

Decoding Candidates on Trade

By David Wessel
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The virtues of international trade and the pressures globalization is putting on American workers are becoming more prominent issues in the presidential campaign, even though the candidates most hostile to trade got trounced.

Sen. John McCain, the Republican, is the free trader in the race. "We need to continue to lower barriers to trade because 95% of the world's customers live outside the United States," Mr. McCain said recently in Michigan, where the jobless rate is 7.6%, the highest in the nation. "We need to have competitive manufacturing through lower health-care costs, lower taxes and opening new markets."

Mr. McCain has been a steady supporter of free trade in the Senate -- from the North American Free Trade Agreement to the pending U.S. trade pact with South Korea, which even some trade lovers find flawed.

By contrast, Democratic Sens. Hillary Clinton and Barack Obama are vying to be the bigger trade skeptic. As they fight for Ohio (jobless rate 6%), neither wants the mantle of former President Clinton, who shucked the populist strains of his 1992 campaign and became a champion of Nafta and China's entry into the World Trade Organization.

It's hard to tell their positions apart. In the Senate, both Mrs. Clinton and Mr. Obama voted for a recent trade accord with Peru. Both voted against a Central American trade pact. Both oppose the South Korea deal.

Both voted to whack China for keeping its currency weak. Both back 2004 Democratic nominee John Kerry's plan to use the tax code to reward companies for keeping jobs in the U.S., though Mr. Obama does so more loudly.

Lately, the two have been maneuvering to see who can be nastier about Nafta. In the end, though, neither would abrogate the treaty. She would "review...and work with our trading partners to make necessary adjustments." He would "work to amend."

Veterans of the Bill Clinton White House say Mrs. Clinton was a loyal soldier, but often unenthusiastic, at best, about her husband's embrace of globalization. Pro-globalization Democrats long have been uneasy about her for that reason.

Until his campaign reached the Midwest, Mr. Obama sounded like the former president. "Like [Clinton Treasury Secretary] Bob Rubin, I am optimistic about...the ability of U.S. workers to compete in a free trade environment -- but only if we distribute the costs and benefits of globalization more fairly across the population," he wrote in his 2006 book.

The big-company chief executives who belong to the Business Roundtable say almost the same thing.

But if Bill Clinton were running again, he'd probably put some distance between his campaign and his eight-year presidency. It's the voters, stupid.

In December, a Wall Street Journal/NBC News poll asked Americans whether the increasingly global nature of the U.S. economy was good ("because it has opened up new markets and resulted in more jobs") or bad ("because it has subjected American companies and employees to unfair competition and cheap labor.") By 58% to 28%, the respondents said it was bad.

From The Wall Street Journal/NBC News Poll:

"Do you think the fact that the American economy has become increasingly global is good because it has opened up new markets for American progress and resulted in more jobs, or bad because it has subjected American companies and employees to unfair competition and cheap labor?"

	Dec. 2007	June 1997
Good	28%	42%
Bad	58%	48%
Equally Good & Bad	11%	7%
Not Sure	3%	3%

From the December 2007 poll:

	Good	Bad	Equal/Not Sure
Professionals	37%	50%	13%
White collar	27%	58%	15%
Blue collar	15%	72%	13%
Retirees	23%	62%	15%
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Democrats	25%	63%	12%
Republicans	32%	55%	13%

By contrast, in August 2007, the question drew a much less-hostile response: 48% bad to 42% good. (The rest weren't sure or deemed globalization equally good and bad.) President Bush has done little to ease Americans' anxiety; even some of his own

appointees won't defend the administration's rejection of Democratic overtures on shoring up assistance to workers hurt by trade.

So what happens after Inauguration Day? Even Mr. McCain, if eager to press Mr. Bush's trade-pact agenda, would be likely to face a Democratic Congress elected by voters who, though they may shop for imported underwear at Wal-Mart, believe globalization is holding down their wages.

Neither Mrs. Clinton nor Mr. Obama is likely to be able to do much about trade deals already in effect, despite their campaign rhetoric. Neither, even in the heat of the Midwestern spotlight, is talking about new barriers to trade. The Depression-era Smoot-Hawley tariffs aren't coming back. And the Democrats' trade hard-liner, former Sen. John Edwards, has dropped out of the race.

The issue really is about what happens going forward. And the most likely answer on trade is not much. Barring an unlikely breakthrough in the Doha Round of world trade talks, neither Democrat is likely to make trade deals -- even renegotiated to incorporate labor and environmental standards -- a top priority.

The fate of the deal with South Korea will be the most important early test case: It's a big economy, far more significant than Peru or Panama. The new Korean government might be willing to reopen the agreement to save the pact from a Democratic president pledged to oppose it. But even if Mr. Obama wins, the "timeout" on trade deals that Mrs. Clinton proposes is the most likely outcome. And that could turn out to be a route to maintaining good parts of globalization, which would lose an up-or-down vote right now.

The anxiety about globalization among a huge swath of the electorate reflects widespread economic insecurity and a sense that the U.S. economy isn't delivering the goods for many. Tweaking trade deals or adding another program for workers hurt by imports won't salve those fears.

A "timeout" to try to fix flaws in the American health-care system and to streamline and expand worker-assistance programs so they help workers cope both with technology and trade could be the key to preserving the benefits of globalization in the long run.