

Clinton doubts benefits of Doha round revival

By Edward Luce
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Hillary Clinton would ask hard questions about whether it was worth reviving the stalled Doha round of world trade talks if she were elected US president, the former first lady has told the Financial Times in an interview.

Mrs Clinton said she believed that theories underpinning free trade might no longer hold true in the era of globalisation. She has called previously for the US to take "time out" on new trade agreements.

"I agree with Paul Samuelson, the very famous economist, who has recently spoken and written about how comparative advantage, as it is classically understood, may not be descriptive of the 21st century economy in which we find ourselves," Mrs Clinton said. She faces a tough contest with Barack Obama, her closest rival for the Democratic nomination, in the first caucus in Iowa a month from now.

"I want to have a more comprehensive and thoughtful trade policy for the 21st century. There is nothing protectionist about this. It is a responsible course. The alternative is simply to pick up where President Bush left off and that is not an option."

Mrs Clinton's remarks come at a critical moment in the Democratic presidential race, which has seen rising scepticism among candidates and grassroots supporters about the benefits of an open global economy.

Although the Democratic frontrunner has not gone as far as John Edwards, who is in third place, in attacking free trade deals such as the North American Free Trade Agreement negotiated by her husband, Bill Clinton, in 1993, she has called for a full review of all deals, including Nafta. Mrs Clinton has also attacked trade agreements that do not include provisions to protect workers and that do not enforce higher environmental standards.

Her remarks are likely to reinforce expectations that US trade policy would change course were a Democratic candidate to take the White House next year.

"We know for sure that every other country wants access to our markets, because we have high levels of consumer spending since we don't save anything in America," she said.

"I am concerned by provisions that would prevent countries from enforcing stronger environmental and safety rules under the WTO. I think we have to take a hard look at this [the Doha Round] and do it in the right way."

The senator for New York also raised the alarm about the growth of sovereign wealth funds - vehicles through which governments, including China, buy up foreign assets with their surplus foreign exchange. She said they posed a potential threat to America's "economic sovereignty".

"I think vigilance is in order when the investor is a foreign government," she said. "My principal concern is to increase transparency so that there is a clear understanding of where these funds are coming from . . . and what the potential downsides might be of having a foreign government control certain assets in our country."

She said she would ask the president's National Economic Council to work with the World Bank and the International Monetary Fund to draw up new SWF "transparency rules".

On domestic economic policy, Mrs Clinton said she would tackle income inequality, which had grown to "the highest level . . . we have seen since 1929. As president I will focus on making the economy work for the middle class again."