



Testimony

Of

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for the

**Select Committee on Economic Disparity and Fairness in
Growth**

hearing on

**“Renewing Prosperity in the Industrial Heartland: An
Economic Agenda for Forgotten Communities”**

October 18, 2021

Chairman Himes, members of the committee, thank you the opportunity to testify today. My name is Rick Cain and I am a vice president for United Steelworkers Local 1104 and a forty-five-year career steelworker. I call Lorain and the surrounding community my home. My wife and I raised three kids here and they have blessed me with ten grandkids. I have been lucky over the years to not spend a lot of time unemployed, but unfortunately the same cannot be said for too many of my union brothers and sisters – they have been on the front lines of deindustrialization from globalization and a lack of domestic investment in our manufacturing sector.

This select committee is designed to discuss economic disparity and fairness in growth, and my hometown is a prime example of the impacts when there is a lack of fairness in growth and economic equality. In Lorain, we've seen this decline first hand. When I first started at U.S. Steel, there were over 10,000 workers maintaining and operating the mill. This number has steadily decreased over time until today where I am one of 60 employees still working at Republic Steel's bar mill.

Some of the jobs lost over the years can be accounted to automation or poor management decisions, but the lack of federal industrial policy, robust public investment in our schools and communities, and past failed trade agreements supported by both Republican and Democratic administrations has pounded my community, and others like it, across the country.

This did not happen overnight and it is important to take a long view to explain how economic disparity has deep roots that will be hard to remove. For example, the share of manufacturing in total employment from 1970 and 2007 declined in the U.S., from 22.4 percent to 9.9 percent in the United States.¹ Looking more recently, the U.S. has suffered a net loss of more than 91,000 manufacturing plants and nearly 5 million manufacturing jobs since 1997.

These lost jobs have led to systemic, long term displacement in communities like my own, and the lack of attention by policy makers has only made the economic disparity worse and undermined the American dream. Today fewer people in the lower and middle classes are climbing the economic ladder because of our country's failure to invest in itself and defend its industry from unfair trade practices.²

In Ohio, deindustrialization has left once prosperous communities across the state poorer, weaker, and in some cases smaller. By 2016, Ohio had lost half of its peak manufacturing jobs, and median household income trailed the nations by

¹ <https://www.sciencedirect.com/science/article/pii/S0954349X17300954>

² <https://www.weforum.org/agenda/2020/09/social-mobility-upwards-decline-usa-us-america-economics/>

\$5,300.³ Put another way, when the typical home value of homes in Lorain is \$104,216, that is 5 percent of a local home cost.

The Federal Reserve Bank for Cleveland has highlighted that employees who worked in industries with higher trade exposure suffered a difference in cumulative earnings equivalent to almost half of one year's income relative to the earnings of similar workers with less exposure.⁴

But more is at play. We've seen some return of manufacturing jobs into the Midwest, and while manufacturing companies still pay better compared with other industries, the advantage is smaller than in the past. The manufacturing wage premium for Great Lakes states is 26.5 percent lower than in 2000, as the wage premium has shrunk from \$3.72 in 2000 to \$2.74 in 2019.⁵

We have to reverse this trend and ensure that government policy uplifts our kids and communities. I believe my grandkids will succeed when given the proper tools. My family works hard and they deserve the good pay and good benefits that I have at my union job. One of my granddaughters is a teacher, another is going to school for chemical engineering, and one of my grandsons works at Worthington Steel in Cleveland becoming the third generation of my family to work in the steel industry. Another one of my granddaughters is going to school for physical therapy at Cleveland State.

We need to rebuild from the ground up policies that support workers and industry. We need to tackle globalization with an eye toward ensuring economic prosperity for all. The idea of a "worker-centered" trade agenda as highlighted by Ambassador Katherine Tai earlier this year, must be a guide for elected representatives. Income inequality has strongly risen as our country globalized, and we need to recognize that free trade has not lifted all boats.

We also need to support policies that defend our critical infrastructure and national security, like the section 232 tariffs, which have been a boon for the domestic steel industry, and have permitted firms to re-invest more than \$15.7 billion in new or upgraded steel facilities creating at least 3,200 direct new jobs. However, we need to remain vigilant. Recently at the beginning of October, the United Steelworkers joined

³ <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/manufacturing-a-high-wage-ohio-deindustrialization-and-recovery>

⁴ <https://www.clevelandfed.org/en/newsroom-and-events/publications/economic-commentary/2019-economic-commentaries/ec-201915-winners-and-losers-from-trade.aspx>

⁵ <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/trade/promises-unfulfilled-manufacturing-in-the-midwest>

United States Steel and others to file a new trade case on oil country tubular goods.⁶ Below market dumped and subsidized OCTG imports from Mexico, Korea, Argentina, and Russia have flooded into the market, undercutting domestic production and preventing mills like the USS Lorain tubular operation from restarting. It is telling that three of the four countries in the petition were exempted by the previous administration from 232 tariffs.

Defending and strengthening our country's workers and lowering economic disparity requires at least three key strategic shifts by our country: (1) refocusing federal domestic investments on critical infrastructure; (2) retooling our labor and environmental laws for a twenty-first century democracy; and (3) exporting not just our goods, but our ideals, for a just global economy. Trade policy in particular must play a dual role of defending our communities from unfair trade practices by governments and foreign multi-national corporations, while ensuring the goods and services our workers produce can reach global markets.

Domestic investments in infrastructure and industrial capacity will be key to building a twenty-first century economy. Rebuilding our domestic supply chains will reduce economic disparity, and investing in our U.S. manufacturers will ensure a stronger, more resilient economy. This requires strong procurement laws like Buy America, which will ensure the federal government supports domestic manufacturers with taxpayer dollars. This sort of circular economic approach will ensure we rebuild after the COVID-19 pandemic.

But, physical infrastructure like roads and bridges is not a guarantee for a just economy. Our human infrastructure needs investment as well to ensure that America's workers have both the knowledge and skills to face global competition and to combat growing income inequality.

According to the Economic Policy Institute, de-unionization explains approximately a third of the growth of the wage gap between high and middle wage earners over the 1979–2017 period.⁷ Unions have played a key role in improving hours, wages, and working conditions for the country's 150 million plus workers, but eroded labor laws are undermining take home pay for everyone. The drop in union membership has taken \$52 weekly out of nonunion working men's wages alone since 1979.⁸

⁶ <https://www.lexology.com/library/detail.aspx?g=bfb92c60-bbac-44e2-85f0-c3c15e358627>

⁷ <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>

⁸ *Ibid.*

Corporations have eroded our labor laws and use every tactic to prevent workers from improving their wages, hours, and working conditions. Bloomberg Law has found that it now takes on average 409 days between the time a union is certified and the time a collective bargaining agreement is finalized with the employer.⁹ This means that often after years of effort by workers to form a union, their employers delay negotiations, stalling in the hopes of breaking the will of its workers.

It is time we upgrade our labor laws to ensure workers have bargaining power. I thank the House of Representatives for passing the PRO Act earlier this year, and urge the Senate to pass this important tool to reducing economic inequality.

Finally, we need to radically alter our trade policy to ensure that we are exporting not just our goods but our ideals. For too long we've allowed free trade at all costs to undermine jobs without the tools to support workers. Chinese import competition alone may explain one-quarter of the aggregate drop in the U.S. manufacturing workforce between 1990 and 2007.¹⁰ The lack of preparation for the negative impacts of trade on communities, like my own, has led to local towns seeing drops in their tax base, layoffs in not just manufacturing, but also in the public services we expect communities to have, and undermining the benefits that so many economists ignored for years.

This impact is still being felt today. I look at the Avon Lake Ford plant and the announcement that the company will not invest the promised \$800 million into the facility as the company looks to shift production to Mexico.¹¹ This is globalization impacting my neighbors.

Just look at Trade Adjustment Assistance – a program that provides job training for workers who had their jobs impacted by trade – statistics show that close to half a million workers (487,104) qualified for the program from 2016 to 2020.¹² This data is really an inadequate showing too as the program requires that workers know about the program, which is not guaranteed especially in non-union facilities. In addition, employers have to be honest about moving jobs out of the country with local officials or others who could file a petition.

We need to rethink our trade policy so that it puts good middle-class jobs first. If we are not careful, we may very well repeat the failures of manufacturing trade policy with service sector trade. There is growing debate about “digital trade” agreements.

⁹ <https://btlaw.com/en/insights/blogs/labor-relations/2021/how-long-does-it-take-to-negotiate-a-union-contract>

¹⁰ <https://www.nber.org/papers/w18655>

¹¹ <https://www.wkyc.com/article/news/local/lorain-county/ford-plans-move-new-project-from-avon-lake-to-mexico/95-f5f0aa72-e30e-4f01-b32a-2d033907bd11>

¹² <https://www.dol.gov/agencies/eta/tradeact/data>

Without adequate labor and community input we could very well make the same mistakes again. As manufacturing jobs declined, service jobs rose in the U.S. These are not just jobs at restaurants and local breweries, but jobs like medical billing or the person answering your customer service call, just to name a few. Without adequate wage and labor standards, Congress could make the same mistakes all over again displacing these workers who provide services to millions of Americans.

I am hopeful that we can reverse income inequality and create a more fair and just economy. Improving our countries labor laws, improving our physical and human infrastructure, and ensuring that we create a worker centered trade agenda will create a more prosperous and equitable America. An America that I want my grandkids to live in and thrive in. Thank you for the chance to testify today, and I look forward to answering any questions you may have.