A Bi-Partisan Effort: Bashing On Chinese Manufacturing

Tom Raum, Associated Press

WASHINGTON (AP) — In these angry political times, Democrats and Republicans agree on next to nothing. China is one exception. Democrats and Republicans alike are accusing each other of cozying up to Beijing and backing policies that send U.S. jobs and IOUs to the world's second-largest economy.

Hot rhetoric from both parties in the closing days of midterm campaigns has helped to fan protectionism sentiment in the United States, casting doubt on the fate of pending free-trade agreements and complicating U.S. dealings with a muscle-flexing China.

This America-first sentiment — against a background of continued high unemployment, a snail's pace recovery and hot political attack ads — seems likely to carry over to the next Congress no matter who wins control of the House and Senate in Tuesday's elections.

That anti-trade message is not good news for President Barack Obama as he heads to Asia in early November on a trip that includes a 20-nation summit in South Korea of the world's largest and fastest-growing economies.

The Group of 20 gathering had been seen as an opportunity to ease global trade tensions and to douse recent flare-ups between the U.S. and China over currency, exchange rates, climate change and security. But it could instead end up emphasizing unresolved differences.

In an election cycle in which foreign policy is seldom mentioned, China has become a prime economic target for both parties.

California Sen. Barbara Boxer upbraids Republican rival Carly Fiorina for sending jobs to "Shanghai instead of San Jose" as former CEO of Hewlett Packard. Senate Majority Leader Harry Reid of Nevada calls tea-party backed Republican challenger Sharron Angle "a foreign worker's best friend" for supporting tax breaks for "outsourcing to China and India."

Connecticut Democratic Senate candidate Richard Blumenthal slams Republican rival Linda McMahon, former CEO of World Wrestling Entertainment, because her company gets its action figure toys from China, not the U.S. And Democrat Lee Fisher of Ohio says his GOP rival for the Senate, Rob Portman, "knows how to grow the economy — in China." Portman served as the top trade and budget official for former President George W. Bush.

Democrats have long accused the GOP of policies that ship U.S. jobs overseas. This

season, Republicans are returning fire.

In West Virginia, Republican U.S. House candidate Elliott "Spike" Maynard aired an ad featuring Asian music and a photo of Chairman Mao to reproach Democratic Rep. Nick Rahall for backing stimulus legislation that gave tax breaks to companies that bought wind turbines from China.

And House Minority Leader John Boehner of Ohio blamed Obama and House Speaker Nancy Pelosi, D-Calif., for a "stimulus that shipped jobs overseas to China instead of creating jobs here at home." He's expected to replace Pelosi as speaker if Republicans win control of the House.

Republicans have generally supported reducing barriers to free trade while Democrats have been more skeptical, due to opposition from labor unions and environmental groups. But this year, everything is upended with the retirement or rejection of moderate Republicans, the rising tea party movement and public hostility toward trade in general and China in particular.

The House Republicans' "Pledge to America" doesn't mention free trade. The House voted 348 to 79 last month to beef up the government's power to slap tariffs on Chinese imports. "Buy American" provisions in legislation are winning by wide bipartisan margins.

Polls suggest many Americans blame China for the continued loss of U.S. jobs, particularly in Rust Belt states. Many also seem troubled that China remains the world's largest holder of U.S. debt and has bounced back so quickly from the global economic crisis. It raised interest rates last week — while most other major economies are keeping them low — to keep its economy from overheating.

In a recent NBC-Wall Street Journal poll, 53 percent of those surveyed said free-trade agreements have hurt the U.S. Among those who identified themselves as tea-party supporters, the proportion was 61 percent.

"Think of it. The ground troops for both parties — tea party Republicans and union Democrats — believe free trade is bad," suggests Robert Reich, who was labor secretary in the Clinton administration and is now a professor at the University of California, Berkeley.

Alan Tonelson, research fellow at the U.S. Business and Industry Council, which represents small and mid-sized manufacturers, said the jury's still out on how tea-party influence will shape trade decisions — noting a split between libertarian-leaning conservatives who may favor ending all government restrictions on trade and those who want to do more to protect home industries.

"The tea party certainly at its grass roots is an economic populist movement. And populist movements tend to take a very dim view of U.S. trade policy," he said. "Tea party social conservatives are also very worked up about China."

Languishing free-trade pacts with South Korea, Colombia and Panama — negotiated

during the Bush administration — may be casualties of the rise in protectionism sentiment.

Obama has vowed to revive these pacts — depicting them as good ways to expand exports and increase American jobs. But the trade measures have generated little enthusiasm or support on Capitol Hill.

That could be awkward for Obama since South Korea is the host of the Nov. 11-12 Group of 20 summit.

White House spokeswoman Amy Brundage said the administration was working with South Korea and other directly affected parties "to see whether the outstanding issues with that free-trade agreement, particularly on autos and beef, can be address by the time of the president's visit next month."

"The president supports free and fair trade agreements that include strong labor and environmental protections and that expand opportunities for American workers and farmers and create jobs," Brundage said.

Even if the U.S. and South Korea can announce a framework agreement, it still has an uphill path in Congress.

As to China, Obama himself has toughened his stance, even as he sent Secretary of State Hillary Rodham Clinton and Treasury Secretary Timothy Geithner there to try to defuse tensions.

The searing campaign-trail rhetoric against China "makes it a lot more awkward" for Obama to deal in Seoul with both South Korean and Chinese leaders, suggested Fariborz Ghadar, a senior adviser at the Washington-based Center for Strategic and International Studies. But he said he hoped "more reasonable" minds would prevail after the heat of the election dies down.

But Jeffrey Schott, a senior fellow at the Peterson Institute for International Economics, says the "bigger problem for Obama is that unemployment still hovers just below 10 percent. And when you have rates of unemployment that high, you are going to see extensive protectionist pressure. It's just the nature of things when people are out of work."

Source URL (retrieved on *07/25/2014 - 5:07am*):
http://www.impomag.com/news/2010/11/bi-partisan-effort-bashing-chinese-manufacturing?qt-recent_content=0