

Obama and McCain offer voters a choice on trade

By Doug Palmer - Analysis

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WASHINGTON - Republican presidential candidate John McCain and Democratic front-runner Barack Obama offer U.S. voters a sharp choice on trade, with McCain voicing unreserved support for free trade deals and Obama arguing labor and environmental concerns must come first.

"We know that trade is going to be a big issue in the general election. We've heard aides from McCain's side already indicating that," said Jonathan Jacoby, a trade policy expert at the liberal Center for American Progress.

Obama, who appears on the verge of wrapping up the Democratic nomination, has proposed reopening the 14-year-old North American Free Trade Agreement to include tougher labor and environmental provisions. He opposes free trade deals with Colombia and South Korea that the Bush administration hopes the Democratic-run Congress will approve this year.

The Illinois senator has also promised to be much more vigorous in making sure China and other countries honor their trade commitments, an area where he says President George W. Bush has been too lax.

McCain, the presumptive Republican nominee for November's election, also has pledged strong enforcement of trade rules, but accuses Obama and his Democratic rival, Sen. Hillary Clinton, of bowing too much to organized labor on trade at the expense of U.S. national interests.

He has argued failure to approve the Colombia and South Korea agreements would hurt ties with two strong U.S. allies -- one on the border with Venezuela, whose president, Hugo Chavez, is a foe of the United States, and the other with a key partner in trying to dismantle North Korea's nuclear program.

Arizona Sen. McCain has defended NAFTA as good for U.S. economic growth and promised to negotiate more trade accords, while telling steelworkers in Ohio and autoworkers in Michigan he supports more federal aid to help retrain workers whose jobs have been lost forever because of global economic change.

'A SHIFT IN U.S. TRADE POLICIES'

Obama's supporters say he's not an protectionist, despite his reservations about traditional trade deals.

"I don't think any of this should be perceived as anti-trade, but it ought to be perceived as a shift in U.S. trade policies to protect workers and the environment and to make sure that our manufactured exports and our agricultural exports are not getting short shrift," said Dan Tarullo, a Georgetown University law professor who advises Obama.

Both Obama and Clinton say they oppose the South Korea pact because it failed to tear down regulatory barriers to U.S. auto and other exports and the Colombia accord because of that country's long history of violence against labor leaders.

That puts them at odds with most of the business community, which strongly supports the two agreements. U.S. labor groups, a core Democratic Party constituency, oppose both pacts.

Obama has urged Bush not to submit the South Korea pact to Congress for a vote this year. Tarullo said that as president, Obama would consult with lawmakers of both parties before deciding how to proceed.

Obama supported a free trade deal last year with Peru after the Bush administration changed it to include stronger labor and environmental provisions demanded by Democrats. However, both he and Clinton were absent the day of the vote on the pact.

Colombia agreed to the same changes in its deal with the United States. But, echoing the line taken by U.S. labor groups, Obama has argued more time is needed to prove Colombia has really turned the corner on anti-labor union violence, as both the Bush administration and McCain contend.

Like McCain, Obama favors revamping and expanding federal "trade adjustment assistance" for workers who have lost their jobs because of imports or their factories moving overseas.

But he's not endorsed the idea that a deal on that front could set the stage for a vote on the Colombia pact this year.

Meanwhile, many trade experts believe Obama's promise to incorporate stronger labor and environmental provisions into NAFTA could quickly lead to a much broader -- and more politically difficult -- negotiation than he has in mind.

Mexico could demand action on immigration reform, U.S. farm subsidies and an unfulfilled NAFTA promise to allow Mexican trucks to deliver goods anywhere in the United States, said Ed Gresser, trade director at the Progressive Policy Institute.

There's also friction between Obama's promise to protect U.S. workers from the ill effects of trade and his pledge on the foreign policy front to boost U.S. cooperation with the rest of the world, Jacoby said.

"I think they've left enough room to square the circle," but it will require a broad vision that includes bolstering the social safety net at home and supporting projects to foster development abroad, Jacoby said.

(Editing by Eric Beech)