



The Interconnected Economy: The Effects of Globalization and How to Renew Prosperity in the Industrial Heartland

Following World War II, the United States led the creation of a new globally interconnected economic system that allowed people, goods, and services to flow more freely across national borders. This increase in economic interconnectivity has contributed to the rise in average living standards across the globe, yet certain industries and occupations—and the regions in which they are concentrated—have not always experienced their fair share of economic growth. While displaced workers and those with inadequate access to our 21st century economy have received government support to transition to different fields, the U.S. International Trade Commission has found that support has produced mixed results in helping those whose jobs were affected by globalization, contributing to sharp increases in economic disparity among specific sectors, jobs, and geographies.



In autumn of 2021, the Select Committee on Economic Disparity and Fairness in Growth, led by Chairman Jim Himes (CT-04), held two hearings—one in Washington, DC, “The Interconnected Economy: The Effects of Globalization on US Economic Disparity,” and one in Lorain, OH, “Renewing Prosperity in the Industrial Heartland: An Economic Agenda for Forgotten Communities,” hosted by Congresswoman Marcy Kaptur—to examine how increased globalization contributed to economic disparity and how to allocate its benefits to support workers harmed by its rapid advance.

Potential Policy Proposals

Experts offered the following recommendations for consideration:

Increase Support for Workers and Communities

- Increase funding for supporting and retraining dislocated workers to levels in line with other developed countries around the world.
- Replace Trade Adjustment Assistance and other programs designed to help only workers who have lost jobs specifically to trade with programs that support all workers impacted by globalization.
- Renew support of the Trade Adjustment Assistance Community College and Career Training to help the national recovery from the economic dislocation of the pandemic, address ongoing skills gaps, and build a more inclusive workforce within in-demand, high-wage jobs.
- Support companies negatively affected by trade with one year of shared work benefits, enabling them to reduce worker hours while keeping worker income whole through a federal cost share agreement, to minimize lost income for workers and negative regional economic spillover effects.



- Invest in green technology as an economic revitalization strategy for areas hard hit by globalization.
- Expand the New Markets Tax Credit and the Federal Historic Rehabilitation Tax Credit to help municipalities redevelop distressed neighborhoods and to direct more funding to small businesses.
- Ensure national- and community-based non-profit organizations that promote job placement and training opportunities for urban community members and African Americans can also access federal job training funds.
- Give the federal government and local government entities the authority to create new jobs in places that have historically experienced disinvestment.
- Establish a new federal interagency task force that provides a more overarching role monitoring economic trends and coordinating federal and local efforts.
- Pass a Heartland Visa program, which would provide a pathway for high-skilled immigrants to bring their talent and entrepreneurship to communities experiencing population loss.
- Implement transparency reporting requirements for Opportunity Zones to enable congressional evaluation and targeting investment.
- Preserve programs that rebuild urban cores, particularly through historic preservation easement.
- Coordinate with state and local governments to provide stable housing, access to healthcare, and affordable options for childcare and schooling when global forces impact local economies.

Make the Global Trading System Fairer

- Seek international agreement on labor standards in existing trade agreements and independent of them so that American jobs are not offshored to countries with poor worker protections.
- Increase funding for enforcement of existing regulations related to worker health, labor protections, and the environment to prevent employers from breaking laws.
- Create laws to increase transparency around offshoring conducted by firms receiving federal capital to disincentivize further offshoring and facilitate reshoring.
- Introduce well-being as a complement to gross national product that is part and parcel of our standard assessments of economic and societal progress.
- Align the US tax code with those of international, developed peers, especially for high earners, corporations, and inheritances to fund programs for the economically vulnerable.

Decrease Frictions in the Labor Market

- Grant workers a greater degree of bargaining power through the option to organize into unions, as outlined in the Protecting the Right to Organize Act.
- Invest in child and elder care, enforce equal labor laws, and open the economy to more trade, investment, and immigration to increase female labor force participation.
- Expand the Affordable Care Act to make health insurance truly portable and not a deterrent for changing jobs.
- Consolidate pension programs across employers to reduce the cost of changing jobs.
- Harness regional economic connectivity to help communities foster local growth and development.

- Cover gig, temporary, and part-time workers in federal support programs so that they receive the same legal protections that full-time employees do, extend the same legal protections to part-time workers as those that are extended to full-time workers, and allow all to accumulate seniority, savings, and benefits.
- Expand Pell Grants to include shorter-term programs at community colleges that traditionally would not qualify for them, with the goal of equipping low- and middle-income Americans with the skills they need to succeed in the 21st-century workforce.
- Pass the Tax-Free Pell Grant Act, which would eliminate the taxation of Pell Grants, eliminate the American Opportunity Tax Credit (AOTC) Pell Grant offset, and expand the AOTC and Lifetime Learning Credit to cover dependent care expenses and computer costs.

Hearing Panelists

Washington, DC Hearing:

- **The Honorable William Spriggs**, Chief Economist, AFL-CIO; Economics Professor, Howard University
- **Dr. Adam Posen**, President, Petersen Institute of International Economics
- **Professor Carol Lee Graham**, Leo Pasvolsky Senior Fellow, the Brookings Institution
- **The Honorable Vince R. Williams**, Mayor of Union City, Georgia; First VP, National League of Cities

Lorain, OH Hearing:

- **Richard Cain**, Vice President, United Steel Workers Local 1104
- **Lourenco Goncalves**, Chairman, President, and CEO, Cleveland-Cliffs, Inc.
- **Kelly Zelesnik**, Dean of Engineering, Business, and Information Technologies, Lorain County Community College
- **The Honorable Jack Bradley**, Mayor of the City of Lorain, OH
- **Dee Baker**, Director of Outreach and Civic Engagement, Lorain County Urban League
- **Pat Choate**, Director, Manufacturing Policy Project
- **Shay Hawkins**, Chairman/CEO, Opportunity Funds Association

