Obama, Clinton Promises May Undo Bill Clinton's Trade Legacy

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Memo to Canada, Mexico and China: While trade bashing is a time-honored tactic in Democratic nomination races, this election is different and U.S. policy is in for an overhaul if Barack Obama or Hillary Clinton wins the White House.

Competing in states that have suffered manufacturing-job losses, Obama and Clinton are vying to sound the toughest on trade, with both promising to slow new deals, renegotiate existing ones and punish China. Specific promises and union pressure may force them to honor those pledges once in office, and undo much of former President Bill Clinton's trade legacy.

``Both have given themselves less wiggle room and boxed themselves in,'' said Claude Barfield, a trade expert at the American Enterprise Institute in Washington. ``There are all kinds of ways when you're president to get out of campaign promises, but it's going to be tougher this time.''

Before the March 4 Ohio primary, the two Democrats ratcheted up their attacks on globalization, telling the state's economically stressed electorate that increasing imports and unfair trade accords were to blame for their distress. The candidates are using similar rhetoric as they campaign for Pennsylvania's April 22 primary and Indiana's May 6 contest.

New Standards

Clinton, 60, and Obama, 46, are offering concrete details of how they would alter trade accords. Each has made a pledge to renegotiate the 14-year-old North American Free Trade Agreement to incorporate stronger labor and environmental standards. They both oppose pending deals with Colombia and South Korea.

Those promises may require a Democratic president to reverse the U.S.'s pro-trade stance, experts said, further imperiling trade agreements now awaiting Congress's approval as well as the Doha round of World Trade Organization talks. In addition, Canada and Mexico are warning they would seek better terms if Nafta is reopened.

Perhaps the biggest threat is to the relationship with the U.S.'s second-largest trading partner, China. Both candidates have co-sponsored legislation to impose sanctions if China continues to intervene in currency markets and keep the yuan low to boost exports.

`Big Enchilada'

``That would be the big enchilada, here, or maybe the big egg roll,'' said Doug Irwin, an economic historian at Dartmouth College in Hanover, New Hampshire. ``China could be a huge target.''

While altering the relationship with China would have a much bigger impact on the U.S. economy, economists said, the candidates have focused on denouncing Nafta, which has more resonance with manufacturing workers.

Until recently, neither candidate had a strong anti-trade stance. Both said they supported the Peru agreement, which came up for a vote in Congress last year.

That changed early this year.

``I have been a critic of Nafta from the very beginning,'' New York Senator Clinton, whose husband secured congressional approval of the treaty, said at a February debate in Cleveland.

``We should use the hammer of a potential opt-out'' from Nafta ``as leverage to ensure that we actually get labor and environmental standards that are enforced,'' Illinois Senator Obama said at that forum.

Economists

The candidates' rhetoric echoes some Democratic economists, who no longer view trade as an unalloyed benefit to U.S. workers.

Alan Blinder, the former vice chairman of the Federal Reserve who now teaches at Princeton University, said last year that as many as 40 million U.S. jobs could be sent overseas. Robert Shapiro, a former Clinton administration official, blames globalization for stagnant U.S. wages.

At the same time, unions have renewed their emphasis on trade.

``This is a top priority for us,'' said James Hoffa, president of the Teamsters Union.

``There certainly was a lot of anger and disappointment in the labor movement over Nafta,'' said Thea Lee, policy director at the AFL-CIO, a federation with 10 million members. ``We're keeping detailed records of the statements made during the campaign season, and we plan on holding all of the candidates accountable.''

The consequences could be significant, particularly for U.S. energy users.

Canadian Oil

Under Nafta, the U.S. has priority access to Canadian oil. Canada is now indicating it may attempt to repeal that provision in a renegotiation, allowing countries such as China to tap into its oil reserves, the largest outside the Middle East.

The candidates ``may want to be careful what they wish for,'' said Kevin P. Gallagher, professor of international relations at Boston University. ``Once you decide to renegotiate a treaty, the whole thing is up for grabs and the line in the sand for the Canadians is going to be energy.''

Mexico would seek better provisions on work visas or passes to allow Mexican trucks on American roads. Mexican farmers want new protections from U.S. imports.

``Far from having favored us, Nafta has sharpened our problems,'' Cruz Lopez Aguilar, head of the National Confederation of Farm Workers, told the Mexican Senate in March.

Exports, the last remaining pillar of U.S. economic growth, would be hurt by an anti-trade turn, said Robert Lawrence, a professor of international trade at Harvard University's Kennedy School of Government in Cambridge, Massachusetts.

``Our economy is being held up by export growth,'' Lawrence said. ``If ever there was a bad time to delay trade negotiations and market-opening measures, it's now.''

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