

Testimony

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El Paso, Texas is a city and county of nearly 700,000 residents at the western tip of Texas, and at the virtual center of the U.S.-Mexico border. With its neighbor, Ciudad Juarez, El Paso forms the world's largest border metropolis, with nearly 2 million people.

For more than four centuries El Paso has been a hub for trade moving between the United States and Mexico. At the forefront of the emerging North American economic trade bloc, El Paso/Ciudad Juarez handles 25% of current U.S.-Mexico trade.

El Paso, however, is buffeted by the global and national economic forces swirling around the community. Since NAFTA, national and international commerce has shifted focus profoundly from "East-West" to "North-South," but El Paso continues to see growth without prosperity. It is the 17th largest city in the nation, with a tax base that ranks 159th. It ranks 282nd in the country in per capita income (\$9,603), and the poverty rate is 25.3%.

Further, the lowering of trade barriers effectively removed the safety railing from the wage cliff on the U.S.-Mexico border. El Paso/Ciudad Juarez became one economy, one workforce. A seamless border means that employers can now meet their market demands while employing people for as little as \$1/hour.

As a result, over 26,000 jobs have left El Paso since January 1, 1994, creating the largest number of certified NAFTA-displaced workers in the country—a dubious distinction. Furthermore, the jobs continue to leave, such as Datamark, a data entry company, and Connections, an electronics company. The jobs that have been lost and that continue to leave are good-paying jobs, \$7-12/hour. Unemployment continues to average at 2-3 times the state and national rates, despite the net gain of jobs in El Paso's NAFTA-era economy. As a result, El Paso serves as a trampoline for businesses to gain a foothold on the border, and then move into Mexico and Latin America.

Those hardest hit by the restructuring are older Spanish-speaking women factory workers—people the marketplace has defined as worth paying \$1-2/hour, but who live, and want to work, on the United States side of the border.

The laser-sharp focus of job loss is apparent from Texas Workforce Commission statistics on NAFTA-affected workers in El Paso:

- 97% are Hispanic;
- 67% are women;
- 1/3 are single heads of households;
- The majority are 45 years old and older;
- The majority have less than a sixth grade education;
- The vast majority are not fluent in English;
- They have averaged at least ten years, working in El Paso's factories.

These workers are only the tip of the iceberg of NAFTA's impact on the El Paso economy and workforce. According to the U.S. Census, over 100,000 people in El Paso do not consider themselves fluent in English, meaning one out of every seven people risk being eliminated from the economy.

The economic contribution of these workers is also significant: For decades they have paid taxes, bought homes, become citizens, and raised their families as citizens. They have worked all their lives and want to continue to be productive.

Furthermore, the city of El Paso has estimated that each lost job costs \$50,000/year in lost wages and sales revenue, an economic impact of over \$1 billion lost by NAFTA-displaced workers alone.

The impact also has been reflected in the Census. According to recent reports of initial data from the 2000 Census, during the past decade of NAFTA and globalization:

- 26,000 people moved away from El Paso
- There was a loss of businesses, employees and payroll in El Paso during 1999 while Texas as a whole as well as the United States grew 3-5 times faster
- A growth rate in jobs over the past year of .7% in El Paso compared to Texas' rate of 2.7% (a difference of 400%)
- El Paso's \$17,216 per capita income in 1999 is 60.3 percent of the \$28,546 national average, down 1.1 percentage points from 1998, according to the Commerce Department's Bureau of Economic Analysis report. That's El Paso's lowest percentage of the national average in the 31 years the federal government has been keeping such records.
- Among metropolitan areas nationally, El Paso ranks fifth from the bottom in per capita income

The destructive impact of NAFTA and economic globalization is not confined to employment: an entire way of life and standard of living is under attack. These factory workers, mostly older, Spanish-speaking women whose lifelong work sustained up to four generations of family, have now lost their livelihood, healthcare, homes, and future. Health has deteriorated and family relations have been strained by tremendous stress, due not only to unemployment but also to the discrimination and humiliation they endure as they try to rebuild their lives.

Discrimination is also evident in the contradictions generated by NAFTA throughout the community. NAFTA brings a growing demand for bilingual speakers in all economic arenas, yet virtually no bilingual training and educational infrastructure exists for displaced workers. Neighborhoods along the border are the physical gateway to El Paso's international trade and commerce, yet few dollars remain in these neighborhoods. Instead, most border barrios are deteriorating physically because of the commercial demand on their roads, bridges, and other infrastructure. In short, NAFTA has catalyzed an acknowledgement that El Paso/Ciudad Juarez is one large, inter-dependent borderplex, spawning myriad cross-border exchanges and partnerships, yet Spanish-speaking displaced workers have become the marginalized targets of harassment and discrimination in virtually all aspects of their lives.

Even in Ciudad Juarez, growth without prosperity is clearly evident. The city has an official unemployment rate of .8%. Yet, as quoted in the *New York Times* on February 14th, 2001 the mayor of Juarez explained that NAFTA has been very beneficial for international corporations,

but for Juarez, he stated, the city “creates more and more wealth, and becomes poorer and poorer.” The city faces severe crises in terms of housing, water, sewage processing and drainage.

The impact of NAFTA has also been seen along the entire length of the Texas-Mexico border. Tremendous wealth passes through the region (over \$41.1 billion in exports to Mexico from Texas in 1999 alone) to go onto to build and enrich other parts of the state and country.

This inequality and injustice has worsened with the implementation of NAFTA and the globalization of the economy. In fact, in a report issued in March 2001 Texas Comptroller Carol Rylander called the condition of the border “a crisis”, and state senators have declared it an emergency, as documented with the following statistics:

- 34% poverty rate (highest in the country in comparison to the rest of Texas and all 50 states)
- 40.5% of schoolchildren in poverty (highest in the country in comparison to the rest of Texas and all 50 states)
- 11.4 unemployment rate (highest in the country in comparison to the rest of Texas and all 50 states)
- 37.3% of adult population without a high school diploma (highest in the country in comparison to the rest of Texas and all 50 states)
- 32.7 deaths per 100,000 population as a result of diabetes mellitus (3rd highest in the country in comparison to the rest of Texas and all 50 states)
- 14.3 deaths per 100,000 population as a result of hepatitis and other liver diseases (3rd highest in the country in comparison to the rest of Texas and all 50 states)
- 14.2 % of households headed by women (3rd highest in the country in comparison to the rest of Texas and all 50 states)
- 10.3% of population with a bachelor’s degree (ranked 44th out of 51 in comparison to the rest of Texas and all 50 states)
- 5.7 deaths of infants under 1 year old per 1,000 live births (ranked 47th out of 51 in comparison to the rest of Texas and all 50 states)
- 640.1 deaths per 100,000 population (ranked 48th out of 51 in comparison to the rest of Texas and all 50 states)
- \$18,390 per capita income. (ranked 51st out of 51 in comparison to the rest of Texas and all 50 states) Four of the five lowest per capita metro areas in the United States are all on the Texas-Mexico border - El Paso, Laredo, Brownsville and McAllen.

With this kind of displacement and economic loss, neighborhoods and communities must be rebuilt. The strategies must be specifically linked to creating opportunities for those who have been displaced. As El Paso situation demonstrates, a generalized economic development strategy does not trickle down to employment for displaced workers. Furthermore the gap between displaced workers and the emerging global/local economy is such that traditional workforce education and training programs are not adequate as the gap between the workers and the economy is too large to be addressed in a short timeframe. Yet public and private resources are not willing to provide the income support for the duration needed.

Furthermore, the current principal workforce development strategy for this population is to provide them first with English skills through English as a Second Language or Adult Basic Education programs, then move them into Pre-GED/GED programs, and finally place them in English-based vocational training and job placement. This sequence of training usually requires 3-5 years to complete, and few displaced workers successfully complete the circuit. A few training providers have begun to provide some “bilingual” vocational training, but the courses

are predominantly in Spanish, and most graduates do not develop sufficient command of the English language in these Spanish-based courses to successfully obtain and retain employment. The end result of this current strategy is the expenditure of millions of dollars in training, adult education and program administration, and the maintenance and creation of hundreds of jobs for teachers, administrators and agency personnel, but very little demonstrated improvement in the employment and economic status of the workers

Thus, the challenge for border communities is: How do we take advantage of growing market opportunities to create employment for the workers on the U.S. side of the border, who have been defined in the marketplace as only worth paying \$1-2/hour? How do we create employment for Spanish-speaking workers who have little formal education and few English communication skills, but who have tremendous work ethic and long histories of reliable employment? How do we rebuild communities whose economic devastation as a result of globalization is the equivalent of a natural disaster?

New and creative initiatives are needed, rooted in:

- Incentivizing employers to hire and train on the job displaced workers. This is not a traditional OJT, it must include language, technology, vocational skills (both soft and hard).
- Enabling the development of bilingual, comprehensive, employment-based, integrated technical training centers and programs
- Providing a safety net of economic assistance to maximize workers' opportunities for re-entering the workforce and retaining the assets and economic status which they had accumulated through years of hard work and sacrifice
- Supporting the creation of comprehensive community economic development and revitalization investment and infrastructure

For these reason, we are very encouraged by many aspects of the legislation introduced by Senators Bingaman, Baucus and Daeschle. Some of the highlights which were particularly heartening include the sections regarding:

- Increasing income maintenance from 52 to 78 weeks
- Providing wage insurance for up to 2 years of some portion of the gap between the old and new earnings for workers over 50 years old, earning less than \$50,000
- Providing tax credit for 50% of COBRA payments
- Linking TAA recipients to childcare and health care benefits under TANF
- Allowing re-employed workers to get training for up to 26 weeks
- Retaining and expanding NADBank's Community Adjustment Investment Program, especially the grant program
- Allowing Certification for Affected Industries
- Increasing global entitlement cap for training
- Creating Office of Community Assistance to provide technical assistance to trade impacted communities

However, with all due respect to the tremendous efforts of the Senators and their staff, we suggest that 2 additional aspects of the impact of free trade be addressed in the proposed legislation:

- 1. Creation of "R& D" funds for employers and/or training providers wanting to develop innovative, employer/employment based customized training programs for "the hardest to serve" displaced workers**

The workforce system, especially along the border, needs to be overhauled and/or created. Few programs exist to meet the needs of the thousands of workers who are being displaced. Yet existing workforce development funds do not provide resources to institutions to develop these programs. Instead ineffective programs frequently continue to receive tuition and enrollees because of the pressure to enroll displaced workers in whatever program possible in order to maintain their eligibility for income support.

To break this vicious cycle of wasted federal dollars and ineffective outcomes for workers and employers, there needs to be funds available to create new employment driven workforce programs that integrate language, technology and vocational skills. For example, a similar program is currently funded for youth-the Job Corps system. On the border there needs to be funding for the development of Adult Bilingual Job Corps centers, to effectively address the needs of adult displaced workers.

2. Support for workers faced with the possible loss of their homes as a result of displacement

Not only do displaced workers lose their jobs and frequently their access to health care, but many face foreclosure on their most valuable, and frequently only, asset-their home. After years of sacrifice and hard work, displaced workers frequently find themselves facing foreclosure. We encourage you to include support for mortgage relief and/or refinancing as part of your legislation.

In closing, I would also like to address a few issues raised in yesterday's hearing and testimonies. The question was raised regarding the possible role of industry and business in trade readjustment. Comments focussed on investment of business in training and workforce, as well as the limited resources of small and medium companies to assist displaced workers.

I would like to say that our experience with the existing system of certification is that very few employers, regardless of their size, make efforts to get workers whom they are laying off certified under the trade adjustment programs. Fewer still inform workers of their rights to file a request for certification. Thus frequently only those workers who are represented by a union or have access to some type of workers' rights agency or organization get certified. As a result, the true impact of free trade on workers is significantly under-represented.

For this reason we would encourage a re-vamping of the certification program, tied to industries rather than firms, and enabling certification to be requested not only by workers, unions or employers but also workforce boards, employment service agencies and other entities linked to economic and workforce development strategies.

Futhermore, regarding sources of funding for trade adjustment programs, we believe that it is appropriate to have companies and corporations who are displacing workers to provide resources towards their re-integration into the workforce and the rebuilding of the community's economy and socio-economic fabric.

In closing, it is imperative that displaced workers not be discarded as the "inevitable losers" in the creative destruction process of globalization. Trade adjustment resources are vital to ensuring that whole communities are not left behind in the new economy. And those resources must understand that massive job loss is the equivalent to a natural disaster; it has ramifications in all aspects of not only the workers' lives but the community's social and economic fabric. It is

imperative that the resources be established to allow workers and communities to genuinely rebuild their futures, not simply receive a token handout. Thank you.