



Leo W. Gerard  
International President

September 30, 2011

VIA FAX

United States Senate  
Washington, D.C. 20510

Dear Senator:

On behalf of the 850,000 members of the United Steelworkers (USW), I **urge you to vote in favor of the bipartisan *Currency Exchange Rate Oversight Reform Act of 2011***. Immediate action to address foreign governments deliberately undervaluing their currencies to gain an unfair advantage in our market is the first meaningful step the Senate can take to not only create jobs, but also get America back on the right track towards balanced trade and a reduced federal deficit. There is broad bipartisan support for this legislation in the Senate, as well as in the House of Representatives. In fact, the House passed similar currency reform legislation last fall by an overwhelming margin of 348 to 79.

Currency manipulation by foreign governments, in particular by China, has created a devastating economic tsunami swamping American workers. In just the past decade, over six million manufacturing jobs and 57,000 manufacturing plants have disappeared from America's economy - forever. In fact, a new study by the Economic Policy Institute (EPI), *Growing U.S. Trade Deficit with China Cost 2.8 million Jobs Between 2001 and 2010* ([www.epi.org](http://www.epi.org)), finds that 2.8 million American jobs were lost or displaced in the last ten years - in every congressional district in the United States - because of the large and ever-growing trade deficit with China - a trade deficit fueled primarily by China's deliberate currency manipulation.

Every reasonable economist and policymaker agrees that China undervalues its currency to promote its own interests at the expense of others. This cheating by the government of China is cheating American producers and workers out of the benefits they were promised when China joined the WTO. The Currency Exchange Rate Oversight Reform Act will finally put the proper tools in the hands of the Administration, and our people, to pry open China's market to our products. Enough is enough; we've got to eliminate this practice - which in reality taxes the products we want to sell to their people - while subsidizing the flood of their exports to us.

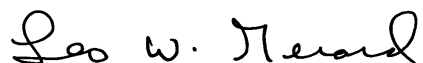
Particularly shocking, the EPI study finds trade with China has actually driven down the wages of roughly 70 percent of the American workforce. According to EPI, bringing the Chinese Yuan into equilibrium (as this legislation would do) would result in substantial the wages of roughly 70 percent of the American workforce. According to EPI, bringing the Chinese Yuan into equilibrium (as this legislation would do) would result in substantial economic benefits for America's economy, including the creation of up to 2.25 million American jobs, an increase in U.S. GDP of \$285.7 billion (or 1.9 percent) and a \$190.5 billion reduction in our annual trade deficit. Importantly, there would be an annual \$71.4 billion reduction in the federal deficit - or between \$621 and \$857 billion saved over ten years.

It is beyond question that deliberate currency undervaluation is eroding the nation's industrial capacity, investment and technological innovation and is severely handicapping America's ability to make the goods that we consume and export. If we fail to act, our hard-earned dollars will continue to go off-shore and create jobs in other countries – not in America – while our jobs crisis, trade deficit and federal budget deficit will continue on a trajectory towards a lower standard of living for Americans (see: Wall St. Journal, J. Lahart, "*Tallying the Toll of U.S.-China Trade, Study Sees Americans Bearing High Economic Cost of China Imports*" - Sept. 27, 2011).

Americans understand we are in a full-blown jobs crisis and are demanding that jobs and goods be created here in America and that our manufacturing base be revitalized to compete in the 21<sup>st</sup> century. Action in the Senate, followed up by swift action in the House, will give us the tools we need to address the shuttered factories and shattered dreams that currency manipulation has caused - *at no cost to the taxpayer* - and with potentially large gains for the U.S. Treasury.

Immediate Senate action to counter this most pernicious trade practice would help set the nation on a sustainable path for economic growth, help in rebalancing our massive trade and federal budget deficits and most critically help in creating desperately needed jobs and investment right here in America. We urge you to vote in favor of the *Currency Exchange Rate Oversight Reform Act of 2011*.

Sincerely,



Leo W. Gerard  
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