



Leo W. Gerard
International President

August 27, 2010

VIA FAX

U.S. House of Representatives
Washington, D.C. 20015

Re: Cut the Budget Deficit and Create Jobs

Dear Representative:

This morning the Commerce Department released statistics indicating that economic growth is substantially lower than originally projected. Concurrently, economists are pointing to our nation's rising deficit as a serious drag on growth. Next month, when Congress returns, you will have the opportunity to cut our trade deficit in order to address lagging growth, and, at the same time, make a substantial down payment on the federal budget deficit while spurring job growth. The proposal is quite simple: Act to stop China's currency manipulation.

The United Steelworkers union is the largest industrial union in North America and represents workers in virtually every manufacturing sector. For years, we have been arguing for the need to address China's manipulation of its currency to counter the negative impact their practices have had on manufacturing and jobs here in the U.S. China's practices amount to as much as a 40% subsidy for the products they send here, and a tax on products we try and send there. That, on its own, should be enough reason to act.

But, the drag on GDP growth that comes from the bilateral trade deficit, however, has significantly broader economic implications. Preliminary estimates point to as much as a **\$500 billion** reduction in our nation's federal budget deficit over the next six years from ending China's currency manipulation. And, that doesn't count the positive benefits – and impact on our economy – that will result from the lower trade deficit with China we will see.

While addressing China's currency manipulation is one of the highest priorities for workers in the manufacturing sector, the impact of China's cheating hurts us all. Higher budget deficits limit our ability to invest in our future. They have put substantial pressure on federal, state and local budgets resulting in layoffs of teachers, police and other

emergency responders. While addressing the impact of China's currency manipulation on the manufacturing sector is good enough reason for my members, it is time to recognize the broader impact of China's practices.

When you return next month, I hope that you will urge your colleagues to quickly address Chinese currency manipulation and pass the Ryan-Murphy bill. For America, it is a win-win opportunity. The time to act is now and for Congress to decide whose side it is on.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive, flowing style.

Leo W. Gerard
International President

LWG/ctl