

Eyeing Peru FTA, House panel OKs trade assistance program

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Following through on a promise by Speaker Nancy Pelosi (D-Calif.), the House Ways and Means Committee Wednesday approved an expansion of a workers' assistance program 25-14.

The vote paves the way for floor action early next month on a free trade agreement (FTA) negotiated with Peru that has divided the House Democratic Caucus. Moving the expanded trade adjustment assistance (TAA) program in conjunction with the Peru deal is meant to make some Democrats more comfortable with a vote on the trade agreement. Both measures would be expected to move the week of Nov. 5.

Pelosi agreed to hold a floor vote on the TAA bill at a closed-door Democratic Caucus meeting in September after several critics of free trade criticized her decision to move forward with the Peru FTA.

Ways and Means Committee Chairman Charles Rangel (D-N.Y.) hailed the committee's bill as one that would help U.S. workers compete with international competition. "The painful truth is that the current TAA program is not working," he said in an Oct. 23 release.

Republicans, however, faulted the bill for raising the costs of TAA and protecting unions. Rep. Jim McCrery (La.), the committee's top Republican, criticized its provision that TAA cover government employees and be administered by state employees. This is meant to prevent states from contracting the administration of TAA to private employers. If states administer the program, there is a stronger chance that state employees' union jobs remain protected.

Only three Republicans voted for the bill.

TAA provides re-training and unemployment insurance to workers who lose their jobs because of increased trade. It also allows participants to receive subsidized healthcare, since workers generally lose health benefits when they lose their jobs.

The House bill would extend the program by providing this assistance to service workers who are now ineligible for TAA. It would also expand eligibility to workers who lose their jobs because their factories move to China, and would increase a healthcare subsidy provided for all TAA-eligible workers.

Separately, the bill includes some key reforms to unemployment insurance that could benefit workers regardless of how they lose their jobs. For example, the bill could make it easier for part-time workers to get unemployment insurance.

Howard Rosen, an expert on worker assistance who serves as executive director of the TAA Coalition, emphasized that the successful committee vote doesn't mean the expanded TAA bill will sail through the House. Aside from the opposition of House Republicans, the House bill is also more generous than the Senate version, which could set the stage for a complicated conference.

It is unclear how many votes the TAA measure might actually buy for the Peru agreement. For hardcore opponents of trade deals, the increased workers' assistance is not enough to vote for the agreement, while some supporters would vote yes on Peru even if the TAA bill were stalled.

"I think Peru will pass on its own merits," said Christopher Wenk, a trade lobbyist for the U.S. Chamber of Commerce. "At the end of the day, it's hard to say how many votes TAA will buy."

Peru would be the first trade agreement negotiated by the Bush administration to receive a vote under the Democratic Congress, and would represent the first test of a new template on trade reached through an agreement in May between congressional Democrats and the administration. That deal toughened labor and environmental rules in the trade agreement as well as some provisions affecting rules on pharmaceutical trade. Several other agreements, with Colombia, Panama and South Korea, await the Peru vote. All are seen as tougher sells in Congress.

Supporters of the Peru deal on Wednesday circulated a letter signed by all eight living former secretaries of State urging its approval. The letter said Peru is a fast-growing market for U.S. exports and an ally in U.S. efforts to eradicate narcotics and combat terrorism.

Those signing the letter included Democratic Secretaries of State Madeleine Albright and Warren Christopher, as well as GOP Secretaries Colin Powell, James Baker, Alexander Haig, Lawrence Eagleburger, Henry Kissinger and George Schultz.