

Our wimps in D.C.; California needs free trade; the pols are dragging their feet.

BYLINE: Andres Martinez, Andres Martinez is a senior fellow at the New America Foundation.

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Free trade's benefit to the country as a whole may be open to debate, but there is no doubt that California stands to gain from it. So why are the state's political leaders so squeamish about standing up for free trade in Washington?

California has twin engines of ingenuity -- Hollywood and the Silicon Valley -- and continued trade liberalization is crucial to keep both running. These industries face more daunting market barriers -- the absurdly low number of foreign films allowed in China's cinemas is a good example -- than do traditional industrial manufacturers, which already have benefited from many rounds of tariff reductions. Trade pacts are starting to address U.S. intellectual property concerns too, another reason California's key industries (we could add biotech to the list) can ill-afford a loss of momentum on trade liberalization.

Talking up free trade at the Robinson helicopter factory in Torrance recently, President Bush correctly asserted that the U.S. stands to benefit from bilateral free-trade agreements, partly because the U.S. market tends to be more open than most, so it's American exporters who stand to benefit from greater reciprocity. And yet Congress refuses to act on pending deals struck with Colombia, Panama and South Korea.

The Korean pact, besides its obvious strategic significance, is the most economically consequential trade deal sent to Congress since the North American Free Trade Agreement. Yet many California leaders -- starting with House Speaker Nancy Pelosi -- oppose the deal or are uncommitted. It almost amounts to political malfeasance. It's as if the speaker and some of her colleagues in the California delegation were representing Michigan, not California.

Because the Bush administration and Democratic leaders agreed on labor and environmental standards in the treaty, opponents of the deal are no longer able to hide behind lofty canards. Their resistance is about denying Bush a major accomplishment and about protecting America's moribund auto industry. Congress has failed to act on the Korean deal since it was sent to Capitol Hill last July.

California's business leaders are astonished. For the D.C. lobbying shops of the state's three tech-entertainment pillars -- the Motion Picture Assn. of America (whose members' movies now gross more overseas than in the U.S.), the Software &

Information Industry Assn. and the Consumer Electronic Assn. -- freer trade is a top priority. Throw in the interests of such players as the ports of Los Angeles, Long Beach and Oakland, venture capitalists as well as citrus growers and wineries, and you'd expect the state's entire political leadership to be united in ratifying the Korea treaty tomorrow.

The Korean agreement cuts tariffs to U.S. imports across the board, lifts discriminatory barriers to foreign ownership and allows financial service providers unfettered access to the Korean market. It also includes the strongest, most ambitious intellectual property provisions of any trade agreement, down to a requirement that Korea outlaw video recording in theaters. China has been following the Korean deal closely, and it is widely believed that if Congress fails to ratify the treaty soon, Beijing will take that to mean the U.S. is not all that serious about protecting intellectual property rights.

In addition to Pelosi and many House Democrats from the state, Sen. Barbara Boxer is also opposed to the Korean agreement. Sen. Dianne Feinstein has yet to take a position on the deal. Several lobbyists representing California concerns have told me, somewhat wistfully, that the Korean deal would have been a no-brainer for Congress if it had been negotiated by President Clinton.

Foreign trade accounts for one-quarter of the state's economy. The ports of the Los Angeles region are the gateway for 40% of all U.S. imports and are referred to as the city's "hidden industry." According to the Los Angeles Economic Development Corp., international trade accounts for more than 440,000 jobs in the five-county area. Trade between L.A. and South Korea, the world's 10th-largest economy, surpasses \$20 billion a year.

All of which should leave Californians wondering why so many of their politicians sound like timid protectionists from Michigan or South Carolina, rather than the proud representatives of a winner in the global trading arena.