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Trade Pacts Face Growing Pushback

The decades-old argument that trade agreements boost both exports and jobs at home is losing its political punch

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The decades-old argument that major trade agreements boost both exports and jobs at home is losing its political punch, even in some of the country's most export-heavy congressional districts.

In the 10 districts with the biggest export growth since 2006, only three of the representatives say they back legislation to help President Barack Obama wrap up a major Pacific trade deal. Two of the eight Democrats said they support the measure, known as trade promotion authority or fast track, as has one of the two Republicans.

House Minority Leader Nancy Pelosi (D., Calif.), whose wealthy, tech-dependent San Francisco district ranks in the top 5% in export growth, though isn't among the 10 with the biggest increase, said she hasn't decided whether to back the bill.

With Congress set to resume the battle this week over the Pacific trade pact, tepid support among lawmakers from export-heavy districts shows the struggle the White House faces in corralling a majority vote in the House on fast track, a procedural measure in which lawmakers agree to vote yes or no on trade deals but not amend them. Just 17 House Democrats are on record backing the legislation, which would help Mr. Obama cement the deal.

That puts the spotlight on the handful of Democrats the White House still hopes to bring to its side, including several from coastal districts that have enjoyed a strong surge in shipments abroad.

Seattle Rep. Jim McDermott stands out as a symbol of why the White House is having such a hard time. The veteran Democratic lawmaker, who voted both for and against earlier trade deals, estimates that a third of the jobs in his region depend on international trade. Boeing, the University of Washington, the port of Seattle — all of which benefit from overseas revenue — are “the economic heart of my district,” he said.

But Mr. McDermott opposes the fast-track legislation Mr. Obama seeks for the Pacific deal, which could boost business at Seattle's port. The area “is doing great,” he said — but he worries about Americans who lose jobs when U.S. factories head overseas. “Workers have become increasingly marginalized,” he said.

Democrats aren't the only ones who find the export argument less compelling. Republican Trey Gowdy of South Carolina, whose district is in the top 20 export gainers, said he hasn't made up his mind how to vote because so many of his constituents think trade deals hurt ordinary workers. Mr. Gowdy said the big employers in his district — BMW, Michelin and General Electric Co. — “should help make the case.”

Export Skeptics

Backers of trade promotion authority, a procedural measure important for trade pacts, count on export growth to win votes. But in the 10 congressional districts with the biggest export gains since 2006, only three lawmakers so far have declared their support.

District	Representative	Export growth,* in billions	Likely TPA vote
Wash.-2	Rick Larsen (D)	\$14.4	✓
N.Y.-12	Carolyn Maloney (D)	12.8	✗
N.Y.-10	Jerrold Nadler (D)	7.2	✗
Wash.-9	Adam Smith (D)	6.9	Undecided
Wash.-1	Suzan DelBene (D)	6.0	Undecided
Wash.-7	Jim McDermott (D)	5.2	✗
Texas-18	Sheila Jackson Lee (D)	4.9	Undecided
Texas-2	Ted Poe (R)	4.8	No position
La.-3	Charles Boustany (R)	4.8	✓
Ore.-1	Suzanne Bonamici (D)	4.7	✓

*Growth in goods and services exports between 2006-2013; oil and gas exports excluded

Source: Trade Partnership (export growth); representatives' offices THE WALL STREET JOURNAL.

The exports-create-jobs argument has long been oversold, say trade experts, diminishing its power. In the fight over the North American Free Trade Agreement in 1993, the Clinton administration latched on to an argument popularized by Nafta supporters that exports to Mexico would grow more rapidly than imports and thus lead to an increase in U.S. employment. But after Mexico devalued its peso in 1994, shortly after Nafta came into force, imports from Mexico soared, which branded Nafta and subsequent trade deals as job losers.

Former Democratic Rep. Jim Bacchus of Florida, a free trader, said that by focusing so heavily on exports as job creators, administration after administration has implicitly endorsed the view that imports must be job destroyers.

Economists generally agree that exports help create jobs and that a strong surge in imports can destroy jobs in a given sector. But they also say imports can create jobs through the sales, marketing and manufacturing work involved with the import trade as well as lower costs for consumers and prod U.S. suppliers to increase productivity through competition.

A lack of public trust in both the government and corporations makes it hard for either political party to reclaim the exports argument. An April 2014 Wall Street Journal/NBC News poll found that almost half of respondents had either very little or no trust in the federal government and big corporations.

On top of that, the AFL-CIO, a labor federation, has created new wariness by turning the fight into a do-or-die struggle, winning fervent support even from service-sector unions, which weren't nearly so engaged in earlier trade fights and have less to gain or lose from trade agreements.

“There is fatigue” with the export argument, said Thea Lee, the AFL-CIO’s deputy chief of staff. “Job gains are always promised to us — it’s the pot at the end of the rainbow — but we never get there.” The AFL-CIO has said it is withholding campaign financing until it sees how the trade vote turns out and will contribute only to candidates who vote against fast track.

The fading power of the export argument is especially evident among Democrats. In 1993, 102 Democrats supported the Nafta deal with Canada and Mexico. A dozen years later, just 15 Democrats backed a pact that linked the U.S. with Central America. Now, the White House estimates that around 20 Democratic House members support fast track.

The White House said that if it wins the fast-track vote, which could come as early as this week, it will be able to sew up the 12-nation Trans-Pacific Partnership in a few months and make big progress on a separate trade pact with the European Union.

House Republicans are expected to overwhelmingly support fast track, but GOP leadership aides say they need 25 to 30 Democratic votes to push through the measure.

White House and business leaders say they are hunting for votes in export-rich districts on the West Coast and along the Gulf of Mexico. “We are making a strong case for the benefits of trade,” said David Thomas, vice president of the Business Roundtable, which runs a pro-fast track business coalition called Trade Benefits America.

But many lawmakers in those districts aren’t convinced.

The Wall Street Journal turned to the consulting firm Trade Partnership Inc. to rank congressional districts by export growth, measured by the increase in the dollar value of goods and services exports between 2006 and 2013, the most recent year available for congressional-district data. The study subtracted a big surge in petroleum-product and natural-gas exports, the result of innovation in fracking and other technologies, not trade deals. The firm doesn’t provide district-by-district import data, saying it is much trickier to track where imports end up.

Four of the top 10 districts for export growth were in Washington state, while two were in New York City — all represented by Democrats. Only one of those six House members, Rick Larsen, whose district includes Boeing’s big Everett, Wash., plant, has publicly said he would vote for fast track.

The Democrat representing another of the Washington districts, Adam Smith, has generally supported free-trade pacts since he entered Congress in 1997, including deals with Australia, Singapore, Chile, Peru, Colombia and South Korea. But this time he said he is undecided. After new districts were drawn in 2010, Mr. Smith landed in a more liberal-leaning one. That made his seat safer — but also more sensitive to the demands of labor.

In New York City, Democratic Rep. Jerrold Nadler — who opposes fast track — said he recognizes that his district, which is No. 3 in nonenergy-export growth and includes Manhattan’s financial district, gains from exports. But he said those gains don’t resonate politically.

“When you’re talking about [people in] Wall Street jobs, some of them live in my district, but a lot of them don’t,” he said.