But Kennedy's terminal brain cancer seems to have changed everything. If Hatch's deep-abiding affection for Kennedy has plunged him into the most ambitious legislative deals of his career, the prospect that universal health care will be Kennedy's last defining act in Congress has pushed Hatch into the fray with a far more urgent zeal. Hatch has now become actively involved in the initial deliberations—despite his recent friction with Democratic legislators. "I resented the way [the Democrats] modified CHIP ... but, as important as CHIP is, this is even more important," Hatch told me. "I'm prepared to work on a final bill right now." To the relief of Democratic policymakers, Hatch has not only put aside his anger about SCHIP, but also suggested that he wants to take a central role in crafting a grand compromise, setting his sights on achieving "seventy-five or eighty votes" in the Senate. And he's doing it all for Teddy: These days, when Hatch confers with his colleagues, Kennedy's name has become something of a mantra. "The one thing that comes to mind is how many times [Hatch] talks with great affection about Senator Kennedy," says Senator Ron Wyden. "He very much wants to make this journey to health care reform with Senator Kennedy."

Determined to help put a deal together, Hatch has made an all-out push to consult not only Republican-friendly stakeholders, but also Democrats and liberal policy advisers. "Frequently, it's us trying to reach out to them, and [Hatch's staff] took the first step," said the Baucus aide. "We reached out to many people, and I suddenly heard that Hatch's office wanted to talk," says Len Nichols, a former Clinton health reform staffer and key Democratic proponent of the bipartisan reform effort. "They weren't going to give me an hour unless they were really serious."

But Hatch's key role in the push for health care reform could actually involve members of his own party. Hatch isn't the only congressional Republican interested in making some compromises on health care. Senator Chuck Grassley, well known for being a reform-minded crusader, is considering writing a comprehensive bill with Baucus. And Hatch's colleague from Utah, Senator Bob Bennett, has helped convince a handful of Republican senators to co-sponsor the Wyden-Bennett bill, a bold proposal to eliminate the current employer-based insurance system. Nonetheless, within the GOP's pro-reform camp, Hatch is one of the loudest public voices against "Socialized Health Care," which does wonders for his credibility—and the credibility of those Republicans working with him. With Hatch's reputation as a conservative intact, "Grassley has cover—he's not out there by himself doing health reform," says the Democratic Hill staffer. While it won't be enough to sway his most reactionary colleagues, Hatch could bring along a critical margin of Republican support in a legislative fight that might come down to a handful of Senate votes.

It's a particularly senatorial way to pay tribute to a dying friend. And this could be Hatch's last chance to do so, since he may himself be leaving the Senate after his current term ends, depending on his own health. Just enough time for one last serenade.

Suzy Khimm

Check It

Union-loving free traders unite!

The proposed Employee Free Choice Act (EFCA), which passed the House on March 1, 2007, but was blocked by a Republican filibuster in the Senate, has now been reintroduced and still faces opponents in many quarters. Several economists and business groups deplore its promotion of a "card check" system, which would enable a simple majority of workers to sign up for a union and so avoid the subsequent holding of a secret-ballot election (under Section 2 of the act). These opponents deride the use of the phrase "free choice" in legislation that they see as denying it. And it is, indeed, hard to defend the denial of an automatic secret ballot.

But while these issues will doubtless be debated, and the actual legislation will go through the usual legislative mauling and modification, the current debate misses the essential reason why EFCA makes sense, a reason that has led a stout defender of free trade such as myself to endorse it. The proposal is an appropriate and free-trade-compatible approach to dealing with the overriding problem we face: the long-standing stagnation of workers' real wages.

There are two ways of understanding the stagnation of workers' wages in the United States. (This problem is distinct from the separate issues of "relative" inequality within the wage structure, which has reflected a high and rising "skill premium" for skilled workers; and the more drastic inequality between the incomes of the wealthy and everyone else.) One view, long embraced by the AFL-CIO and now imposed by them on the Democrats elected to the new Congress, is that the stagnation of our workers' wages is to be attributed to our trade with poor countries. In short, the idea is that trade with poor countries produces paupers in rich countries.

This fear of trade with poor countries is wrong in its premises. There is, currently, no compelling evidence that such trade is driving our real wages down. This is the conclusion reached by several empirical analysts, including Robert Feenstra, who heads the international trade program at the prestigious and non-ideological National Bureau of Economic Research. If anything, my early work, developed further in my book *In Defense of Globalization*, as well as the recent findings of Harvard's Robert Lawrence, argues the opposite: The downward pressure on wages from other domestic factors such as acute and continuous technical change has been *moderated* by trade with the poor countries.

But the consequence of the AFL-CIO's mistaken fear is that the federation has pushed actively for the strategy of moderating competition from poor countries, specifically by insisting that their labor standards should be the same as ours. It's a strategy we economists call "export protectionism"—reducing trade by asking the exporting countries to take actions that would restrain their exports. This strategy has worked politically with liberals in the United States because it enables the unions to present and press their demands, which in fact issue from self-interest, as being prompted by altruism and sympathy for foreign workers instead. But developing countries recognize this disguised protectionism; Brazil and India, both democracies with robust labor unions, have rejected the insertion of labor standards into trade treaties.

Whereas the AFL-CIO explanation of wage stagnation essentially *externalizes* the issue, scapegoating poorer countries as the cause of our problems, a rival explanation favored by the Service Employees International Union (SEIU)—which, led by Andy Stern, split from the AFL-CIO in 2005 and created a new labor coalition, taking 40 percent of the membership with it—has been to focus instead on a *domestic* institutional explanation for the stagnation. Some domestic factors putting a downward pressure on wages are obvious, like labor-saving technical changes apparent to the naked eye. Semi-skilled secretaries have been replaced by personal computers; assembly lines still

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exist, but the Charlie Chaplins have been replaced by skilled technicians working in a glass cage above, managing the mechanized assembly lines. But SEIU, like many labor economists, focuses on other institutional factors that have depressed wages. This camp points out that union membership in the United States has fallen, from 23.3 percent of the labor force in 1983 to 14.3 percent in 2003, and fallen by half in the private sector over a longer period, to as low as 9 percent; that these drops are largely attributable to the legislated obstacles to union organization; and, finally, that falling membership has put a lid on the ability to raise wages.

The ability to organize has been affected, for instance, by the Taft-Hartley legislation more than half a century ago, which has handicapped the ability to strike by making it easier to hire replacement workers and making it more difficult to stage sympathetic strikes. A union without effective ability to strike is a paper tiger. Legislative changes that would facilitate increased membership of the unions therefore have a claim on our attention.

There is much evidence that increased membership helps raise wages. True, much of the empirical work by Harvard's Richard Freeman and other labor economists shows that unions manage to reduce the ratio of top wages to the bottom wages. But there is some evidence that this is done not just by reducing the highest wages but also by increasing the lowest wages. Increased membership also increases the political clout of the unions and, in turn, leads to support for raising the minimum wage, which liberal labor economists are convinced helps the lowest wages overall (though this issue does remain a source of animated controversy among liberal and conservative labor economists).

What is indisputable, however, is that the AFL-CIO explanation of the problem of stagnant wages commands little scientific support, and its proposed solution leads to protectionism. By contrast, the rival explanation, led at the time of the split of the AFL-CIO membership by SEIU, has substantial scientific support and leads to domestic institutional reform, however imperfectly embodied in the Employee Free Choice Act, so recently and publicly supported by dozens of economists, including myself, in *The Washington Post*. The choice for President Obama, as he seeks to seize the Roosevelt moment, seems clear. JAGDISH BHAGWATI

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The Lesser-Known Think Tanks of Washington

Council for Innovative Alliance

A liberal, international-minded body dedicated to matching countries that have no political disputes or shared interests but just might get along. Recent successes include the burgeoning alliance of Estonia and Benin, as well as a promising Facebook exchange between Cyprus and Mongolia. Downplayed is the infamous Austro-Guyanese bitchfest and a disastrous summit at which The Maldives failed to "get" Moldova's sarcasm. Riots flared across the Indian Ocean, prompting Moldova to scramble its air force—which, at the time, consisted of several refurbished kites and an enormous Garfield balloon on loan from Macy's.

Middle Eastern Equivocation Center

Independently financed and fiercely ambiguous, MEEC has for 30 years offered sophisticated socio-political analysis of the Middle East without once advocating a position; steadfastly adhering to the credo "*Videamus Quomodo Eveniet*," or, "Let's see how things shake out." It is believed that, in the early 1990s, the group considered publishing an article in support of the State Department's choice of hotel for the final negotiations of the Oslo Accords, but the piece was ultimately dropped in favor of a less divisive monograph titled "The Majestic Camel." (*Foreign Affairs*, vol. 77, issue #3, April 1993.)

Heritage Foundation RAW

The new home for policy recommendations too crazy conservative for the Heritage Foundation. Rejecting the sissified scholarship of "Red" Roger Ailes and "Comrade Kristol," Heritage RAW's all-white, all-decrepit roster advances an outlandishly reactionary platform in rooms so smoke-filled it is said that members can only identify each other by their hacking coughs. At a recent meat-and-potatoes breakfast meeting, resident scholars discussed abolishing the minimum wage in favor of a "suggested donation," erecting a 700-mile fence to secure the U.S.-California border, and a visionary plan to privatize the House of Representatives.

Def Jam Think Tank

Dr. Dre meets Dr. Kissinger, Kanye meets Condi, and Wu-Tang meets respected political analyst Norman Ornstein in Russell Simmons's latest foray into policy development. Platinum-laden scholars compete for Hill cred in highly profane freestyle policy battles amid strobe lights, thundering beats, and sweat-soaked interns, followed by an informal bag lunch. Although the Def Jam format has yet to generate any policy ideas that could be regarded as "serious," or "intelligible," the institute is widely credited for introducing the adjective "weezy" to Beltway parlance, as well as the sudden fascination with hydraulics at the Brookings Institution.

The Chicago Bears

Credited with developing the framework for countless pieces of congressional legislation, including the Sarbanes-Oxley Act, No Child Left Behind, and key passages of the McCain-Feingold campaign finance bill. Strong personal relationships on both sides of the aisle have purchased considerable legislative influence for an outside-the-Beltway organization. They finished in second place in the NFC North, with a record of 9–7. —YONI BRENNER