

## Trade Adjustment Assistance

**Brainard et al., “Insuring America’s Workers in a New Era of Offshoring,” 2005.**

- Why is wage insurance more likely to encourage reemployment than unemployment compensation? **<a: It pays only when workers get new jobs, rather than when they don’t.>**
- Why do the authors argue that it should be given to all displaced workers, not just those displaced by trade? **<a: Most displacement isn’t due to trade, but is often due to technology, which is just as disruptive. Also, implementation of administrative requirements, as with TAA, undermines effectiveness.>**
- Why does wage insurance lead to more effective retraining than TAA? **<a: TAA trains for jobs that may not exist. Wage insurance encourages the hiring and training of workers into jobs that clearly do exist.>**

**James, “Maladjusted: The Misguided Policy of ‘Trade Adjustment Assistance’,” 2007.**

- What has been the primary motivation for enacting and extending TAA? **<a: As part of a “grand bargain” with labor, in return for which they would support, or at least permit, trade liberalization.>**
- What sectors of the US economy have had the most certifications for TAA, according to the FY2006 data presented? **<a: Textiles and apparel.>**
- Are trade displaced workers more in need of help than workers displaced by other causes? **<a: The author says no, and cites one study that says they are equally successful in finding jobs. But also cites an earlier study (Kletzer) that found they suffer greater losses. Author says that’s due to the sector in which they worked.>**

**Rosen, “Strengthening Trade Adjustment Assistance,” 2008.**

- Who qualifies for TAA, and what do they get? **<a: Workers, firms, and farmers/fisherman, who experience increased imports, imports affecting upstream or downstream producers, or shift of production abroad. They get: Income maintenance (78 weeks, vs. 26 under UI); all training expenses, HCTC (health coverage tax credit), ATAA (Alternative TAA), 90% of job search costs, 90% of job relocation costs.>**
- How does US expenditure on TAA differ from expenditure on similar programs in other major countries? **<a: Ours is much smaller.>**
- What’s wrong with TAA? **<a: Workers are not informed; doesn’t cover service industries; certification done by firm, not industry; money appropriated poorly; self-employed don’t qualify; no support for communities; US spends less than other industrialized countries.>**

**Lawrence, “A Numbers Argument for Renewing Trade Adjustment Assistance,” 2015.**

- Are the gains from trade agreements large enough to justify the expenses of TAA? **<a: Lawrence cites Petri and Plummer as saying that the “benefits per worker displaced would be \$1.35 million,” thus “more than 10 times the costs of the income lost by each worker’s displacement.”>**
- Does Lawrence advocate for adjustment assistance only for trade-displaced workers? Why does he associate it with passing Trade Promotion Authority? **<a: No. He says that a “better program would support all displaced workers.” But absent that, he sees TAA as helpful for getting TPA approved.>**

**Beattie, “The flaws in trying to compensate globalisation’s losers,” 2017.**

- Does the EU have a program analogous to Trade Adjustment Assistance? **<a: Yes: the European Globalisation Adjustment Fund.>**
- Does the author mention any examples of successful compensation of producers hurt by imports? **<a: Yes, peanut farmers who were hurt by NAFTA. But he doesn’t really see it as successful, since they continue to be subsidized.>**
- How much money does TAA hand out, and to how many workers? **<a: Slightly less than \$1 billion, to 127,000 workers.>**
- Does TAA achieve the aim of compensating losers from trade? **<a: Apparently not, although the article doesn’t really explain why their compensation is inadequate.>**
- Does TAA achieve the aim of making trade agreements politically acceptable? **<a: Not now, certainly, judging from the opposition by labor.>**
- Why should advocates of globalization be opposed to TAA? **<a: Because it fails in its objectives while confirming the public’s perception that trade is harmful.>**
- Does the author favor doing nothing to help those who lose from trade? **<a: No. He wants “a Nordic-style comprehensive welfare and education system that cushions the blow of being laid off for whatever reason and helps with training and job searching to re-enter employment.”>**