

## Politicians feel the impact of NAFTA

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Over the next few weeks, just as the Democratic candidates for president begin campaigning in New York for the March primary, workers at Buffalo China in Buffalo and Carrier Corp. in Syracuse will receive letters telling them their services are no longer required.

They are the latest additions to the almost 50,000 factory workers in upstate New York and 2.7 million nationwide who have lost their jobs - often to foreign competition - over the last three years.

Even the most ardent supporters of free trade now acknowledge that the hand clutching the pink slip may very well influence the hand pulling the voting lever.

As a result, free trade and its effects emerge as a major flash point in the approaching presidential election year. And the bipartisan support for free trade, which spawned the North American Free Trade Agreement a decade ago, now appears to be crumbling.

Rep. Richard A. Gephardt, an opponent of free-trade pacts for more than 20 years and a leading Democratic candidate for president, noted in Buffalo recently that practically all his competitors have changed to reflect his thinking.

"They all sound like me now," the Missouri Democrat said.

But it's not just the Democrats who are changing their views. County Executive Joel A. Giambra, a Republican, said his party needs to re-examine its devotion to free trade, too.

"I'm becoming more of a protectionist than I've ever been," Giambra said. "I've had conversations with the governor and Republican Party officers about this, and I believe it's an issue the Republican Party has to address."

While economists say NAFTA has not had much of an effect on the national economy, manufacturing job losses - many tied to competition from China - continued through much of 2003. And they have spawned a growing protectionism that can be seen across the political and legislative spectrums.

Whereas President Bill Clinton - a Democrat - pushed for NAFTA and several other major trade deals, the free-trade stance now seems taboo in the Democratic Party. Even former NAFTA supporters such as the Democratic presidential front-runner, former Vermont Gov. Howard Dean, now talk tough on trade.

"NAFTA was sold on the promise that it would trigger an economic boom in Mexico, create a huge middle-class market for U.S. goods, expand the U.S.

trade surplus with Mexico, generate net new jobs at home and drastically reduce undocumented migration," Dean said on his campaign Web site. "That promise has not been kept."

And with Republicans such as Sen. Lindsey Graham of South Carolina bemoaning the loss of manufacturing jobs to China, some in Congress are doubtful that a pending Central American Trade Agreement can win enough votes for passage. Graham recently teamed with Sen. Charles E. Schumer, D-N.Y., to fight for tariffs on Chinese imports.

"In my home state, I've seen the devastating impact illegal Chinese imports have on our domestic textile industry. I hope the administration will act decisively in the near term before we lose additional jobs to an out-of-control China," Graham said.

Primary intensifies rhetoric

In criticizing free trade, politicians are following the lead of Gephardt and other factory-town politicians who opposed NAFTA, such as Rep. Jack F. Quinn, R-Hamburg, and former Rep. John J. LaFalce.

Gephardt emphasizes that the global concept can succeed if crafted correctly. But not if foreign companies can ignore the labor and environmental regulations that U.S. companies must follow.

"We entered into all this trade without any thought of how to make this all work out," he added. "We just kind of blindly walked into this thing. It's not working. It's crazy."

Yet free-trade advocates such as Rep. Amo Houghton, R-Corning, see things differently. Houghton acknowledges that because people are losing jobs, free trade will be an issue in 2004.

But as a former chairman of Corning Inc. and one of the leading free-trade advocates in Congress, he wonders if voters will fail to recognize the long-term benefits that free trade brings.

"Jobs are going to be a major issue, and I'm sure this will be an offshoot," Houghton said. "People are pretty immediate, aren't they?"

The observations of both Gephardt and Houghton summarize not only the debate over the benefits of free trade, but also the quandary facing both officeholders and voters. For every free-trade advocate who views long-term benefits from business globalization, others see padlocked plants.

Some experts believe the rhetoric surrounding free trade is loudest in places like upstate New York, which suffers when longtime employers such as Buffalo China and Carrier shift jobs overseas.

It also intensifies with the approaching presidential primary and candidates' appeals to a small percentage of hard-core Democrats concerned about issues like NAFTA. "Some people are very passionate on this issue," said Karlyn Bowman, a political analyst with the American Enterprise Institute in Washington, D.C., who has studied public reaction to free-trade issues. "But there is still a very clear swath of Americans who say they

just don't know."

Bowman believes most Americans accept globalization for better or worse, and that Democrats especially are reacting to unions' strong influence within the party.

"There's an enormous sensitivity because of the jobless recovery," she said. "That affects workers in upstate New York very, very significantly."

A sense of growing concern

Even if most voters remain confused by free trade and its effects, candidates such as Gephardt sense a concern. He touts his anti-NAFTA stance as consistent with the feelings of most Americans who believe the pact and others like it puts U.S. industries at a competitive disadvantage.

"I've been the one laying out what I call progressive globalization; progressive internationalism," he said. "I think that is a position most Americas eventually get to."

That means allowing the exposure to the U.S. market so desperately sought by foreign companies in return for compliance with labor and environmental standards that guarantee a level playing field.

"I think people are saying that now that we've lost all these jobs, we're beginning to understand what Gephardt's talking about," he said. "An area like Buffalo has just really been hurt badly by these trade treaties because it's just hollowed out the economy."

The issue's elevation in the national discourse allows others, such as Quinn, to proudly say "I told you so."

As many more Republicans around New York and the nation view the evidence, Quinn believes even more will come around.

"That disappearance of manufacturing jobs lets Republicans take another look at it," he said, "though I don't think the administration will."

Search for "fair trade"

Politicians may be taking second looks, but they should not lose sight of the big picture, according to Daniel B. Walsh, president of the New York State Business Council. No stranger to politics as the former Democratic majority leader of the Assembly, Walsh says some of the restrictions protectionists seek detract from the concept of free trade.

"If you put requirements on one sector of activity, you have an effect somewhere else," he said. "The ultimate answer is that we've got to learn to compete and do it better. There has to be a remarkable change in the way we do things, particularly in an old state like New York."

Even some of Congress' most conservative Republicans, however, such as Rep. Thomas M. Reynolds of Clarence, are coming to new positions. Reynolds has become more vocal in recent months about the need to include treaty

safeguards that don't hand automatic advantages to foreign competitors.

"I consider myself a free-trade guy, but I also want to see fair trade," he said, pointing to problems that Buffalo's Eastman Machine Co. has faced from Chinese companies essentially copying Eastman designs and selling them worldwide at substantially lower prices.

Reynolds, like Gephardt, says there must be enforcement provisions to guard against such practices.

"I've been outspoken where I know we have to right some wrongs," he said. "I'm beginning to voice a message of what needs to be fair trade."

That ranges from asking the World Trade Organization to find "common ground" for enforcement to seeking changes in the value of Chinese currency to allow for fairer worldwide competition.

But even the loss of jobs or unfair trade practices cannot sway devoted free traders like Houghton, who fervently argues that "in order to sell, you've got to buy." He says the opposition of colleagues like Gephardt and Quinn stems from their closeness to unions, while Reynolds is "very political and knows which way the wind is blowing."

An understanding of the dynamic of free trade and ensuring that it is properly balanced will only help U.S. industries with new access to unlimited markets like China, he said. But he agrees with colleagues who say it is necessary to "tinker" with treaties and enforce provisions that guard against competitive disadvantages.

"I'm not for free trade as much as I'm for low-tariff responsible trade," Houghton said. "If it's totally free, other people interpret freedom differently than we do."

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