

Trade deal may hinge on jobs bill

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WASHINGTON — Throughout his second term, President Bush has been pushing to expand global trade but getting little traction in Congress.

Now he appears likely to score his first victory since Democrats took control of Congress nearly two years ago: passage of a free trade agreement with Peru. Both the House and Senate are poised to vote within weeks on the pact with the Latin American country.

"I think everyone is optimistic about Peru," said William Reinsch, president of the National Foreign Trade Council, a business group that supports trade expansion. "That's more or less a done deal."

But Democrats are pushing for their own trade-related victory. When the House takes up the Peru deal, it also plans to vote for expansion of the Trade Adjustment Assistance program, which helps Americans who lose their jobs to foreign competitors.

While some conservatives consider TAA a waste of tax money, Bush recently expressed support for the program.

"I know many Americans feel uneasy about new competition and worry that trade will cost jobs," Bush said in his Oct. 13 radio address. "So the federal government is providing substantial funding for trade adjustment assistance that helps Americans make the transition from one job to the next."

Pairing the two pieces of legislation "is a good idea," Reinsch said. The move would allow lawmakers to demonstrate their desire to ease some of the job-loss pain associated with increased global trade, he said.

"They want to be able to say that they have done something to help," Reinsch said.

Still, passage of the TAA expansion may have to wait until next year as wrangling continues over who should qualify for the job-retraining aid.

"I'm a very big proponent of TAA, but this legislation is not a slam dunk," said Howard Rosen, executive director of the TAA Coalition, a nonprofit group that supports the program. "I give it a 50-50 chance" for passage this year.

The tough fight the White House has had to wage for the Peru pact, along with the unclear future of TAA renewal, underscore what a flash point trade has become in Washington.

If trade were not such an emotional issue, either piece of legislation might seem too small to command much attention. Peru's \$93 billion economy is roughly the size of Arkansas'. And the annual TAA budget of \$880 million amounts to about what the United States spends each day and a half in Iraq.

But trade stirs passions. Many Democrats and a fair number of Republicans fear trade expansion is hurting U.S. workers. At the same time, many businesses are fuming about Congress' unwillingness to open new markets for U.S. companies.

The main sticking point with the TAA legislation is how to begin covering service workers. When the program was created in 1962, it was focused on factory workers who lost jobs because of goods coming from other countries.

But today, many of the people who lose jobs to foreign competitors don't manufacture goods. For example, Americans who work in call centers are losing their jobs to workers in India and other countries.

Democrats say service workers also deserve help with job retraining. But expansion of the program could double its cost over five years, which worries fiscal conservatives.