GET READY FOR a revolution in trade politics. This week, President Bush reiterated his call for authority to make more trade deals, which expires June 30. He went on the road for a photo-op at a Caterpillar Tractor plant, arguing that trade deals promote exports. But in the new Congress, extension of current "fast track" negotiating authority is a dead letter.

The entering class of Democrats are nearly all fair-traders, demanding much more balanced rules for the trading system. Thirty-nine of the 42 freshman Democrats in the House recently sent a letter to the Democratic leadership warning their leaders off the Bush trade agenda.

In the Senate, five of the six Democrats who picked up Republican-held Senate seats have joined a new populist caucus, insisting on fairer trade rules. Tuesday and Wednesday, business oriented Democrats invited three Clinton veterans, Gene Sperling, Robert Rubin, and Larry Summers, to House Ways and Means Committee hearings to defend the old trade agenda, which has produced chronic trade deficits and hollowed out American industry.

These worthies called for a "new consensus" -- more deals to ease off-shoring production, sweetened by a little more public money to help workers displaced by trade. Most Democrats weren't buying it.

In the past, just enough congressional Democrats have gone along with trade deals such as NAFTA as long as the executive branch threw them a bone, such as NAFTA's so-called side agreements on labor environmental standards, which have proved worthless. But any trade negotiating authority approved in the current climate would have to get much more serious about what's in the deal for America.

Meanwhile, Treasury Secretary Henry Paulson was excoriated by senators from both parties when he testified before the Senate Banking Committee to defend his China policy. Paulson recently returned empty-handed from a high-profile China trip, where he made toothless pleas for Beijing to stop manipulating its currency to the detriment of the US-China trade balance. Most experts consider the Chinese yuan under valued by 25 percent to 40 percent.

Why does America need more bilateral trade deals, whose purpose is mainly to help US-
based industry move production offshore? The liberal Economic Policy Institute (on whose board I serve) has called for a "pause" in such deals until the United States can reassess its economic interest in the face of globalism, and adopt policies to match.

It's one thing for progressive Democratic politicians to raise these issues. But the most remarkable new proposal, in a week when "free trade" was very much on the defensive, came from a group of corporate CEOs, none of whom can be dismissed as self-interested protectionists.

The report, released Thursday by the newly organized Horizon Project, called for a healthy economic nationalism, of the sort practiced by every other major trading nation save perhaps Britain. The test, the report argued, should be not what benefits US-based corporations but what is good for America -- its workers, communities, technology base, and ultimately its economy.

The analysis is astute -- read it at www.horizonproject.us -- but more remarkable are the report's signatories. The project was organized and signed by major corporate CEOs led by Leo Hindery, Jr., former CEO of AT&T Broadband and the cable giant TCI; and including Alfred Berkeley III, former president of NASDAQ; Leonard Schaffer, Founding CEO of WellPoint, the health insurance giant; and Bernard Schwartz, CEO of Loral, the high-tech defense and aerospace company. Another key leader, and intellectual inspiration of this effort, is Ralph Gomory, president of the Alfred P. Sloan Foundation and former chief scientist of IBM.

Contrary to the usual premise that the current trading system helps both America and its "trading partners," the report declares that globalization under present rules makes it easier for US multinational corporations to use cheap labor overseas and then import the finished goods back to the United States. "In the process they are building up the capabilities of the emerging Asian states and reducing the capabilities of the United States."

The group is not against trade, it just wants much tougher policies to promote symmetrical practices by trading partners, enforced if necessary by tariffs. The Horizon Project also favors substantial new public spending on infrastructure, research, education and training, to help America compete.

How refreshing to see some business patriotism. These CEOs may find themselves unwelcome at the Chamber of Commerce and the country club, but they give needed support to a dissenting stance on trade and the national interest that may soon become the majority view.

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