

Freshmen, elections give Dems incentive to move China bill

By Ian Swanson
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Congressional Democrats' bark has been worse than their bite when it comes to trade sanctions against China.

Lobbyists say this year promises to be different.

With the economy playing an increasingly important role in the presidential campaign, Democrats have new incentive to show how they hold a different view of the threat posed by China than the Bush administration. Lobbyists worry the raised stakes of an election year increases the likelihood that a China trade bill will finally reach the president's desk after several years of falling short

The political pressure to move is bolstered by the new class of Democrats, many of whom believe they owe their victories in 2006 to the anti-trade stances they struck on the campaign trail. Before facing their first reelection tests this fall, these Democrats are eager to move legislation penalizing China.

"I think the push by the freshmen will clearly be the lever that moves a bill forward," said Cass Johnson, president of the National Council of Textile Organizations, which supports legislation introduced by Reps. Tim Ryan (D-Ohio) and Duncan Hunter (R-Calif.) that would define currency manipulation as a subsidy. This would allow higher duties to be imposed on imports from China, which critics argue is unfairly lowering the price of its exports by maintaining a weak currency.

"It's really been because of the effort and focus they've put on it that the House has been more willing to grapple with the issue," Johnson said. "They're insisting they need to see action on China and back up their rhetoric with actual results."

Much of the Democratic freshman class was none too pleased when House Democratic leaders decided to support a trade deal with Peru last year. The bill was approved, but a majority of House Democrats opposed it, including 30 freshmen.

On the campaign trail, some would like to have more tangible proof that their election victories have changed the trade debate on Capitol Hill.

When Congress approved the Peru deal last year, freshman Rep. Phil Hare (D-Ill.) said his constituents asked him, "What was your party thinking?"

However, while he said it's "critical" to get a China bill done this year, Hare adds that it is also critical that the bill be a good one, and that this might require more time.

"I would rather get it done right ... than just pass it to say we did it," Hare said. "We can't be passing bills just to get them done in an election year."

Business groups have worried for years about the tough talk coming from Congress on China, but say those fears are heightened this year.

Erin Ennis of the U.S.-China Business Council, which opposes several bills targeting currency manipulation by China, said business groups have a right to be wary, given statements by Rep. Sandy Levin (D-Mich.), the chairman of the trade subcommittee on Ways and Means. He said that he intends to introduce and move China trade legislation this year.

"It's a congressional election year, so I don't think the tone will settle down," Ennis said.

The Bush administration's continued opposition to the Hunter-Ryan measure and other bills targeting China increase the likelihood they could be used for election-year politics, lobbying sources on both sides of the issue said.

"I think especially when the administration thinks legislation would not be helpful it becomes something that can be used politically," said Pat Mears of the National Association of Manufacturers.

Whatever bill emerges from Levin's subcommittee is likely to become the main China vehicle in the House. Most observers believe the House will likely pass legislation reported out of the Ways and Means Committee. The Senate would be a tougher climb. In that chamber, the Finance and Banking committees have approved rival measures, complicating efforts to hold a floor vote on either bill.

If a bill does move through the Senate, it would likely face a Bush veto, something some observers think Democrats would welcome. This would allow Democratic leaders to use China as a campaign theme in a year when populist economic rhetoric has helped boost presidential candidates in both parties.

Trade associations representing U.S. businesses are warning Congress to avoid damaging the U.S.-Sino relationship with measures that could hurt China's economy, which increasingly is linked to the U.S. economy. This is particularly important amid rising fears about a recession in 2008, argued Cal Cohen, president of the Emergency Committee for American Trade.

"More important than the election year is the status of the U.S. economy," Cohen said. "I would think we'd want to be very careful in taking a step that could chill the U.S.-China relationship, slow growth of the Chinese economy and damage the U.S. economy."

Ennis said her organization is emphasizing that as the United States works with China to get that country to abide by World Trade Organization rules, it should not risk violating those rules itself. The main House and Senate bills on currency risk violations, business sources and the administration have contended.

Those backing the Hunter-Ryan bill, on the other hand, worry a weaker measure might emerge. Some argue, for example, that the Finance bill backed by Chairman Max Baucus (D-Mont.) and ranking Republican Chuck Grassley (R-Iowa) is too weak because of waivers that could prevent tougher actions against China. Provisions raising anti-dumping duties on Chinese imports may be waived if the Treasury secretary finds China is making meaningful progress toward realigning its currency, or for national security.