



Wednesday, Nov. 07, 2007

The Dems Get Stuck on Trade
By Jay Newton-Small/Washington

On May 10, House Speaker Nancy Pelosi stood side-by-side with President Bush's Trade Representative Susan Schwab and announced they had come to an agreement on how to handle at least two of four outstanding free trade treaties awaiting approval by Congress. "Today is a recognition of the results of the November election," Pelosi told reporters in Washington. "It takes us to a place where we can have a bi-partisan consensus on trade, but only with the recognition of the importance and the centrality of labor principals and environmental principals."

Within a week outraged Democrats and unions were holding press conferences of their own. "We were unaware of the negotiations. If they had meetings we were not notified," Senator Byron Dorgan, a North Dakota Democrat, told a virtually identical group of Capitol Hill reporters. "Those that talk about being able to run this through the Congress like a hot knife through butter, I'm sorry, that's not the way it's going to be. We're going to push and insist on a new approach."

Six months later, Dorgan seems to have been proven right and Pelosi, on yet another issue, has not been able to deliver on her promises to get things done. Organized labor, and half the caucus, is actively lobbying against the first trade treaties a Democratic Congress has been confronted with since the Clinton era. Thursday night the House is anticipated to finally pass the first, and least controversial, of the treaties — the Peru Free Trade Act — before it heads to the Senate, where it is expected to have an easier time. Pelosi and Schwab came to an agreement on the Peruvian and Panamanian Free Trade treaties after some labor and environmental standards were added in. Peru has moved to enact these requirements, making it the most likely to pass muster with tree huggers and unions lovers. But experts say there is little chance the other three — Colombia, South Korea and Panama (which has not yet passed laws similar to Peru's) — will see any action this year or next. And it is likely that they will have to be substantially rewritten in order to be considered at all.

So why wasn't Pelosi able to make the agreement stick? In one sense it's simple — a very expensive lobbying war between business and the unions. Democrats, long torn on trade, were

caught in the middle, and ended up having to answer to more than just their leadership on Capitol Hill.

Take the case of Democratic Congressman Bruce Braley. Braley, who represents northeastern Iowa, won his seat from Jim Nussle, a Republican who retired to serve as head of the White House's Office of Management and Budget. Braley campaigned heavily on fair trade and won with a relatively comfortable margin of 55% for a freshman in a split district.

From virtually the moment he arrived in Washington Braley was a target on both sides. Business sought to win him over — assuring him that the labor and environmental provisions in the Peruvian and Panamanian agreements were groundbreaking and sufficient to protect Iowans' jobs. Labor demanded he abide by his campaign promises to build better trade treaties that stopped the outsourcing of U.S. jobs. "There's a lot of people on both sides of this issue that are very passionate about the pros and cons of the trade agreement. It makes these trade deals very difficult," Braley said.

Although the AFL-CIO, the nation's largest umbrella union, has remained neutral on the treaties, many unions — including the machinists, the Teamsters and the textile and service unions — came out strongly against the announced agreement. For the last six months they've run advertisements, sent letters, lobbied Congress, all to convince Democrats they shouldn't be handing Bush what some called "a win."

"The Democratic leadership, I'm surprised at," Bruce Raynor, president of UNITE Here, a textile and service employees union, told reporters on a conference call opposing the Peru bill this week. "I think they failed to remember that in the last election many Democrats were elected to the House and Senate on the issue of failed trade policy."

On the other side of the fight was the Business Roundtable, which spearheaded the private sector response. They did detailed economic analyses of the impact of the measures on every congressional district. They arranged for lobbyists to meet with every member of Congress and for the group's 160 CEOs to meet with select power players. "The U.S. is party to about 10 trade agreements while the rest of the world has 300. So we're falling behind," said John Castellani, president of the Business Roundtable.

Last week, Braley sided with the unions. What convinced him, he says, was their argument that it is incumbent on the Bush administration to enforce labor and environmental clauses of trade pacts — something they claim Bush has hardly seemed inclined to do thus far. Even though the

Peru agreement will likely survive, that kind of argument will likely help prevent the other three from making it through, according to Bruce Josten, the top lobbyist for the U.S. Chamber of Commerce. "Peru will in all probability constitute the entire free trade agenda to see a vote this year," Josten said.

Pelosi's office is not willing to admit defeat yet, but they do concede that they face an uphill battle. "There has not been a shift from May but the current mood on trade reflects the economic insecurity faced by many working families," said Brendan Daly, Pelosi's spokesman. There may not have been a shift in Pelosi's will, but the same can't apparently be said for her party's caucus, which has made themselves clear: this will not be a free-trade friendly Congress.