



Former Striking Hostess Workers' Eligibility For Govt. 'Trade Adjustment Assistance' Not a National Story

By Tom Blumer February 21, 2013

Yesterday, the Department of Labor announced that it had certified "more than 18,000 former Hostess workers around the country as eligible to apply for Trade Adjustment Assistance." I'll save excerpts from DOL's inane announcement for after the jump.

The story has garnered some local coverage in areas affected by Hostess plant closures late last year, including a couple of regional Associated Press stories. But the AP, based on a search on "hostess," did not have a story at its national site as of 9 a.m. today, even though former Hostess workers in 48 states are affected. Additionally, virtually every story found in a Google News search on "Hostess trade adjustment" (not in quotes) is local in nature. Could this possibly be because doling out tens if not hundreds of millions of dollars to workers whose unions thought the company was bluffing when it said it would throw in the towel without acceptable labor contracts is more than a little embarrassing, especially when President Barack Obama is simultaneously claiming that the federal government will have no choice but to lay off and furlough employees if sequestration takes place?

The U.S. Department of Labor today announced that approximately 18,000 workers laid off in 48 states from 864 Hostess company locations are eligible to apply for Trade Adjustment Assistance.

"As President Obama said in his State of the Union address, 'to grow our middle class, our citizens must have access to the education and training that today's jobs require,'" said acting Secretary of Labor Seth D. Harris. "Trade Adjustment Assistance enables workers to pursue training in the skills that today's employers need, contributing not just to a stronger middle class, but to a stronger American economy."

This TAA certification was based on a Labor Department investigation to determine whether the layoff event met the group eligibility criteria set forth by the Trade Act of 1974. An investigation found that increased imports of baked products contributed importantly to the company's sales declines and worker separations.

... While TAA is open to eligible workers of all ages, workers 50 years of age and older may elect to receive Re-employment Trade Adjustment Assistance instead. If a worker obtains new employment at wages less than \$50,000 and less than those earned in the trade-impacted employment, the RTAA

program will pay 50 percent of the difference between the old wage and the new wage, up to \$10,000 over a two-year period.

Though in my view it's not a justification for DOL's decision to help those who negotiated their way out of their jobs, the claim about "increased imports" appears to have at least some basis in fact and to be a government-created problem, a point raised in Patrik Jonsson's coverage at the Christian Science Monitor in mid-November of last year:

When Hostess had to cut costs to stay in business, it picked unions, not the sugar lobby, to fight.

“These large sugar growers ... are a notoriously powerful lobbying interest in Washington,” writes Chris Edwards of the Cato Institute in a 2007 report. “Federal supply restrictions have given them monopoly power, and they protect that power by becoming important supporters of presidents, governors, and many members of Congress.”

... That refusal to address tariffs that neither support infant industries nor provide national security has come despite damning reports from the Commerce Department about the impact on US jobs, including the fact that for every sugar job saved by tariffs, three confectionery manufacturing jobs are lost.

Some of those job losses came when candy companies like Fannie May and Brach's moved the bulk of their manufacturing to Mexico and Kraft relocated a 600-worker Life Savers factory from Michigan to Canada, in order to pay global market prices for sugar.

The impending mass layoffs from 33 Hostess plants scattered around the US, economists say, might force Washington to take a more serious look at how public policy affects the ability of corporations to make money – especially in an economy where even iconic brands like Twinkies and Wonder bread aren't safe.

Why take a serious look at public policy when doling out money without worrying about establishment press blowback, demagoguing Republicans, and demonizing the rich is from all appearances so much more fun?