

05/29/2002 Entry: "Senate Approves Trade Authority"

Bill Adds Billions for Workers Hurt by Foreign Competition

By Helen Dewar
Washington Post Staff Writer
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The Senate voted overwhelmingly last night to give President Bush broader authority to negotiate trade agreements, coupling it with a multibillion-dollar expansion of aid to workers who lose jobs because of foreign competition.

Under the legislation Bush would get most, but not all, of the authority he sought to negotiate trade pacts without amendment by Congress. Democrats, meanwhile, would get a two-fold increase in funds to shield American workers from the downside of trade expansion.

Bush considers the trade bill a priority, saying other countries will not negotiate trade deals if they believe the pacts can be picked apart by protectionist forces in Congress.

Final details must be worked out with the House, which last year narrowly approved a bill with stronger negotiating authority but no worker assistance. Key senators predicted the negotiations will be difficult but ultimately successful and that Congress will enact a compromise version later this year.

The Senate's 66 to 30 vote followed a two-week debate during which pro-trade forces fended off several threats to the Senate leaders' fragile bipartisan agreement to promote trade while protecting workers.

"This is landmark legislation . . . the most forward-looking trade bill that Congress has passed in 15 years," said Sen. Max Baucus (D-Mont.), chairman of the Finance Committee, which has jurisdiction over trade issues. Sen. Charles E. Grassley (Iowa), the committee's ranking Republican, said it will "move one step closer to reestablishing U.S. global leadership and credibility in trade."

Bush, traveling in Russia, said in a statement: "Today's passage by the Senate of a vital package of trade legislation is a critical step in advancing America's trade agenda and strengthening the U.S. economy. As I begin my trip here in Europe, the passage of this bill sends an important signal to our trading partners that we are committed to free and open trade."

At a time when Congress is bitterly divided along partisan lines on trade issues, the vote was conspicuously bipartisan, although support was stronger among Republicans. Forty-one Republicans, 24 Democrats and one independent voted

for the bill, while five Republicans and 25 Democrats voted against it. Virginia senators voted for the bill, and Maryland senators voted against it.

The Senate action represented a significant victory for Bush, who had pressed Congress for "trade promotion authority," formerly known as "fast-track," in time for a new round of trade talks aimed at reducing tariffs and other barriers to international commerce. But, like energy legislation and other administration initiatives that have moved through the Senate since Democrats took over a year ago, it came at some cost to the president's priorities.

Under Bush's proposal -- which the House approved in December without change, and without a vote to spare -- Congress could accept or reject a trade pact but not alter it. The last five presidents had this authority, but it lapsed in 1994 and was not renewed, in part because of hostilities between the GOP-controlled Congress and President Bill Clinton.

Although arguably more pro-trade than the somewhat protectionist House, the Senate last week voted to limit the all-or-nothing provision in a significant way. In a lopsided, bipartisan vote that alarmed the administration, the Senate rewrote the measure to allow Congress to vote separately on any trade-pact provisions that weaken anti-dumping or other trade-remedy laws. Such laws are meant to combat unfair practices by other countries, such as subsidized or cut-rate exports.

The White House has threatened to veto the whole bill if this constraint is included in the final version. But the laws are popular with many lawmakers, and several expressed concern that the administration might bargain them away to win concessions on other points.

Some lawmakers have speculated the exemption for trade-remedy laws might be used as a bargaining chip in conference to win House approval of the worker protections. But Grassley said last night he expected the provision to be dropped without qualification.

Reflecting another Democratic priority, the Senate bill includes worker rights and environmental protection, along with tariff reduction and stronger dispute settlement rules, as a priority for trade talks.

The worker protections are a top priority for Democrats. "Without them, the bill is in deep jeopardy," Baucus said. While they were not proposed by Bush, the Senate package arose from negotiations that included White House officials.

It would expand the Trade Adjustment Assistance program -- created 40 years ago to help workers who lost jobs because of trade expansion -- to include more workers and benefits, including new subsidized health care provisions. Preliminary estimates indicate the Senate proposal could double the number of

participants, to 100,000 workers, and double the cost over the next decade, to as much as \$12 billion.

Its centerpiece is a refundable tax credit, payable in advance, that would cover 70 percent of the cost of health insurance for workers eligible for trade adjustment aid to tide them over while they seek new jobs.

It also would add 26 weeks to the 52 weeks of unemployment insurance that trade-dislocated workers can receive, and it would increase funding for job training. Coverage would be extended to workers for companies that supply goods to firms that are hurt by trade and to people engaged in farming or fishing.

A pilot "wage insurance" program would be created to help workers over 50 when they lose jobs because of trade and then accept lower-paying work. The government would pay half the difference between their earlier and present pay, up to \$5,000 a year, if they give up other benefits. The program would be capped at \$50 million and end after two years.

The expanded authority would cover agreements negotiated by June 2005, with a possible extension for two more years.

Another important provision of the bill would reinstate duty-free trade preferences to encourage Bolivia, Colombia, Ecuador and Peru to turn away from drug trafficking in favor of producing and exporting other goods. The law creating the program expired last year, and an administration-ordered extension lapsed earlier this month.

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