



May 17, 2022

The Honorable Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

**Re: In the Matter of: Distributional Effects of Trade and Trade Policy on U.S. Workers
(Inv. No. 332-587)**

Dear Ms. Barton:

These comments are filed by the National Retail Federation in response to a [notice](#) for comment from the U.S. International Trade Commission for its investigation of the “Distributional Effects of Trade and Trade Policy on U.S. Workers” (USITC Inv. No. 332-57), focusing on their impacts on workers by skill, wage and salary level, gender, race/ethnicity, age and income level.

NRF, the world’s largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail thrive. NRF empowers the industry that powers the economy. Retail is the nation’s largest private-sector employer, contributing \$3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

NRF members believe it is very important for policymakers to consider all the ways in which trade policy, trade agreements or other trade actions impact U.S. workers both positively and negatively. The more detail we can obtain about those impacts, the better suited we will be to advance trade initiatives that benefit workers, consumers and the economy. It has been our experience that trade, when fully measured, has a net positive impact on most American workers of all races, educational levels, genders and in nearly every community of the United States. Indeed, every resident of the United States — employed or unemployed — benefits from trade by virtue of being a consumer of goods made more available, affordable or more varied by trade.

**I. Trade Has a Large Impact on Retail Workers that Must Be Considered in
Evaluating the Distribution Effects of Trade and Trade Policy on U.S. Workers**

It is important to understand the demographics of the retail industry in order to appreciate the critical role of trade and trade policy on those segments of the workforce of particular interest to this investigation.

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Part-time workers

The retail industry provides many jobs that support part-time workers. Within the retail sector, 45% of workers with a disability work part-time. Additionally, 21% of retail workers work part-time at a second job and 11% need the flexibility of part-time work because they are stay-at-home parents. These jobs allow many households to earn much-needed extra income they could not otherwise earn if a full-time job were their only option.

Female workers

Women comprise 49% of the retail industry workforce compared with 29% for manufacturing. In certain job roles, such as cashiers, women are the predominant gender with over 70% employed in that role. Additionally, certain sectors of the retail industry such as department stores, gift and novelty stores and florists employ at least 70% female workers.

Minority workers

The retail sector employs a higher proportion of minority workers than the overall U.S. workforce with 13.3% of retail trade workers being Black or African American. A further 18.5% are Hispanic or Latino. In manufacturing, 10.3% of workers are Black or African American, while 17.4% are Hispanic or Latino.

Minorities have benefited from the ability to start new companies, and retail operations are among them, particularly during the pandemic. According to a [working paper](#) published by the National Bureau of Economic Research, for startups generally, “areas including a higher proportion of Black residents, and more specifically higher median income Black neighborhoods, are associated with higher growth in startup formation rates between 2019 and 2020.” During the pandemic, monthly applications to start a new retail business saw dramatic growth, peaking at 128,000 in July 2020. New retail business applications stood at 80,657 in February 2022, significantly higher than the pre-pandemic average of 43,000.

New job entrants

Further, 59% of Americans have worked a retail job with 32% of first jobs being retail jobs. This is an industry that is frequently the launching post for careers in other industries, or at higher levels of responsibility within the retail sector.

Earnings

Retail workers with similar levels of job skills and experience earn wages comparable to employees in other sectors including manufacturing, transportation and health care. Retail workers earn an average of \$30,984 per year compared with \$32,004 for non-retail workers. Excluding part-time, seasonal and younger workers in order to make a fairer comparison, retail fares even better. Experienced retail workers earn more than their peers in other industries. Full-time retail workers between the ages of 25 and 54 make an average of \$38,376 per year, slightly

higher than the \$37,968 earned by non-retail workers. Compared with other industries, retail has a higher percentage of workers age 35-54 who make between \$48,000 and \$72,000 per year.

Location

Retail workers can be found in every community in America. This of course includes those of particular interest to this investigation: “underrepresented and underserved communities.”

Trade positively impacts all these retail workers. Costs of goods made lower by global sourcing, both of inputs to U.S. production as well as imports of finished goods, increase U.S. retail sales and create U.S. retail jobs. As workers in other sectors that benefit from trade spend their earnings at retail establishments, retail workers gain. Trade agreements and trade policies that expand trade have a net positive impact on retail workers; those that restrict trade or otherwise do not expand it have a net negative impact on retail workers. The distributional effects of trade and trade policy on workers must include an assessment of their impacts on retail employment.

II. The Impacts of Trade on Workers as Consumers Should Not Be Ignored

The benefits of trade to American consumers are widely acknowledged. That trade makes a wider variety of goods and services available to American families at more affordable prices is an established conclusion of research on the impacts of trade. It is also well established that the benefits of trade to American consumers at lower income levels are greater than those at higher income levels, because lower-income families spend greater shares of their incomes on goods that tend to be imported (e.g., apparel) than higher-income families.¹

It stands to reason then that any assessment of the impacts of trade or trade initiatives on U.S. workers must include an assessment of the impacts on them as consumers: because, to state the obvious, *all* workers are also consumers. More importantly, because trade keeps the costs of goods lower, its impacts are even more significant for those who are unemployed or employed yet struggling to make ends meet.

Therefore, when assessing the impacts of trade, a trade agreement or a trade action on U.S. workers (employed and unemployed), the consumer effects of those initiatives should not be dismissed as tangential. They may matter as much as any paycheck. For the unemployed, they matter perhaps even more. This impact matters not just when considering the implementation of a trade agreement; it also matters when policymakers consider the ramifications of maintaining trade actions like tariffs that raise the costs of goods to American families. Continuing those

¹ See for example Miguel Acosta and Lydia Cox, “The Regressive Nature of the U.S. Tariff Code: Origins and Implications,” March 22, 2022, https://www1.columbia.edu/~jma2241/papers/regressive_tariffs.pdf; Ed Gresser, “Trade Policy, Equity, and the Working Poor: United States MFN Tariffs Are Regressive Taxes Which Help Few Workers and Harm Many,” Progressive Policy Institute, April 2022, <https://www.progressivepolicy.org/publication/trade-policy-equity-and-the-working-poor/>.

policies or initiatives raises the costs of daily lives for American workers of all races, genders and in every community across the United States. Trade policies or actions (like the imposition of tariffs) that increase the prices paid for imported goods by these families are particularly harmful. Policies or actions that lower the prices of goods purchased by these families have positive impacts on their lives and ought to be pursued.

III. An Assessment of the Distributional Effects of Trade on Workers Must Recognize *Both* Its Potential or Actual Costs as Well as Its Benefits

A full assessment of the distributional effects of trade and trade policy on U.S. workers must recognize *both* their potential or actual costs *as well as benefits*. One-sided or incomplete evaluations are misleading and will cause policymakers to draw incorrect conclusions about the advisability of a trade policy or trade action.

It is certainly true that some workers will “lose” as a result of trade and trade policy; it is equally true that others will “win.” Interest groups opposed to trade or a given trade policy tend to focus on the former with studies estimating the direct impacts on U.S. workers of trade or a trade agreement. This approach does not paint a complete picture. Some academic studies ostensibly uninfluenced by politics that focus on the costs of, for example, increased imports from China — finding large negative impacts on what are now described as “communities left behind” — fail to also quantify the positive impacts on those very communities of imports from China (e.g., the consumer benefits, as well as the millions of direct and indirect jobs associated with importing from China across a range of sectors). Studies that look at the gains as well as the losses find net positive impacts (in this case, of trade with China).²

Assessments of the potential gains and losses must also include the indirect impacts of trade on workers in industries that supply to or buy from the directly impacted industries (“second order” effects). In addition, evaluations of the employment impacts of trade must further consider the “third order” effects: how increased spending or reduced spending by workers in the “second order” industries further spend (or do not spend) in ways that increase or decrease still more indirect jobs. Most assessments of the effects of trade or trade agreements do not consider these “third order” effects, and they are missing a large number of affected jobs.

These “third order” impacts are important. The Commission’s studies consider the full effects of trade on employment — those “third order” impacts. Every assessment so far publicly released that has not constrained the employment impacts to equal zero has shown that the trade agreement or trade initiative examined has had or is likely to have a net positive impact on American workers. All that is “missing” is a breakdown of those job effects into further detail describing the workers affected. The models used by the Commission (and others) can be adjusted to incorporate the extra detail about the workforce; however, the largest impediment to this appears to be the lack of availability of the data needed. In the absence of such data, estimates can be made that are useful. For example, a [study](#) co-sponsored by NRF on the impact

² See for example Nicholas Bloom, Kyle Handley, Andre Kurman and Phillip Luck, “The Impact of Chinese Trade on U.S. Employment: The Good, The Bad, and the Debatable,” July 2019, https://nbloom.people.stanford.edu/sites/g/files/sbiybj4746/f/bhkl_posted_draft.pdf.

of imports on American jobs (both positive *and* negative) detailed overall results for minority workers, union workers, women and wage levels, as well as their locations by state. It found that of the 21 million net U.S. jobs that exist because of imports, more than 14 million paid “middle class” wages; 2.5 million were represented by unions; nearly 8 million were held by minorities and over 9 million by women; and import-related jobs were found in every U.S. state.

IV. An Assessment of the Distributional Effects of Trade on Workers Is Crucial to Guiding the Formation and Implementation of U.S. Trade Policy

NRF members agree that policymakers should have available to them solid assessments of the distributional effects of goods and services trade and trade policy on U.S. workers for at least three reasons. First, they need to know where the gains will be so they can ensure that trade agreements fully embrace those gains. For example, U.S. trade negotiators need to know which goods and services sectors stand to gain the most new jobs from expanded exports so they can ensure the resulting trade agreement opens foreign markets to those exports. Similarly, they need to understand the full (“third order”) impacts of expanded imports on U.S. jobs so they do not unnecessarily shy away from U.S. trade liberalization that is unnecessarily limited. An assessment based solely on potential jobs lost will yield such a result.

Second, U.S. trade policymakers also need to know where the true economic vulnerabilities are from U.S. trade policies so we can avoid or address them. They need to understand fully, for example, how other U.S. trade policy actions, such as the imposition of new U.S. tariffs, can have negative repercussions on U.S. workers making U.S. goods or services exports that may be hit by retaliation by U.S. trading partners. In instances where an increase in U.S. imports from trade liberalization puts some workers at economic risk, policymakers should be prepared to respond with assistance in retraining to help unemployed workers transition to new jobs in more competitive industries.

Third, comprehensive and detailed fact-based assessments for U.S. trade policies, past and present, are vital to explaining to the American public why pursuing such policies is good for the U.S. economy, all workers and consumers. The public debate over the merits of a trade agreement or a trade policy or action has typically been unbalanced, partisan and incomplete. As a result, the American public is legitimately confused about what these agreements or policies mean for them.

V. Conclusion: What Does This Mean for the U.S. Trade Agenda?

NRF agrees that policymakers and the public will benefit from detailed analyses of the distributional effects of trade on American workers, as long as those analyses consider the full range of impacts, including consumer benefits, on those workers. Because we work so closely with customers and employees of all skill, wage and salary level, gender, race/ethnicity, age and income level — customers and individuals who often are not covered by these analyses — we are confident the administration will find:

- Restricting imports with tariffs or tariff rate quotas to protect a narrow group or type of workers has a net negative effect on other workers of the same type. For example, more manufacturing workers in steel-consuming sectors were adversely affected by the Section

232 tariffs imposed on imports of steel and aluminum than manufacturing workers in the steel and aluminum industries, for whom those tariffs were designed to benefit.

- Failing to pursue a trade agreement (e.g., a trade agreement with Asian economies) because of its perceived negative impacts on a segment of American workers can have a greater net negative impact on a larger number of workers who share the same economic or demographic characteristics.
- As we pursue new 21st century trade agreements to cover new areas such as digital trade, we cannot forget about the need to also negotiate for continuing market access for U.S. exporters and continued tariff reductions in key industries where tariffs remain high (apparel and footwear). These would be missed opportunities to create new jobs helping to grow U.S. exports as well as to continue to benefit consumers by reducing costs on necessities like clothing.
- Maintaining a trade policy or action that has proven ineffective in its stated goals (e.g., tariffs designed to motivate China to eliminate acts, policies or practices that disadvantage U.S. exporters or investors) at the same time it continues to impose a net negative impact on workers and consumers of all skill, wage and salary levels, genders, race/ethnicity, ages and income levels makes no economic or political sense.

NRF welcomes the opportunity to provide these comments to the Commission. If you need any additional information, please contact Jonathan Gold, NRF's VP for Supply Chain and Customs Policy.

Sincerely,



David French
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