

A Suggested Salve to Free-Trade Anxiety

Democrats Seek Overhaul To Worker-Aid Programs; In Step With President

By Greg Hitt
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WASHINGTON -- With President Bush voicing concern about eroding public support for free trade, House Democrats are moving to address what they say is one of the roots of the problem: an outdated aid program for workers who lose their jobs due to foreign competition.

Rep. Charles Rangel, chairman of a key House committee overseeing trade issues, wants to overhaul a program that provides income, health-insurance and retraining aid to such workers. The New York Democrat said the program, set up in 1962, "has not kept pace with globalization."

Globalization has accelerated in the past decade, as more nations have moved to cut trade barriers and integrate their economies into the world trading system.

Mr. Rangel forwarded the proposal to his fellow House Ways and Means Committee members late last week, even as Mr. Bush was raising concerns about the rise of protectionist sentiments in the U.S. The lawmaker's approach is based on the idea that the best way to bolster support for free trade is by dealing head-on with some of the anxieties it creates among American workers and industries.

For established economies like the U.S., freer trade and foreign investment have created both new markets abroad and dislocation at home. Tens of thousands of workers in import-sensitive industries such as clothing and footwear manufacturing have lost jobs as companies sent that work abroad.

Among other things, Mr. Rangel is proposing to broaden the so-called Trade Adjustment Assistance program to cover workers in services industries such as accounting and aircraft maintenance. He also wants to ease eligibility requirements -- for example by allowing workers in entire industries to be certified to receive aid rather than certifying them on a company-to-company basis, as is done now.

The measure is likely to reach the House floor early next month, Democratic aides said, just before a vote on a U.S. free-trade deal with Peru. The timing is meant to ease concern among many Democrats that the deal with Peru -- and companion pacts the White House is seeking with Colombia and Panama -- represents business as usual for the Bush trade agenda.

In an interview with The Wall Street Journal last week, Mr. Bush said those pacts should "stand on their own," with lawmakers debating their economic merits for workers and consumers. But noting that the nation appears to be losing "confidence in our ability to compete internationally," he signaled a readiness to expand programs to aid displaced American workers.

Mr. Bush said a fundamental goal of any changes in the program should be to "make sure that trade adjustment money actually gets to the person...so that an individual can use that money to enhance his or her education." For Mr. Bush, that would mean any changes should be measured against his small-government instincts, with added resources as much as possible going directly to workers and not into the government bureaucracy.

Beyond that, he offered no specifics about how far he might be willing to go to work with Democrats. For the current fiscal year, the president requested about \$880 million for the trade-assistance program, and both House and Senate appear on track to approve that sum, an administration official said. But with Congress and the White House already sparring over fiscal discipline, battles may loom about the costs of expanding the program and how to finance it.

For Mr. Rangel, the legislation represents another opportunity to put a Democratic stamp on U.S. trade policy. Earlier this year, the chairman wrung a series of concessions from the White House that elevated the importance of Democratic priorities such as labor rights and environmental protections in trade deals. But the concessions didn't do much to overcome Democratic wariness toward the Bush trade agenda. Mr. Rangel, House Speaker Nancy Pelosi and other senior Democrats are under increasing pressure to take even more assertive steps to deal with the domestic consequences of globalization.

In a statement, Mr. Rangel said he recognizes that "fixing trade policy" also means "helping those affected by globalization overcome its challenges." In the coming days, Mr. Rangel is expected to hold a series of discussions about the worker initiative with lawmakers in both parties, and changes could yet be made to the package.

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