



Testimony

Of

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for the

**Subcommittee on Fiscal Responsibility and Economic
Growth**

of the

Committee on Finance

hearing on

“Defending and Investing in U.S. Competitiveness”

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Chairwoman Warren, Ranking Member Cassidy, thank you for the opportunity to testify today on defending and investing in U.S. competitiveness. As a former trade impacted mill worker, and now Legislative Director for the largest industrial union in North America, it is an honor to be a voice for organized workers in this discussion and our union's international President Tom Conway gives his regards.

The United Steelworkers (USW) is the largest industrial union in North America, representing workers throughout the manufacturing sector. Our union's representation in commodities, which Americans and people across the globe use every day – from paper, steel, fiber optics, to tires –, provides a unique lens into U.S. competitiveness. It is also important to note that as our economy has changed over the decades, our union continues to evolve, representing workers in industries from software development to electric bus assembly to healthcare.

Defending and strengthening our country's competitiveness requires at least three key strategic shifts: (1) refocusing federal domestic investments on critical infrastructure; (2) retooling our labor and environmental laws for a twenty-first century democracy; and (3) exporting not just our goods, but our ideals, for a just global economy. Trade policy in particular must play a dual role of defending our communities from unfair trade practices by governments and foreign multi-national corporations, while ensuring the goods and services our workers produce can reach global markets.

Domestic Investment

Turning first to domestic investment, the USW takes a holistic approach to our country's infrastructure. Right now, Steelworkers local unions across the country are working with their respective employers to send letters to the Biden administration in a campaign called "We Supply America". This campaign emphasizes the critical role USW members play in America's infrastructure supply chain. For example, on our country's interstate highway system Steelworkers provide everything from steel for the over 6 million tons of guard rails to the pigment for paint that guides travelers every day.¹ They provide the steel that supports our bridges and buttresses our ports. From roads and bridges to our electric grid to broadband and so many other areas, our members produce the products that are needed. That is why we are hopeful and anxious to review the details of the \$1.2 trillion Bipartisan Infrastructure Framework.

If done right, this framework has the potential to upgrade our crumbling infrastructure and coupled with strong domestic procurement policies that ensure

¹ <https://pubs.usgs.gov/fs/2006/3127/2006-3127.pdf>

American manufacturing workers benefit from the tax dollars spent across the country. We know this new investment is needed when, for example, 6 billion gallons of treated water is lost each day in the U.S. That is over four million-gallon jugs of lost drinking water in the 5 minutes set aside for my oral testimony. We can do better, and our members who work at companies, like McWane, stand ready at the crucible to pour melted iron for the next generation of water infrastructure should Congress move on this historic investment.

As the largest union in hard rock mining, we recognize the potential that a changing transportation infrastructure creates for miners of copper and other metals here in the U.S., and the new opportunities that clean technology will present for workers in the supply chain. But, even aggressive electric vehicle (EV) uptake will not completely replace traditional fuels in the near term. For example, Bloomberg estimates that EV sales will only reach 34.3 percent by 2030.² This means there will be a continuing need for traditional fuels and refineries, most of which are represented by our union. These workers have bargained generous pay and benefits for safely and efficiently refining hydrocarbons over the years, supplying America with the needed fuels to drive the country and our military.

The U.S. can achieve a net-zero emissions economy by 2050, while still maintaining production and employment in energy-intensive, trade-exposed industries, but it will require workers, government, and industry working together. Our union is prepared to tackle this challenge in the many carbon intensive industries where we have members. That is why we are working closely with our member companies and community stakeholders to encourage investment in Carbon Capture, Utilization, and Sequestration (CCUS) and Direct Air Capture (DAC) Technology and supporting legislation like the SCALE Act (S. 986) and the CATCH Emissions Act (S. 2230).

A mix of policies will be needed for these changes. For example, the USW urges Congress to invest in Section 132 Manufacturing Conversion / Industrial Retooling Grant program, which was established under the Energy Independence and Security Act (EISA) of 2007, but never funded. This and other strategic manufacturing investment programs would provide capital for the conversion and retooling of industrial facilities.³

Investing in American Workers

² <https://www.bloomberg.com/news/articles/2021-06-26/where-we-are-on-the-road-to-electric-vehicles-quicktake?sref=HEwoTbCT>

³ <https://docs.house.gov/meetings/AP/AP10/20210317/111330/HHRG-117-AP10-Wstate-BrownR-20210317.pdf>

Domestic investments in infrastructure and industrial capacity will be key to building a twenty-first century economy. But, physical infrastructure is only one leg in a stool toward a prosperous, equitable, and just democracy. Our human infrastructure needs investment as well to ensure that America's workers have the knowledge and skills to face global competition and to combat growing income inequality. Whether it is preparing for the next pandemic, eliminating systemic racism, improving childcare, or increasing worker power – the tools to empower workers and their communities need improving.

According to the Economic Policy Institute, de-unionization explains approximately a third of the growth of the wage gap between high- and middle-wage earners over the 1979–2017 period.⁴ Unions have played a key role in improving hours, wages, and working conditions for the country's 150 million plus workers, but eroded labor laws are undermining take home pay for everyone. The drop in union membership has taken \$52 weekly out of nonunion working men's wages alone since 1979.⁵

Economic disparities for communities of color are also reduced with unionization. Black workers —both men and women— are more likely than white workers to be covered by collective bargaining, and the wage boost that they get from being covered by collective bargaining is 13.1 percent, above the 10.2 percent average wage boost for unionized workers overall.

These are a few of the reasons why the USW supports the passage of the PRO Act (H.R. 842). Labor law reform has the potential to reduce income inequality, which is vital to creating a competitive economy. For example, research indicates in Organization for Economic Co-operation and Development (OECD) countries, the average increase in inequality of 3 Gini points over the past couple of decades is estimated to have cut GDP by around 8.5 percent.⁶ We are seeing reduced economic mobility for the middle class and fewer children growing up in the bottom of the income distribution are able to climb to the top.⁷ Improved bargaining power through simple things, such as holding corporations truly accountable for unfair labor practices and allowing workers to get a contract, when combined with investments in our children and our working families, will bend the arc of inequality back in favor of workers.⁸

⁴ <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

⁵ *Ibid.*

⁶ <https://www.oecd-ilibrary.org/docserver/9789264246010-6-en.pdf?expires=1625932386&id=id&accname=guest&checksum=DE7CCC1AD26D92DBB4C2F988581753B6>

⁷ <https://www.theguardian.com/commentisfree/2021/mar/13/american-dream-broken-upward-mobility-us>

⁸ <https://edlabor.house.gov/imo/media/doc/PRO%20ACT%20-%20Fact%20Sheet.pdf>

Inequality destabilizes and undermines long term educational achievement as well, creating jarring inequities. Research has shown spending on “enrichment” activities for children like books, childcare, and non-school activities among the bottom fifth of the income distribution rose by just over 55 percent between the mid-1970s to around \$1,300 in the mid-2000s. Among the top fifth, however, it rose by over 155 percent to \$9,000 per child.⁹ We are permitting an increasingly tiered society with an enormous waste of human potential, but the Steelworkers union sees a path to reverse this trend with the Biden Administration’s proposals to upgrade and invest in child care facilities, while providing aid to workers who need child care through the American Jobs Plan and American Family Plan.

Our country will also need to improve our training programs for both dislocated and incumbent workers. Unions already provide a significant role in training the manufacturing workforce. As an example, United States Steel and USW have contract language, which incorporates training coordinators who work with management to ensure that workers “receive sufficient training to allow for all reasonable opportunities to progress within the workforce and maximize their skills to the greatest extent possible”.¹⁰ For manufacturing employers who often have specialized equipment that require hands-on experience, the federal government should provide resources to support hands-on training coordinators, and also to reward employers who have established relationships with incumbent worker training programs through collective bargaining.

The U.S. must improve resources available for adult worker training. The U.S. is among the worst of all 37 countries in the OECD in job training programs relative to the size of our economy. Public spending is less than half the spending levels of Australia, Canada, and the U.K., and one-sixth the level of spending in Germany.¹¹

The USW is dismayed that Congress has allowed the Trade Adjustment Assistance (TAA) for dislocated workers impacted by an increasing globalized economy to revert to an inadequate older program. Today a worker who loses their job to unfair competition from China – with which we had a \$310.8 billion trade deficit in 2020 – cannot get TAA benefits.¹² This is unacceptable and the union supports a healthy reauthorization of the TAA program similar to legislative proposals put forward

⁹ <https://www.oecd-ilibrary.org/docserver/9789264246010-6-en.pdf?expires=1625932386&id=id&accname=guest&checksum=DE7CCC1AD26D92DBB4C2F988581753B6>

¹⁰ https://uswlocals.org/system/files/2018_uss-usw_pm_bla_printer.pdf

¹¹ <https://www.oecd.org/unitedstates/back-to-work-united-states-9789264266513-en.htm>

¹² <https://www.thebalance.com/u-s-china-trade-deficit-causes-effects-and-solutions-3306277>

by Senator Stabenow.¹³ As a past recipient of TAA benefits, I know how important this program is.

A Worker-Centered Trade Agenda

This discussion on dislocated worker training leads to the final leg of the U.S. competitiveness stool: building a robust worker-centered trade agenda. The USW, which has participated in over 100 anti-dumping and countervailing duty investigations, and is the largest union in steel and aluminum manufacturing vital to our critical infrastructure and national security, and currently benefit from section 232 safeguards. For us, getting trade policy right is a must for a sustainable, competitive economy.

Our trade policy must continue to evolve. The United States-Mexico-Canada Agreement (USMCA) was a significant improvement over inadequate multilateral trade agreements like the Trans-Pacific Partnership. The Brown-Wyden Rapid Response Mechanism is already leading to investigations of labor violations by employers in Mexico and the first remediation plan was announced last week.¹⁴ We will closely watch the results of this remediation plan, but remain concerned that Mexico's labor reforms are moving too slowly. The resources must be quickly deployed to enhance on-the-ground labor capacity building.

Other elements of the USMCA agreement also provide framework for a more worker-centered trade policy. The Rules of Origin for automobiles, which require 75 percent of a vehicle content to originate in North America, is a solid step to rewarding employers who manufacture in North America. Combined with the novel labor value content rule for automobiles, future trade agreement negotiations can no longer ignore wages and benefits. These provisions were an improvement over the original flawed NAFTA, but they are far from perfect. They provide a floor for potential future trade agreements, but they are not a template.

It should also be noted that the voting margins in support of USMCA in Congress show that the Trade Promotion Authority or expedited voting authority is unnecessary if stakeholders are meaningfully engaged.

U.S. competitiveness requires a "zero tolerance" policy toward forced labor and the countries who permit its existence in their supply chains, from manufacturing to fishing, and must be severely sanctioned. Earlier this year USW member and tire

¹³ <https://www.stabenow.senate.gov/news/senators-stabenow-peters-introduce-bill-to-support-workers-impacted-by-trade>

¹⁴ <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/july/united-states-and-mexico-announce-course-remediation-workers-rights-denial-auto-manufacturing>

worker Joe Wrona testified before the full Finance Committee on the impact of forced labor on his job and the solar supply chain in China.¹⁵ Broader reforms are needed to combat forced labor, particularly in China, and the USW supports Representatives McGovern and Smith's Bipartisan Uyghur Forced Labor Prevention Act (H.R. 1155).

But, there must also be broader unilateral and multi-lateral reform efforts to uphold democratic values in our trade negotiations. Global overcapacity in products, such as steel and aluminum, will need to be reduced if we are to preserve strategic domestic industries and push back on state-capitalist models. China's Belt and Road initiative has led to expansions of dumped and subsidized goods entering from third party countries. However, our trade enforcement tools have not yet been upgraded to contain this growing problem.

Fortunately, Senator Brown and Senator Portman are leading with a much-needed update to our trade enforcement laws. Commonly referred to as "Leveling the Playing Field Act 2.0", S.1187 recognizes that as globalization accelerates, our trade enforcement mechanism must move at the speed of our increasingly digitalized economy. USW urges the Congress to pass this legislation.

The World Trade Organization (WTO) will also need to be reformed to better account for labor and environmental protections. Trade policy debates can no longer be conducted simplistically in terms of Economics 101 notions of comparative advantage, but require a recognition that repression of fundamental workers' rights in China and other countries violates international law and adversely affects American workers. We are heartened by Ambassador Tai's recent remarks at the AFL-CIO on increasing workers' voices at the WTO to improve global labor rights.¹⁶

Finally, 52 years ago a U.S. river physically catching fire from industrial pollution finally pressed lawmakers over the line to create the Environmental Protection Agency, an agency responsible for dramatic improvements of our air and water quality.¹⁷ But, a lack of recognition that corporations will outsource their pollution if permitted has led to ecological disasters such as less than a third of Mexico's industrial wastewater being treated.¹⁸ This lack of equal treatment and accountability has meant corporate investments abroad have avoided domestic pollution controls such as those

¹⁵ <https://www.finance.senate.gov/download/03182021-wrona-testimony>

¹⁶ <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/june/remarks-ambassador-katherine-tai-outlining-biden-harris-administrations-worker-centered-trade-policy>

¹⁷ http://ohiohistorycentral.org/w/Cuyahoga_River_Fire

¹⁸ <https://www.nytimes.com/2019/12/30/world/americas/mexico-environment-trade.html>

for lead acid batteries.¹⁹ And, it is well documented that trade agreements can also shrink the “policy space” available to countries to tackle climate change.²⁰

Future trade policy will also need to address carbon in a sensible way that prevents “carbon leakage”. The USW has long advocated for sensible climate change policy, including policy which addresses carbon border adjustments so carbon intensive industries are not disadvantaged as they adhere to new government policies.²¹

Ensuring that the U.S. and its workers remain competitive will require a whole of government approach that includes both investment in our country’s infrastructure and workers, and an ever-evolving trade policy, which defends against trade abuses and encourages exports while raising global labor and environmental standards. USW members stand ready to make this the future. Thank you for the opportunity to testify.

¹⁹ <https://www.sierraclub.org/sites/www.sierraclub.org/files/uploads-wysiwig/NAFTA%20and%20Climate%20Report%202018.pdf>

²⁰ <https://iccwbo.org/content/uploads/sites/3/2019/03/icc-report-trade-and-climate-change.pdf>

²¹ <https://www.congress.gov/116/meeting/house/110026/documents/HHRG-116-CN00-20190926-SD003.pdf>