3,500, which represents only 2% of the median white family's $147,000.[108] Similarly, median Latino family wealth is $6,500, representing 4% of that of a median white family. And racial disparities in wealth have grown more severe over time. From 1995 to 2016 (the latest data available), the median Black family wealth has increased only by $308.[109] During that same period, the median Latino family's wealth has slightly increased by $1,345. Meanwhile, the average white family has increased its wealth by more than $50,000.

Conclusion

One of the core tenets of the multilateral trading system is non-discrimination. Goods, services and service providers should not be accorded different treatment based on their country of origin. The debates about whether countries comply with this principle are abundant. However, it is extremely rare to find inquiries into how trade policies and agreements impact people located in the same country in a differentiated manner depending on their ethnicity or the color of their skin.

As people throughout the United States struggle to confront the deep-seated structural racism that for too long has been a cornerstone of the American experience, this report aims to elevate how the outcomes of our trade policies and agreements have reinforced a racially biased system, while also hurting working people and communities of all races and ethnicities. Unpacking the outcomes of the current policies is a critical first step in trying to understand *the causes* of the racial disparities the data reveal.

Certainly, the context of generations of racial discrimination in hiring, promotion, wage and educational opportunities establishes an adverse setting in which trade-related job-loss and wage suppression will have more painful impacts on Latinos and African Americans. But what features of trade agreements and policies themselves may drive racial disparities? Exploring such factors, as well as remedies, merits urgent attention.

What is clear is that rethinking our trade agreements and policies should not be limited to aiming to halt the decline of manufacturing in the country or making our economy more resilient to crises, but also to contributing to the fight for a more just and inclusive society.

ENDNOTES

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APPENDIX A

The table below shows the SIC equivalent codes to NAICS manufacturing 3-digit codes. Since NAICS replaced the SIC System in 1997, the SIC codes were used to retrieve the trade data from the U.S. International Trade Commission Dataweb for the years between 1993 and 1996.

NAICS Codes	SIC Codes	
311 Food & Kindred Products	201	Meat Products
	202	Dairy Products
	203	Preserved Fruits and Vegetables
	204	Grain Mill Products
	205	Bakery Products
	206	Sugar and Confectionery Products
	207	Fats and Oils
	209	Miscellaneous Food and Kindred Products
312 Beverages & Tobacco Products	208	Beverages
	211	Cigarettes
	212	Cigars
	213	Chewing and Smoking Tobacco
	214	Tobacco Stemming and Redrying
313 Textiles & Fabrics	221	Broadwoven Fabric Mills, Cotton
	222	Broadwoven Fabric Mills, Manmade
	223	Broadwoven Fabric Mills, Wool
	224	Narrow Fabric Mills
	225	Knitting Mills
	226	Textile Finishing, Except Wool
	228	Yarn and Thread Mills
	229	Miscellaneous Textile Goods
314 Textile Mill Products	227	Carpets and Rugs
	239	Miscellaneous Fabricated Textile Products
315 Apparel & Accessories	231	Men's and Boys' Suits and Coats
	232	Men's and Boys' Furnishings
	233	Women's and Misses' Outerwear
	234	Women's and Children's Undergarments
	235	Hats, Caps and Millinery
	236	Girls' and Children's Outerwear
	237	Fur Goods
	238	Miscellaneous Apparel and Accessories
316 Leather & Allied Products	311	Leather Tanning and Finishing

	313	Footwear Cut Stock
	314	Footwear, Except Rubber
	315	Leather Gloves and Mittens
	316	Luggage
	317	Handbags and Personal Leather Goods
	319	Leather Goods, NEC
321 Wood Products	241	Logging
	242	Sawmills and Planing Mills
	243	Millwork, Plywood and Structural Members
	244	Wood Containers
	245	Wood Buildings and Mobile Homes
	249	Miscellaneous Wood Products
322 Paper	261	Pulp Mills
	262	Paper Mills
	263	Paperboard Mills
	265	Paperboard Containers and Boxes
	267	Miscellaneous Converted Paper Products
323 Printed Matter And Related Products, Nesoi	271	Newspapers
	272	Periodicals
	273	Books
	274	Miscellaneous Publishing
	275	Commercial Printing
	276	Manifold Business Forms
	277	Greeting Cards
	278	Blankbooks and Bookbinding
	279	Printing Trade Services
324 Petroleum & Coal Products	291	Petroleum Refining
	295	Asphalt Paving and Roofing Materials
	299	Miscellaneous Petroleum and Coal Products
325 Chemicals	281	Industrial Inorganic Chemicals
	282	Plastics Materials and Synthetics
	283	Drugs
	284	Soap, Cleaners and Toilet Goods
	285	Paints and Allied Products
	286	Industrial Organic Chemicals
	287	Agricultural Chemicals

	289	Miscellaneous Chemical Products
326 Plastics & Rubber Products	301	Tires and Inner Tubes
	302	Rubber and Plastics Footwear
	305	Hose and Belting and Gaskets and Packing
	306	Fabricated Rubber Products, NEC
	308	Miscellaneous Plastic Products, NEC
327 Nonmetallic Mineral Products	321	Flat Glass
	322	Glass and Glassware, Pressed or Blown
	323	Products of Purchased Glass
	324	Cement, Hydraulic
	325	Structural Clay Products
	326	Pottery and Related Products
	327	Concrete, Gypsum and Plaster Products
	328	Cut Stone and Stone Products
	329	Miscellaneous Nonmetallic Mineral Products
331 Primary Metal Mfg	331	Blast Furnace and Basic Steel Products
	332	Iron and Steel Foundries
	333	Primary Nonferrous Metals
	334	Secondary Nonferrous Metals
	335	Nonferrous Rolling and Drawing
	336	Nonferrous Foundries (Castings)
	339	Miscellaneous Primary Metal Products
332 Fabricated Metal Products, Nesoi	341	Metal Cans and Shipping Containers
	342	Cutlery, Hand Tools and Hardware
	343	Plumbing and Heating, Except Electric
	344	Fabricated Structural Metal Products
	345	Screw Machine Products, Bolts, Etc.
	346	Metal Forgings and Stampings
	347	Metal Services, NEC
	348	Ordnance and Accessories, NEC
	349	Miscellaneous Fabricated Metal Products
333 Machinery, Except Electrical	351	Engines and Turbines
	352	Farm and Garden Machinery
	353	Construction and Related Machinery
	354	Metalworking Machinery
	355	Special Industry Machinery
	356	General Industrial Machinery

	358	Refrigeration and Service Machinery
	359	Industrial Machinery, NEC
334 Computer & Electronic Products	357	Computer and Office Equipment
	366	Communications Equipment
	381	Search and Navigation Equipment
	367	Electronic Components and Accessories
	364	Electric Lighting and Wiring Equipment
	365	Household Audio and Video Equipment
335 Electrical Equipment, Appliances & Components	361	Electric Distribution Equipment
	362	Electrical Industrial Apparatus
	363	Household Appliances
	369	Miscellaneous Electrical Equipment and Supplies
	371	Motor Vehicles and Equipment
336 Transportation Equipment	372	Aircraft and Parts
	373	Ship and Boat Building and Repairing
	374	Railroad Equipment
	375	Motorcycles, Bicycles and Parts
	376	Guided Missiles, Space Vehicles, Parts
	379	Miscellaneous Transportation Equipment
	251	Household Furniture
337 Furniture & Fixtures	252	Office Furniture
	253	Public Building and Related Furniture
	254	Partitions and Fixtures
	259	Miscellaneous Furniture and Fixtures
	382	Measuring and Controlling Devices
	384	Medical Instruments and Supplies
339 Miscellaneous Manufactured Commodities	385	Ophthalmic Goods
	386	Photographic Equipment and Supplies
	387	Watches, Clocks, Watchcases and Parts
	391	Jewelry, Silverware and Plated Ware
	393	Musical Instruments
	394	Toys and Sporting Goods
	395	Pens, Pencils, Office and Art Supplies
	396	Costume Jewelry and Notions
	399	Miscellaneous Manufactures