



## Trade pacts test Obama-labor ties

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Organized labor has seen this movie before: a Democratic president caught in the uncomfortable position of supporting labor-unfriendly free trade agreements. This time, instead of Bill Clinton, the protagonist is President Barack Obama.

For labor unions, the pending trade agreements with South Korea, Panama and Colombia are a bitter pill. To console a key Democratic constituency, the Obama administration is pushing Congress to extend a displaced worker assistance program that expired in February. The program provides job training and health care funds to workers who lose their jobs as a result of free-trade agreements, a reflection of labor's worries that industries will flee overseas, leaving more U.S. workers jobless.

Senate and House Republicans oppose the Trade Adjustment Assistance program and say it is impractical spending in a time of soaring deficits. They want to move forward on the trade agreements without the workers' aid, and they have threatened to hold up the confirmation of Obama's nominee for commerce secretary, John Bryson, until the agreements are finalized.

Obama's pledge to double U.S. exports by 2015 and his recent courting of business leaders have put the trade deals at the top of his economic agenda. But failure to resolve the stalemate could damage his relationship with labor ahead of the 2012 presidential election.

"It's crazy to move ahead with the trade agreements without moving ahead with TAA reauthorization," said AFL-CIO deputy chief of staff Thea Lee. "It's essential to get TAA reauthorized both for economic and political reasons."

Andy Stern, president emeritus of the Service Employees International Union, said the Obama administration appreciates that "these trade agreements are not necessarily universally loved on the part of his supporters."

Stern cited recent polls in *The Washington Post* and *The Wall Street Journal* that show a plurality of Americans believe free trade has hurt the U.S. economy.

"We tried to say to the White House that there were a number of issues that American workers are trying to cope with: a jobless decade, no real wage increases and an ever-increasing sense that jobs are being sent overseas," Stern said.

While the program has been around in some form for nearly 40 years, the new class of budget hawks and fiscal conservatives in the House have questioned whether it should exist at all.

"I don't see where we're losing jobs. We'd have net gain in trade, which creates jobs in this country," Sen. Orrin Hatch, the top Republican on the Finance Committee, said at a hearing in May for the Panama agreement. "Why should we put up \$7.2 billion over 10 years in a country that's currently broke ... just because the unions want it?"

Labor's position is bolstered within the Obama administration by the realities of the electoral map: In 2008, Obama collected 122 electoral votes from states that were the 10 top recipients of TAA funds last year, including Pennsylvania, Michigan and Ohio.

In those states, free trade pacts have become increasingly unpopular, leaving the administration with few good options heading into a reelection campaign.

"These agreements are like planes that have been circling O'Hare Airport for a very long time, and he's trying to land them before they run out of fuel," said Bill Gallston, a former Clinton policy adviser who is now at the Brookings Institution. "He's trying to move these agreements forward without angering the base too much."

Republicans say that Obama's insistence on TAA has made the odds of approving the trade deals significantly less likely.

"If we do not have an opportunity to vote on these agreements this summer, I am afraid we never will," Hatch warned at a separate hearing in May on the South Korea deal.

"The White House's insistence on a robust TAA has politics written all over it," said Dan Griswold, a scholar at the libertarian Cato Institute. "It's a move that makes sense politically. It's a wedge issue with Republicans: Their business constituency would be happy to spend another \$8 billion to get these trade agreements passed, but the tea party constituency is focused on budget reduction."

The longer the debate drags on, the deeper the repercussions for Obama, one senior labor union official said.

"This whole thing is a total loser everywhere west of Pennsylvania," said the official, who spoke on condition of anonymity. "Across this whole swath of states that Obama must win, this thing is a total loser. And with every tick of the clock toward 2012, this becomes more of a costly thing for Obama."