

## **Democratic split on trade remains**

Support for globally-focused policies wrestles with fears for the U.S. worker

By William L. Watts  
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WASHINGTON -- Despite last week's House passage of a trade agreement with Peru, divisions between Democrats over trade policy and its impact on the U.S. economy remain stark.

The House voted 285-172 to approve the agreement, which had the endorsement of House Speaker Nancy Pelosi, D-Calif., and other top Democrats. But in the end, 116 Democrats opposed the deal while 109 voted in favor. The Senate is expected to ratify the agreement before the end of the year.

The split pits Democrats who fear what they see as a rising tide of protectionism undercutting U.S. efforts to compete in the global economy against Democrats who contend that recent trade agreements contain flaws that have accelerated U.S. job losses and contributed to stagnant wages.

Opponents of the Peru deal said the tally was a rebuke to party leaders. Supporters said the fact that usually skeptical House Democrats voted in triple digits to approve the treaty was an encouraging sign.

Edward Gresser of the Progressive Policy Institute, a think tank affiliated with the pro-trade Democratic Leadership Council, said the vote largely reflected the status quo.

The tally indicates "there is a strong reservoir of support for internationally minded trade policies in the party, but that there is also a lot of anxiety and skepticism over the issue and Democrats remain divided much as they have over trade since the early 1970s," said Gresser, who heads PPI's trade and global markets project.

"It doesn't seem to me that this vote indicates a drastic change in either direction," he said.

If so, that doesn't bode well for a number of bigger and more important agreements waiting in the wings. Pending deals with Colombia, Panama and South Korea are likely to face tough hurdles despite concessions by the White House on labor and environmental standards.

Those concessions won the Peru deal the endorsement of top Democrats.

The trade pact had languished as the Bush administration delayed submitting the agreement until after the 2006 midterm elections. When the Republicans lost control of Congress, the administration and key Democrats negotiated an agreement to include the new tougher standards in future pacts.

U.S. and Peruvian negotiators agreed to modify the initial agreement with the stricter standards in the trade deal.

But the concessions didn't satisfy critics, who likened it to an expansion of the North American Free Trade Agreement. They contend it will further encourage companies to move U.S. jobs offshore.

Legislative stalemate ahead?

"We need a strategic pause from NAFTA-modeled free trade agreements," said Sen. Sherrod Brown, D-Ohio, following the House vote. Brown was elected to the Senate in 2006 in a campaign that focused in part on trade.

Lori Wallach, who heads Global Trade Watch, a division of consumer advocacy group Public Citizen, accused Democratic leaders of turning a blind eye to an issue that helped put Democrats in the majority in the House.

She was encouraged, however, by the tally, noting that the Peru deal received fewer Democratic votes than a number of past deals, including 2004 agreements with Australia and Morocco and a 2005 pact with Bahrain.

"The Peru FTA, because it fell short of approval by the Democratic majority, has proven itself an unacceptable framework for future trade deals," Wallach said.

Disagreements are also seen between the Democratic presidential contenders.

Former Sen. John Edwards of North Carolina has reprised his 2004 campaign message, blasting NAFTA as a job killer and criticizing Sens. Barack Obama and Hillary Clinton for saying they would back the Peru deal.

Clinton said last week she would vote for the Peru agreement, but has expressed skepticism about other pacts and has called for a review of NAFTA, which was enacted during her husband's presidency.

That drew an attack Wednesday from Obama. "You don't just suddenly wake up and say NAFTA is a terrible thing when you were for it before," he told a regional United Auto Workers union convention in Iowa.

Meanwhile, the Republican Party has some skeptics of its own, but they remain in the minority, noted Daniel Griswold, head of trade policy studies at the libertarian-oriented Cato Institute.

Griswold said "legislative stalemate" is the most likely outcome on the trade front, regardless of the outcome of the 2008 elections.

"Even when Republicans ran the show they had a hard time enacting meaningful trade liberalization agreements," he said. "I do think even if Democrats take control of policy in Washington they're going to have a hard time rolling back liberalization because people know the cost of protectionism as well." ■

*William L. Watts is a reporter for MarketWatch.*