

# Obama May Find It Hard To Govern as Free Trader

## Democrats' Pledges To Activists Limit Room to Maneuver

By Bob Davis  
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WASHINGTON -- Since at least John F. Kennedy, presidential candidates have campaigned as tough on trade and then governed as free traders. Some business leaders are expecting the same if Barack Obama makes it to the White House.

Don't count on it.

Sen. Obama, the Democratic party frontrunner, and his rival, Sen. Hillary Clinton, have expressed some support for trade liberalization during their careers, as public opinion and congressional politics have shifted markedly against free trade. A coalition of anti-free trade activists and labor unions also has used the long primary season to wring commitments from the two candidates on an astonishingly detailed list of trade issues, making it hard for them to reverse course.

The two Democrats are on record saying they would rewrite the North American Free Trade Agreement with Canada and Mexico -- if not pull out of the deal -- remake Nafta arbitration panels, oppose trade pacts that President Bush wants to push through Congress, designate China as a currency manipulator and examine whether World Trade Organization commitments impinge on issues as diverse as local-content rules and subsidies for colleges.

While only Sen. Clinton has said she would take a formal "time-out" on new trade deals, a President Obama would likely do the same thing, given the commitments he has made.

Sen. Obama "wants the right kinds of trade policies," says his chief international economic adviser, Daniel Tarullo, a former Clinton White House economic aide. "We need to address shortcomings of past trade agreements and the international environment," especially Chinese foreign-exchange policy, he says.

The Illinois lawmaker stresses that any trade deal must include provisions to protect unions' rights to organize and bargain collectively. Violations could be enforced through trade sanctions.

That's significantly different from current practice. Few trade deals cover labor; Nafta does, but the chances of assessing damages under the accord are remote.

The provisions "can help put pressure on countries to keep improving worker conditions," Sen. Obama argued in his book, "The Audacity of Hope," a view he repeats regularly on the campaign trail. But his stump speeches don't include the doubts he

expressed in his book. The changes "won't eliminate the enormous gap in hourly wages between U.S. workers and workers in Honduras, Indonesia, Mozambique or Bangladesh," he wrote.

Some businesses worry that the requirements could make it impossible for the U.S. to sign trade deals with developing countries such as Egypt, Pakistan and India that have growing markets but lousy labor records. "Without presidential leadership to push hard on opening new markets, we're afraid we'll fall behind," says John Castellani, president of the Business Roundtable, a trade association of large exporters.

The U.S. would be limited to negotiating with "a richer man's club" of countries in Europe in Asia, says Gary Hufbauer, a trade expert at the Peterson Institute for International Economics, a Washington free-trade think tank.

Not at all, says Mr. Tarullo, the Obama aide. He argues that the requirements would be "positively received" in other countries because they would show U.S. concern for workers.

Under pressure, Peru and Colombia did agree to rewrite pacts with the U.S. to add labor rights.

On trade issues, there is little to distinguish between the two Democrats. But they differ sharply from the unofficial Republican nominee, John McCain, who has said "free trade is the best thing that can happen to our nation."

In the general election, Sen. McCain plans to use his stance to present himself as outward-looking on economic issues, says an adviser, while the Democratic nominee is likely to counter that Sen. McCain is out of touch with ordinary Americans.

The political environment has been weakening for a decade as Americans blame trade for job loss and stagnant wages.

A number of trade skeptics won seats in the 2006 Congressional elections and the Democratic party is recruiting other anti-free traders to compete for open seats in 2008. Even Democratic free-trade intellectuals are focusing more on the downsides of global integration.

The change in Democratic Party politics makes it less likely that Sens. Obama and Clinton would change their views if they make it to the White House. For the past 50 years, presidential candidates have wooed voters with pledges on trade and sometimes cracked down on specific sectors. Presidents Kennedy and Richard Nixon restricted textile imports. Ronald Reagan, George H.W. Bush and Bill Clinton took on Japanese imports. And George H.W. Bush promised to help the West Virginia steel industry and delivered import restrictions.

But all of them governed largely as free traders, negotiating arduous rounds of global and regional trade negotiations that lowered tariffs and opened the U.S. and foreign markets wider to international competition, sometimes at the cost of U.S. manufacturing jobs. Partly, they did it because they believed the U.S. economy was better off overall. Partly, they did it because opening the U.S. market to allies is a powerful weapon of U.S. foreign policy.

Allstate Insurance Chief Executive Thomas Wilson, who has contributed \$1,000 to the Obama campaign, figures either Democrat would have a similar free-trade conversion once in office. "You can talk about getting rid of Nafta, but the economic forces [in favor of continuing the pact] are great," he says. "After they campaign, they will see their ability to control these economic forces isn't great."

Coalitions of anti-free trade activists and labor unions have worked since last fall to force the Democratic candidates to make such firm commitments they can't turn back. The Alliance for American Manufacturing, a coalition of steel companies and the United Steelworkers union, ran a series of town-hall meetings on trade issues.

Some of them peppered the candidates with questions in primary states and posted the responses along with videos on [tradebirddoggers.wordpress.com](http://tradebirddoggers.wordpress.com). (The Web site's motto: "Pinning them down on global trade, one question at a time...").

The Citizens Trade Campaign, a coalition of activist groups and labor unions, put together ever-more-specific questionnaires for the candidates on trade issues. By Pennsylvania, the forms included issues ranging from China to U.S. agricultural subsidies and also the potential effects of WTO rules on U.S. higher education and health-care system.

On the campaign trail, the candidates took note of the increased intensity on the trade question. Responding to an antitrade question at an Indianapolis auto-parts plant, Sen. Obama said in April he didn't intend to pull out of the WTO. But he criticized "a certain race to the bottom when it comes to labor and wages and benefits that's obviously hit countries like the United States harder" -- even though wages in the U.S. are far higher than the poor countries with which the U.S. trades.

--Nick Timiraos contributed to this article.

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