

Dēmos



# HIDDEN CASUALTIES

**Trade, Employment Loss  
& Women Workers**

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## INTRODUCTION

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It has been well established that international trade, particularly an influx of inexpensive imports, has led to large-scale job losses in the U.S. manufacturing sector. Entire industries and regions of the country have been hit hard by foreign competition since the 1970s. This trend has continued in recent years amid a large increase in Chinese imports to the United States, with some estimates finding that over 2 million jobs have been lost to such imports since 2000.<sup>1</sup> The pain from these long-term job losses is now being compounded by the large-scale layoffs in the manufacturing sector caused by the financial crisis and recession.

When one thinks of manufacturing job losses, the image is usually of male-oriented industries such as the auto industry. But a look at the actual numbers indicates a less known fact—a surprisingly large number of manufacturing job losses impact women workers. Many of the job losses that can be most directly linked to international trade have a predominantly female bias and, by some measures, it is women workers who have been hardest hit by the negative effects of globalization. Displaced women workers often face greater struggles than their male counterparts in finding new employment with comparable pay, an ordeal exacerbated by factors such as the high cost of childcare. These hidden problems suggest the need for a far more nuanced understanding of the dislocations caused by trade and globalization, as well as how to respond to such dislocation.

This report presents new evidence of how trade-related job losses are impacting women workers. It shows how women workers are concentrated in industries which have been drastically affected by the surge in cheap imports over the past decade. The report also shows that current policy responses to dislocations faced by women workers are woefully insufficient, with many laid off women workers receiving little help in securing comparably paying jobs or handling family obligations as they participate in retraining and conduct employment searches.

The United States should continue to engage in an open global economy in the years ahead. But in light of the trends documented in this report, that engagement must be coupled with a much more comprehensive set of policies to help workers and families navigate the economic restructuring that has become an inevitable part of increasing trade and globalization.

## THE NUMBERS: TRADE-RELATED JOB LOSSES AND WOMEN WORKERS

The American manufacturing sector has long been associated with indelible images of heavy industry: steel plants, auto assembly lines and aircraft makers. Male workers dominate in these settings, and it these workers that come to mind when we hear about plant closings and jobs lost to imports.

**“...certain industries are predominantly female, such as textiles, apparel and leather...[and they] have faced the highest levels of competition...[and] have had high levels of trade-related job displacement.”**

In reality, manufacturing in the United States comprises a vast range of activities—like processing chickens, rolling cigars, making shoes, milling flour, sewing clothing and curtains, tanning leather, building furniture, distilling whiskey, making tires, stuffing futons and the list goes on and on. Moreover, U.S. manufacturing is spread all around the

United States, as opposed to exclusively concentrated in a few Midwestern or Northeastern states. California, for instance, has twice as many manufacturing jobs as Michigan and Texas has as many such jobs as Michigan.

While male workers heavily outnumber women workers overall in the manufacturing sector—just 30 percent workers in this sector are women—certain industries are predominantly female, such as textiles, apparel and leather. In these industries women have constituted more than 50 percent of the total workforce. And it is actually these female-intensive industries that have faced the highest levels of import competition over the past decade and, as a result, have had high levels of trade-related job displacement.

This trend matters because many manufacturing jobs pay much better than other jobs that are available to women workers without a college education. For instance, industry level data from the Current Employment Statistics, compiled by the Bureau of Labor Statistics (BLS), indicates that in 2008, the average weekly wage of \$524 for textile industries is about 30 percent greater than the average for the retail sector (\$386) and almost double that of the average for the food services (restaurants) industry (\$233). Moreover, in many regions of the country these industries have been the predominant source of employment and the loss of these jobs have created a vacuum in the local economies. This makes a transition to other jobs particularly arduous for women.

For this study, we identified the industries with a high level of import competition by examining the import intensities, or the ratio of imports, to the sum of domestic shipments and imports. We calculated the import intensities of manufacturing industries at the 4-digit NAICS level for the period 2000-2006.<sup>°</sup> As a comparison, we also calculated the export intensities (ratio of exports to shipments) of manufacturing industries.

The findings show a striking impact of imports on women-dominated industries. We find that the average female employment percentage for the top 10 import-intensive industries is considerably higher at 42.3 percent (Table 1) when compared to the average for the manufacturing sector as a whole (30 percent) and the average for the top 10 export-intensive industries (32.8 percent). Earlier analysis indicates that data for the 1990s follows a similar pattern of positive correlation between female employment intensity and import intensity.<sup>2</sup>

<sup>°</sup> The North American Industry Classification System (NAICS) is used by Federal agencies to classify business establishments in order to collect, analyze and publish data related to the U.S. business economy.

**TABLE 1: Gender Composition Export and Import-Intensive Industries  
(Period Average: 2000-2006)**

IMPORT-INTENSIVE INDUSTRIES	IMPORT INTENSITY	FEMALE EMPLOYMENT PERCENTAGE	EXPORT-INTENSIVE INDUSTRIES	EXPORT INTENSITY	FEMALE EMPLOYMENT PERCENTAGE
Footwear	0.85	53.8	Leather and Hide Tanning	0.73	53.8
Audio and Video Equipment	0.78	31.6	Audio and Video Equipment	0.65	31.6
Other Leather Products	0.71	53.8	Computer Equipment	0.59	29.7
Apparel	0.63	66	Semiconductors and Other Electronic Components	0.53	33.1
Apparel and Accessories	0.55	53.8	Aerospace Products and Parts	0.46	26.4
Leather and Hide Tanning	0.49	53.8	Plastic Products	0.43	30.3
Miscellaneous Manufacturing	0.46	38.8	Non-Ferrous Processing	0.42	15.3
Computer Equipment	0.46	29.7	Apparel and Accessories	0.39	53.8
Non-Ferrous Metal and Processing	0.41	15.6	Basic Chemicals	0.39	33.4
Motor Vehicles	0.35	26.5	Commercial and Service Industry Machinery	0.39	21
<b>Average: top 10</b>		<b>42.34</b>			<b>32.84</b>

Source: Bureau of Labor Statistics, "Women in the Labor Force Databook." Top Import and Export Industries identified on the basis of trade data from Trade-Stat Express and Shipment data from Bureau of Economic Analysis.

To get a sense of the size of the import-intensive industries and how many women workers have been affected by international trade, we look at changes in employment in these industries over the past decade.

Between 1999 and 2008, employment in the top 10 import-intensive industries went from a little over 3 million to about 2 million, a loss of about 1.1 million jobs (Table 2). During the same period, manufacturing employment fell from about 17 million to about 13 million, a loss of approximately 3 million jobs. Just these 10 industries, therefore, constituted about 37 percent of the total manufacturing job losses. Among the 10, the industries with female employment intensities greater than 50 percent lost close to half a million jobs.

**TABLE 2: Top 10 Import-Intensive Industries, Employment and Employment Change  
(Employment in thousands)**

IMPORT-INTENSIVE INDUSTRIES	EMPLOYMENT 1999	EMPLOYMENT 2008	PERCENT CHANGE	FEMALE EMPLOYMENT PERCENTAGE
Footwear	35.1	15.8	-54.98	53.8
Audio and Video Equipment	52.4	27	-48.47	31.6
Leather and Hide Tanning and Other Leather Products	74.9	33.6	-55.14	53.8
Apparel	540.5	198.4	-63.29	66
Apparel and Accessories	34.9	17	-51.28	53.8
Miscellaneous Manufacturing	724	630.7	-12.88	38.8
Computer Equipment	310.1	182.8	-41.05	29.7
Non-Ferrous Metal and Processing	96.9	67.4	-30.44	15.6
Motor Vehicles	1312.5	877	-33.18	26.5
<b>Total</b>	<b>3181.3</b>	<b>2049.8</b>	<b>-35.56</b>	

Source: Bureau of Labor Statistics, Current Employment Statistics.

## MORE EVIDENCE: WOMEN AND TRADE ADJUSTMENT ASSISTANCE

Another telling indicator of how badly women manufacturing workers have been hit by international trade comes from looking at the disproportionate share of women receiving Trade Adjustment Assistance (TAA).

The TAA is the primary U.S. policy response to the dislocations caused by trade. The program provides a combination of income replacement, retraining and relocation funds to workers displaced due to trade-related economic restructuring. In order to qualify for TAA assistance, a group of workers (three or more from the same place of employment) or a company or union representative have to submit a petition to the Department of Labor declaring that the jobs have been lost due to increased imports of goods. Once certified, the workers can receive various adjustment assistance. The TAA statistics therefore provide some indication about the kind of industries and workers that have been most affected by trade-related restructuring.

During the late 1990s and early 2000s, women received a majority of the trade adjustment assistance.<sup>3</sup> In more recent years, they have continued to make up about 48 percent of TAA recipients. In addition, the import-intensive industries with high female employment percentages figure prominently in the list of industries receiving a large number of TAA certifications. According to the Department of Labor, textile mills, an industry with female employment over 50 percent, have received the maximum number of certifications each year since 2004. Apparel and other finished fabric manufacturers, another industry with female employment intensity greater than 50



percent, are also within the top five industries receiving certifications. These facts, along with the high share of TAA recipients that are women—even though women workers constitute just 30 percent of total manufacturing employment—further underscore how women in this sector have been disproportionately affected by trade-related job losses of the past decade.

Statistics on TAA do not reflect the full extent of job losses associated with trade-related restructuring, since many eligible workers never apply for TAA. In some cases workers are unaware of the program; in other cases, it is not easy to prove the trade link due to restrictive rules governing the TAA. Still, the TAA statistics do give a sense of the gender trends in job loss patterns.

## STATES OF DISTRESS: TRADE AND WOMEN WORKERS IN NORTH CAROLINA AND PENNSYLVANIA

Trade-related job losses are a national phenomenon, with imports displacing jobs in nearly every part of the country over the past decade—from the traditional industrial states in the Great Lakes region to California (which leads the nation in manufacturing jobs) to states in the South (Table 3). Women workers have fared especially poorly in those places where there is a high concentration of female-intensive industries. To get a clearer picture of this trend, we examined the situation in two states, North Carolina and Pennsylvania, using the Department of Labor’s state level TAA certification data from 2003 to 2007.

**TABLE 3: States with the Highest Level of Certifications (Top 5)**

2007 CERTIFICATIONS		2006 CERTIFICATIONS		2005 CERTIFICATIONS		2004 CERTIFICATIONS		2003 CERTIFICATIONS	
North Carolina	156	North Carolina	181	North Carolina	196	North Carolina	211	North Carolina	200
Michigan	141	Michigan	109	California	137	Pennsylvania	128	Pennsylvania	162
Pennsylvania	99	Pennsylvania	104	Pennsylvania	123	California	91	California	104
Ohio	87	Georgia	60	Texas	69	New York	85	New York	90
New York	77	New York	58	Michigan	63	Ohio	84	Ohio	81

Source: Department of Labor, Employment and Training Administration.

**North Carolina.** Nowhere are women manufacturing workers faring worse than in North Carolina, which has received the highest number of TAA certifications since 2003, with many of these certifications for workers in female-intensive industries.

Textiles and apparel have long been central pillars of North Carolina’s economy. But that pillar has been crumbling in recent years. According to the Social Science Research Institute at Duke University, there were 2,153 textile and apparel plants in North Carolina employing 233,715 people in 1996. By 2006, there had been a 40 percent decline in the number of plants, to 1,282 plants, and a 65 percent decrease in employment to 80,232 workers. Much of this decline is a result of foreign competition, and women have been particularly hit by the large-scale

job losses. According to the Bureau of Labor Statistics, textile and apparel workers earn considerably more in North Carolina than workers in other occupations that don't require a college degree. For example, according to the BLS Occupational Employment Statistics estimates, in 2007, the average annual wage for waiters and waitress in North Carolina was \$16,670 and for cashiers it was \$17,070—compared to \$22,010 a year for workers in textile and apparel jobs.<sup>4</sup> (More specialized jobs in this field can pay considerably more.)

To take a closer look at the job loss patterns in North Carolina and project who is affected by these losses, we used a database of TAA certifications compiled by Public Citizen TAA database. The database provides a list of all the industries certified in a state by year. It also provides details about the industries such as location, SIC code and the estimated number of workers covered under each certification (although it does not provide the gender of these workers). For the years 2003-2007, we computed the estimated number of workers covered under all the certifications. We then computed the number of workers from just the textile and apparel industries in the group. As we can see from Table 4, the two traditionally female-intensive industries make up a large share of North Carolina's industries with TAA certified workers.

**TABLE 4: TAA Certification Data for North Carolina**

NORTH CAROLINA	2003	2004	2005	2006	2007
Est. Total Certified Workers	19,971	10,804	12,903	12,066	14,746
Percentage of Workers from Textile and Apparel Firms	58	43	43	63	59

Source: Public Citizen TAA Database.

**Pennsylvania.** As a comparison, we did the same analysis for Pennsylvania, which has also been hit hard by trade-related job losses and has been closest to North Carolina in the number of certifications received. Even in Pennsylvania, which might be considered a more diversified manufacturing state than North Carolina, textiles and apparels industries have received a substantial share of certifications. And in this state, the wage gap between textile and apparel workers and workers in a variety of other low-skilled occupations, is even greater than in North Carolina. The average annual wage estimate for textile or apparel workers in Pennsylvania was \$27,190 in 2007 while waitresses and cashiers in the state made around \$17,000.<sup>5</sup>

**TABLE 5: TAA Certification Data for Pennsylvania**

PENNSYLVANIA	2003	2004	2005	2006	2007
Est. Total Certified Workers	13,516	6,359	7,110	5,283	7,953
Percentage of Workers from Textile and Apparel Firms	14	23	25	10	8

Source: Public Citizen TAA Database.

## A BROKEN BUFFER: TRADE ADJUSTMENT ASSISTANCE

Since the 1970s, policymakers have offered an implicit bargain to American workers: accept free trade, which will lead to overall gains for the economy and, in return, the U.S. government will help offset the wrenching dislocations caused by free trade through education, retraining and direct cash payments. The Trade Adjustment Assistance program has featured centrally in such pledges.

Unfortunately, this bargain has not been kept and the TAA is far from adequate for buffering American workers from the negative effects of trade. Even as globalization has accelerated and the United States has signed a number of new free trade agreements in the past decade, help for displaced workers has been woefully inadequate. Moreover, the special needs of laid off women workers have generally received little attention in efforts to counter the negative effects of job dislocation.

The TAA program was first established in 1962 to assist workers losing jobs due to foreign competition. The program provides a combination of income replacement, retraining and relocation funds. In order to qualify for TAA assistance, a group of workers (three or more from the same place of employment) have to jointly submit a petition to the Department of Labor declaring that their jobs have been lost due to increased imports of goods. Once certified, the workers can receive income support for up to 26 weeks after the regular unemployment insurance is exhausted, when they enroll in training programs. Prior to 2009, the training fund available under TAA was capped at \$220 million a year.

In response to the heightened concerns about job losses due to the NAFTA, a special NAFTA-TAA was created in 1993. The NAFTA-TAA expanded eligibility to include job losses not just from increased imports but also losses from shifts in production of goods to Canada and Mexico. In a reorganization of the TAA in 2002, the NAFTA-TAA was combined with the original TAA to form a single program. The program includes shifts in production to other countries besides Canada and Mexico. It also includes some secondary workers; that is, workers from factories that produce inputs for goods that are facing import competition.

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The 2002 reorganization also introduced two additions to the TAA. One was the Alternative Trade Adjustment Assistance (ATAA), which acts as a wage insurance program. Wage insurance makes up a portion of lost wages that occur when the new job that the worker finds pays less than the job lost due to trade displacement. The ATAA program introduced a limited wage insurance component for workers over 50 years old. The benefits under wage insurance only start once a new job is found. It is argued that this provides an incentive for quicker re-employment. The second addition to the TAA was a Health Coverage Tax Credit (HCTC). The tax credit pays for 65 percent of health insurance premiums for the displaced worker and family for up to two years.

Most recently the TAA has been further enhanced under the American Recovery and Reinvestment Act of 2009 (the stimulus bill). According to the new development, TAA has now been expanded to include trade-related job losses in services as well as manufacturing. There is also an expanded list of eligible secondary workers. The Act

authorizes the expanded TAA through 2010 and has allocated a budget of \$575 million for worker retraining. It has also raised the HCTC to cover 80 percent of insurance premiums for displaced workers and their families.

Yet the TAA program as it exists, even with the additional funds under the stimulus bill, is not an adequate response to the large-scale disruptions in the U.S. labor market caused by free trade and globalization for several reasons. Beyond its programmatic shortcomings, which are discussed below, TAA is conceptually flawed in the way that it defines who is hurt by international trade. By demanding that workers establish a clear link between trade and lost jobs, TAA ignores the varied ways that globalization has depressed wages for Americans workers and shifted jobs overseas. In many areas, the evaporation of well-paying manufacturing jobs has depressed wages for all workers by expanding the pool of available labor. The threat of off-shoring production, whether explicit or implicit, can also serve to diminish workers' leverage in negotiating for better pay and undermine unionization efforts. Another cost to workers which is hard to measure is the decision of Americans companies to build new production plants outside the United States.

The large-scale restructuring of the American economy due to globalization and free trade demands equally large-scale policy responses to ensure that U.S. workers still have a shot at achieving the American Dream. The TAA program has never operated on anything close to the needed scale. Among other failings, it hasn't met the needs of displaced women workers, and this failure offers a window into the program's broader weaknesses.

### How TAA Fails Women Workers

The displacement of women workers from manufacturing jobs has the potential to be an opportunity for these workers, because low-end factory jobs occupied by women are not great jobs. Although these jobs typically pay better than other jobs available to non-college workers in high unemployment areas, they pay less than a variety of service sector jobs. On average, for instance, administrative assistants, dental assistants and legal secretaries make more money than apparel or textile workers. Currently, though, the U.S. is far from capitalizing on the opportunities that exist to redirect women workers into better occupations. The current TAA program is inadequate in helping women meet either the challenge of retraining or handling family responsibilities while they transition into new work.

**“The current TAA program is inadequate in helping women meet either the challenge of retraining or handling family responsibilities while they transition into new work.”**

Training and adult education can be important tools in helping women in an environment where occupational segregation limits the options available for them, if there is consistent funding for professional training programs, assistance with choosing the programs and efforts to evaluate the effectiveness of these programs. But doing all these things is expensive and TAA funds typically don't stretch far enough.

Prior to the expansion of the training fund under the stimulus bill, when the training fund was capped at \$220 million, states reported a chronic shortage of funds to cover all certified workers, particularly towards the end of the year.<sup>6</sup> The increase in training funds is therefore a step in the right direction. However, given that the TAA and the new funds are only authorized till 2010, there is a question of whether there will be continuing and consistent commitment to support the training. Besides the budget issue, a significant failing in the TAA seems to be the lack of any systematic approach to planning the training. There are very few guidelines in the program itself about the nature of the training or where to obtain it. More importantly, there is very little follow up information on what kinds of training choices displaced male and female workers make, and whether these choices have been effective in getting them re-employed.

Case studies conducted by the General Accounting Office have described the above issues regarding training. In a survey of participants from five different TAA cases in different states, a 2006 GAO study found that less than a third of the workers enrolled in training programs at all. In a majority of the cases the training programs were short-term, lasting less than a year. An example cited was a one-month nursing assistant's course. Funding caps on training and the lack of knowledge about open enrollment programs were cited as some of the reasons for this short-term preference.<sup>7</sup>

The study also finds that more women choose to enroll in training programs and the predominant choice is to train for a healthcare related occupation, particularly direct care occupations like nursing assistants. On an average, a greater proportion of workers who did enroll in training programs left manufacturing for other industries. But workers who left manufacturing for other industries replaced less of their pre-layoff earnings than those who remained in manufacturing. This is similar to a study by L. G. Kletzer which finds that finding reemployment in manufacturing results in lower earning losses for displaced workers.<sup>8</sup>

There is no further gender data in the GAO case studies. However, if more women are entering training programs than men, and more people entering training leave manufacturing, then it is women who are more likely to leave manufacturing. This is also what we would expect since the gender segregation in manufacturing and the greater exposure of female-intensive manufacturing industries to imports make it inevitable that women who lose their jobs in these industries will have to transition out of manufacturing faster than men. But since workers leaving manufacturing are replacing less of their previous earnings, then it is women who are more likely to be replacing less of their lost earnings. So the cost of trade displacement and the effectiveness of adjustment assistance is not gender neutral.

## THE NEED FOR NEW LABOR MARKET POLICES

Devastating job losses in import-intensive manufacturing are likely to continue in coming years and women will continue to be hard hit by this trend, as will the communities in which they work. In many cases, female-intensive industries have constituted as much of a lifeline to cities and towns as more male-oriented sectors like the auto industry. There are numerous cases where apparel and textile factories have been the one major employer for a small town. For example, the closing of the Renfro Corporation sock manufacturing plant in Whitmore, South Carolina, announced in December 2008, impacted 573 employees who worked at the plant. News reports have detailed the dim prospects for the town of about 1,700 where Renfro was the only manufacturing plant and the largest employer and consumer of local services in the town. In towns like Renfro, finding reemployment in manufacturing is not an option.

**“A new national labor market policy should focus investments in fields such as healthcare, education and social services—fields in which women workers have traditionally played a major role.”**

The scale of the economic pain faced by manufacturing workers and their communities, along with the evidence of failure of Trade Adjustment Assistance, suggests that the United States needs to drastically rethink policies aimed at buffering Americans from the downsides of globalization. Specifically, much larger efforts are needed to create new high-quality new jobs in areas hit hard by trade and to retrain workers for the good jobs that already exist. These efforts should be undertaken in ways that do not neglect women workers—an all-too common problem with job creation programs.

A new national labor market policy should focus investments in fields such as healthcare, education and social services—fields in which women workers have traditionally played a major role (in health and education services, about 80 percent of the workforce is female).<sup>9</sup> Quite apart from the dislocations caused by globalization or the current economic downturn, it makes sense to focus more attention in these areas because there is already a shortfall of skilled workers and that shortfall is projected to grow in the years ahead. For example, according to a report released by the American Hospital Association in July 2007, U.S. hospitals need approximately 116,000 registered nurses to fill vacant positions nationwide.<sup>10</sup> According to a 2008 study, the shortage of registered nurses in the United States could reach as high as 500,000 by 2025, with the demand for RNs growing by two percent to three percent each year.<sup>11</sup> Meanwhile, the National Education Association estimates that some 2.2 million new teachers will be needed in the next 10 years and many states and localities are already suffering from serious shortages, to the point that some schools are recruiting from overseas—just as many healthcare organizations now recruit nurses from overseas.

The twin trends of major job losses in female-dominated manufacturing industries and large shortages in female-dominated service occupations suggest a clear opportunity for a new national labor market policy to have a positive impact. But the challenges here are considerable. First, most of the women workers being displaced from manufacturing jobs lack a college education, which is needed to move into many of the better paying service sector jobs. Second, even education and training efforts needed to prepare women for the less well-paying service jobs, such as dental assistant or secretarial positions, can require a substantial investment. Third, retrained or newly educated workers may find that there are not jobs available in their regions. And fourth, many of the entry-level jobs in health, education or social services that require training still may not pay enough money to cover the cost of living.

These facts underscore the need for policies that go well beyond the TAA program. Major new investments are needed to ensure that a college education is more affordable—and expanded access to community college can be especially helpful for displaced manufacturing workers. Job training resources must be far more substantial than the money that has been typically provided for the TAA program. Overseas, some countries like Denmark—which has very open trade policies—spend many billions of dollars on labor market policies that constantly retrain and redirect that nation's human capital in response to the dislocations caused by globalization. Realistically, the United States will need to spend tens of billions of dollars annually to ensure that its commitment to free trade doesn't come at the cost of the economic security of its workers, not to mention the nation's long-term wealth and productivity.

There are no easy solutions to the spatial mismatch facing workers in high-unemployment areas as manufacturing jobs have disappeared. While new job creation policies may help some of these workers, others will have to relocate. An easier task is to professionalize human service jobs to ensure that this sector pays better wages and benefits. Such professionalization should extend down to the lowest positions, like home health aides. Facilitating unionization, raising the minimum wage and enacting living wage ordinances are among the steps needed to raise up workers at the low-end of the human services sector. National reforms to spread health and pension coverage to low-income workers would have also be hugely beneficial.

## STRENGTHENING FAMILY SUPPORTS FOR DISPLACED WOMEN WORKERS

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Beyond the need to dramatically step up efforts to educate and retrain displaced women workers, and to enhance job quality in human services, policymakers must also bolster the family supports for these women. Such supports are important at all times, but especially critical for women who are unemployed and seeking to enhance their skills so they can transition to a new job.

Job displacement causes considerable disruptions to family life. Participating in training programs, allocating time to interview for new jobs and relocating to new locations can all cause disruptions. This is particularly true for female workers, who by all accounts continue to bear the bulk of responsibility for childcare. Moreover, displacement has tended to occur among the relatively low skilled and low wage workers for whom it is well established that the cost of childcare is already a considerable burden. Analyzing the data from the survey of income and program participants, Heather Boushey and Joseph Wright find that working mothers who use paid childcare and are in the bottom 40 percent of households in terms of income, spend around 18.4 percent of their total household income on childcare.<sup>12</sup> When the income from work disappears, such expenditures may become impossible to sustain—yet the absence of childcare can make it extremely difficult to get retraining and find new work.

The 2002 TAA reform did introduce one measure that addresses the issue of sustaining the household—a Health Coverage Tax Credit. The tax credit is intended to cover up to 65 percent of health insurance payment for the displaced worker and family for up to two years. The credit has now been extended to 80 percent. While this is an important step in recognizing and supporting households, an important element still missing is any form of childcare support. Given the gender pattern in the job losses, transition programs should have a larger focus on childcare in addition to the health tax credit.

## CONCLUSION

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Over the long term, American women cannot compete against low-paid foreign workers in producing a wide variety of manufactured products. Many of the jobs lost by U.S. women in the past 10 years are not coming back, no matter what changes are made to trade policy. Moreover, job displacements are not limited to manufacturing and are inevitably becoming a recurring feature of our economy. The extension of the TAA to the service sector is an acknowledgement of this stark reality. As the demand for labor market flexibility increases, it is important that the workers be provided ongoing support to manage the flexibility. Adjustment assistance therefore cannot be seen as a stop-gap, stand-alone policy in the economy. It has to be integrated with a comprehensive labor market policy that emphasizes substantial investment in and a planned approach to training, professionalizing those jobs that are most likely to stay within the economy, and a commitment to supporting families during periods of transition.

## ENDNOTES

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