

Congressman Andy Levin

Testimony for the Record: Members' Day Hearing of the House Committee on Ways and Means

June 4, 2019

Chairman Neal, Ranking Member Brady, Members of the Committee: thank you for the opportunity to provide testimony on behalf of Michigan's Ninth Congressional District.

I want to focus today on President Trump's United States-Mexico-Canada Agreement, also known as "USMCA," but what I refer to as "NAFTA 1.5." I am all for – as I'm sure every Member of this Committee is all for – making our trade terms work better for American families. But that is not what this deal does. And if we're serious about bringing jobs back to this country, we need to insist on real changes to this deal.

Pre-NAFTA, we did not have a significant trade deficit with Mexico. Post-NAFTA, we have run a \$100 billion deficit year in, year out. According to the Economic Policy Institute, by 2013 NAFTA had displaced 852,000 U.S. jobs, mostly in manufacturing.¹

General Motors, for example, now makes nearly a quarter of the cars it sells in the U.S. in Mexico, and that number is only poised to grow. When companies—like GM in Warren, Michigan—move plants to Mexico, there are fewer jobs for American workers. And where jobs do open, wages must compete with the \$1-\$2/hour wages in Mexico.

A NAFTA rewrite could fix this through stronger, enforceable labor standards that end the exploitation of Mexican workers and, in turn, end the incentive to move production south of the border. Some argue that a new Mexican labor law addresses this. But recent efforts by Mexican workers to exercise their rights were met with intimidation, so, clearly, more needs to be done. If we strengthen this deal, we can actually protect jobs in places like Warren.

Unfortunately, labor standards aren't the only part of this agreement that needs fixing.

NAFTA 1.5 includes sweetheart deals for pharmaceutical companies that let drug makers extend their monopolies and keep drug prices high. President Trump once promised big changes to bring down drug prices. But if we don't change this deal, it'll be just another corporate handout.

Then there's NAFTA 1.5's weak environmental terms. We should be strengthening environmental protections, not perpetuating the policies that have poisoned our air and water and sickened our children. The terms preserving the Investor State Dispute Settlement rights for U.S. oil and gas firms expose Mexican environmental laws to attack and must be eliminated.

¹ Scott, Robert, *Fast Track to Lost Jobs and Lower Wages* <https://www.epi.org/blog/fast-track-to-lost-jobs-and-lower-wages/>

We have the unique privilege of being able to help right the tremendous wrongs that NAFTA inflicted on the American worker. Let's not settle for NAFTA 1.5. Let's work together to demand better for our constituents.

Before I close, I would like to highlight a bill I introduced with my colleague and Member of this Committee, Congresswoman Judy Chu: H.R. 1244, the Equal Dignity for Married Taxpayers Act.

Four Years ago, in *Obergefell v. Hodges*², the Supreme Court decreed marriage equality for all Americans, and it is past time for our laws to reflect that. This bill makes simple, common sense changes to our tax code so that it accurately represents all people to whom it applies. As we enter Pride Month, I respectfully request the committee to take up this bill to ensure all married couples are treated equally when it comes to tax law.

Again, I thank you for taking the time to hear my testimony. I look forward to working with you.

² *Obergefell v. Hodges*, Oyez, <https://www.oyez.org/cases/2014/14-556>