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## Free Trade Deals: Lobbying Fever Foreshadows Winners, Losers

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WASHINGTON -- The three major free trade agreements Congress will soon consider are being promoted as a big win for American workers. But take a good look at who's lobbying for them most enthusiastically, and it becomes evident that the biggest winners will be giant multinational corporations -- and the countries on the other end of the deals.

The agreements would knock down any number of barriers and regulations currently limiting the unfettered flow of capital and goods between the U.S. and three countries: Korea, Colombia and Panama.

The agreements would ideally bring greater trade and wealth to all four economies; they would offer U.S. financial services huge new opportunities, while lowering costs for the nation's mega-retailers.

And they could potentially send hundreds of thousands more American jobs overseas.

With so much attention being paid to the debt-ceiling hijinks, the major lobbying effort for the three trade bills has been taking place almost entirely outside public view. But many of the biggest American companies have been engaged in a massive, months-long effort to get the bills passed.

The Panama deal is considered relatively minor, attracting attention mostly because of the country's [checkered history](#) as an off-shore tax haven. The deal with Colombia is somewhat bigger and more controversial, particularly because of Colombia's [well-documented tolerance of the murder of trade unionists](#).

But it's the Korea agreement that is literally the big deal. Korea has the 14th-largest economy in the world, and is already the United States' [seventh-largest trading partner](#).

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Ground zero for the free-trade lobby is the [U.S.-Korea FTA Business Coalition](#), a group convened by the U.S. Chamber of Commerce and [led by the top lobbyists](#) for Boeing, Chevron, Pfizer, Goldman Sachs and Citigroup. The group's [central lobbying argument](#) is that the deal will "create new American jobs and opportunities for economic growth by immediately removing barriers to U.S. goods and services in Korea."

The biggest of the big-business coalitions -- the National Association of Manufacturers, the Business Roundtable, the Financial Services Roundtable, the American Farm Bureau, Big Pharma and the Retail Industry Leadership Association -- are all lobbying hard as well, along with a slew of individual mega-corporations.

## **MULTINATIONALS RULE THE ROOST**

Combined, the pro-trade agreement forces spend literally tens of millions of dollars a month on lobbying.

"We're not unused to feeling outgunned," said Cass Johnson, president of the National Council of Textile Organizations, which represents factory owners. "But when the National Association of Manufacturers, the Business Roundtable and the Chamber of Commerce say 'We'll spend whatever it takes,' and they're spending millions of dollars, well, there's just no comparison to what the small domestic groups can do to counter that."

"There are dozens of lobbyists from those groups knocking on doors on Capitol Hill every single day," Johnson said.

"It's not a fair fight," agreed Michael Stumo, president of the Coalition for a Prosperous America, which counts among its members the owners of companies that produce brass, chemicals and machine tools. "It's the transnationals versus the domestic producers and domestic manufacturers," he said.

The deep-pocketed lobbying effort also extends to funding massive "grassroots" campaigns in select congressional districts -- mailings, robocalls, fundraising events and more.

Trade deals are attractive to multinationals for obvious reasons. Huge retailers see the potential for cheaper goods, major financial institutions see benefits in access to new markets and the free flow of capital, pharmaceutical companies get extended patent protection and perhaps most important, multinational companies with huge amounts of capital see opportunities to shift their global supply chains to maximize their bottom lines. More often than not, that means moving more American jobs offshore.

Small, domestic companies, by contrast, get the short end of the free trade stick. Unable to seize the same opportunities available to multinationals, they risk losing market share and having to cut production -- and jobs.

Indeed, the bottom line for the average American is that these agreements are job killers.

"There is no argument to be made from the 17 past trade agreements that this will be a net trade benefit or a net jobs benefit for America," said Stumo. "Past agreements have failed the test."

Most notably, the liberal Economic Policy Institute (EPI) [estimates](#) that the North American Free Trade Act (NAFTA) exacerbated the trade deficit with Mexico and that 682,900 U.S. jobs were "lost or displaced" as a result, as imports decreased labor demand in manufacturing.

The group [also estimates](#) that the tremendous surge in China's exports to the United States after its inclusion in the World Trade Organization in 2001 caused the loss or displacement of 2.3 million U.S. jobs.

A [U.S. International Trade Commission report in 2007](#) concluded that the proposed Korean agreement would slightly decrease the trade deficit with Korea -- but would slightly increase the overall U.S. trade deficit, thereby presumably costing some jobs.

But EPI, noting that official estimates of the impact of trade agreements have often turned out to be unduly optimistic, concluded that the U.S. trade deficit with Korea would actually [go up by about \\$16.7 billion](#) and displace about 159,000 American jobs in its first seven years.

To its critics, what's particularly troubling about the Korean deal is that it would allow products with as little as 35 percent of their content produced in the treaty nation to be exempt from tariffs. That means 65 percent of the product could be sourced from, say, China -- but it could still be brought into the U.S. duty-free. Current tariffs on Chinese textiles, for example, are about 15 percent.

"It's a dream treaty for multinationals, but for domestic manufacturers -- and particularly the textile industry -- it's a nightmare," said Johnson.

"It's basically a trade agreement with China, without any concessions by China," said Stumo.

## **DOMESTIC DISILLUSION**

The most reliable and active opposition to trade agreements typically comes the AFL-CIO and other American labor unions. But as HuffPost's [Zach Carter noted recently](#), the collective union reaction has been strangely muted this time around. Individual unions have focused on Colombia's labor record and one -- the United Auto Workers -- is actively supporting the Korean pact based on promises that American auto companies will get expanded access to the Korean auto market.

So the only real leverage that the agreements' opponents have left is the American voter. Free trade agreements -- and the seemingly inevitable job losses -- are hugely unpopular with the public, and running against them has proven to be a wildly successful tactic in both parties.

An [NBC/Wall Street Journal poll](#) last fall found that only 18 percent of Americans think free-trade agreements create jobs, compared to 69 percent who said they cost jobs. Only 17 percent said such agreements had helped the U.S., while 53 percent said they had hurt.

Senators may be more immune than representatives to that kind of polling, especially when pro-trade agreement lobbyists are hounding them.

"In the House, you have to face the voters every two years," noted Lori Wallach, Director of Public Citizen's Global Trade Watch, a nonprofit consumer advocacy group.

"Therefore the liability of voting in favor of a job-offshoring, unsafe-import-flooding, 'Buy America'-killing, food-safety-undermining, drug-price-rising, foreign-corporate-treasury-raiding, financial-deregulating trade agreement is more likely to kick your butt."

Wallach said that because trade agreements are not historically popular with Democrats (though in this case, they are being strongly backed by President Obama) their supporters need to make sure they have the Republican vote in the House all locked up.

That includes the huge Republican freshman class -- "except half of them ran against more NAFTAs, against offshoring and against multinationals," Wallach said.

A [November 2010 report](#) from Public Citizen concluded that a record 75 Republican congressional candidates campaigned against free trade agreements, 44 of whom won.

But the pro-trade agreement groups have risen to the challenge, Wallach said.

"They have been going in and, one by one, flipping the people who campaigned against it," she said.

By March, 67 of the 87 Republican freshmen had signed onto a [letter to Obama](#) declaring their support for all three agreements and a strong belief "that expanding trade will increase economic growth and create jobs here in the U.S." Among the signatories: Rep. Michael Grimm (R-N.Y.), who [had campaigned](#) on a pledge to renegotiate existing trade agreements to "give our manufacturers a fighting chance to compete in a global market."

"All the signs are that the Tea Party-aligned freshmen Republicans are going to vote pretty much the way Republicans have been voting on trade for years," said Daniel Griswold, a trade policy expert at the libertarian Cato Institute. "The Republican Party has its trade-skeptical Pat Buchanan wing, but they're very much in the minority."

With so many powerful forces aligned behind the trade agreements, their eventual passage is widely considered [a foregone conclusion](#). The main reason they haven't yet

passed is that [Obama is insisting on the simultaneous passage](#) of a measure providing assistance and job training to displaced U.S. workers.

## **THE FOREIGN LOBBY**

In addition to the prodigious lobbying effort being put forth by big business, the embassies and industries of Panama, Colombia and Japan are also deeply involved in pushing for the trade agreements.

The Embassy of Korea and its ally, the Korean International Trade Association, for instance, are paying almost a quarter of a million dollars a month combined for lobbying: about \$70,000 a month to [Patton Boggs](#); \$60,000 a month to [Fierce, Isakowitz & Balock](#); \$50,000 a month to [Akin Gump](#); \$30,000 a month to [Thomas Capitol Partners](#); and \$30,000 a month to [Daniel J. Edelman, Inc.](#)

And that's not counting what other Korean groups are doing, or what the embassy itself is doing with its own staff resources -- including Ambassador Han Duk-soo.

"The ambassador does a tremendous amount of Hill outreach himself," said Korean embassy communications directory John Brinkley. "He's met with more than 200 members of Congress over the last year and a half."

He's also traveled all over the country, meeting with members in their districts, and trying to rally local Korean-American groups. Last month he was at the [World Pork Expo 2011 in Iowa](#).

And while foreign citizens and foreign entities are prohibited from making direct campaign donations, their lobbyists are doing plenty on their behalf.

In a recent article about [how foreign lobbyists are making campaign donations](#), I cited the example of one of the lobbyists working for the Korean Embassy: Kirsten Chadwick, a partner at the Republican boutique lobbying firm of Fierce, Isakowitz & Balock. On three occasions, Chadwick reported making campaign donations to members of Congress on the very same day that she lobbied them on behalf of the Korean government.

"When you have all these cross-cutting coalitions and groups, you have a lot of money sloshing around," said Wallach, "The trade associations give money, the PACs give money, the individual lobbyists give money."

That money buys access. And especially now that corporations can donate unlimited amounts of money to groups that buy campaign ads, it does even more -- it represents an implicit threat, Wallach said.

The message, she said, is: "On the one hand, you do what I want and I will keep giving it to you. On the other hand, if you don't, I will use copious amounts to make your next election a misery."

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