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The Caucus

Obama's Balancing Act on U.S. Trade Policies

By JOHN HARWOOD

Senator [Arlen Specter](#) of Pennsylvania challenged [President Obama](#) last week on behalf of steel workers, and helped underscore the administration's ambivalence about trade.

During a public meeting between the president and Senate Democrats, Mr. Specter asked whether Mr. Obama would upend existing agreements with China in response to trade policies in Beijing that he said amounted to "international banditry."

"Arlen, I would not," the president replied. "What I don't want is for us as a country, or as a party, to shy away from the prospects for international competition."

But Mr. Obama also noted his "much tougher" line than his Republican predecessor on enforcing existing trade agreements — including slapping tariffs on imported Chinese tires.

It is little wonder that Mr. Obama's message on trade has gotten muddled.

Like every president of the last generation, he has maintained the rhetorical embrace of free trade. But even as he insists that Washington cannot afford to wait for a new health care system, energy policy or set of Wall Street regulations, Mr. Obama has been willing to wait on asking Congress to approve pending trade deals.

Given the opposition from his labor union allies, that stance conserves Mr. Obama's political capital at a time when so many other priorities hang in the balance on Capitol Hill.

But it also undercuts Mr. Obama's top priority: reducing the nation's 9.7 percent unemployment rate. And as a result, even some fellow Democrats believe that Mr. Obama is leaving new jobs on the table.

Contrasting Clinton

The last Democrat in the Oval Office before Mr. Obama made trade the center of his economic agenda: [Bill Clinton](#), in his first year in office, bucked union opposition to win passage of the [North American Free Trade Agreement](#), with help from Congressional Republicans.

Mr. Obama, by contrast, has sent mixed signals since the 2008 Democratic primaries. While candidate Obama courted blue-collar votes by criticizing Nafta, his economic adviser [Austan Goolsbee](#) was depicted in a Canadian official's government memorandum as having privately ascribed such rhetoric to political maneuvering.

As president, Mr. Obama has not moved to renegotiate Nafta. The administration recently tempered the impact of "Buy America" provisions in last year's economic stimulus legislation by agreeing to treat Canadian companies the same as American ones on some projects.

And in his [State of the Union address](#), Mr. Obama embraced a goal espoused by the U.S. Chamber of Commerce: doubling American exports in the next five years, which the administration says would create two million jobs.

Commerce Secretary [Gary Locke](#) last week laid out details of the initiative, including promotional, logistical and financing help for small and medium businesses. "A positive sign," said Myron Brilliant, a trade analyst at the chamber.

Yet the administration has still not resolved the longstanding dispute that is keeping long-haul Mexican trucks out of the United States, despite what is called for by Nafta. The [Teamsters](#) union has resisted that step, on safety grounds.

Nor has Mr. Obama asked Congress to ratify three trade agreements negotiated during the Bush administration, with Colombia, Panama and South Korea. His negotiators continue to seek more concessions — in the case of South Korea, better terms for American auto companies.

"The administration is not interested in putting forth an agreement that's unfair to U.S. companies," Mr. Locke

said in an interview.

Pressure All Around

Mr. Obama was also pressed on trade in his recent public meeting with House Republicans — but from the opposite direction. Representative Peter Roskam of Illinois blamed Democratic resistance in Congress for blocking the “no-cost job creation” that those pending trade deals would bring, and asked the president whether he would work with Republicans to push those deals through.

“You’re right, there are conflicts within and fissures within the [Democratic Party](#),” Mr. Obama acknowledged. But he remained vague on next steps.

If that tentativeness avoids a fight with organized labor, it may also conflict with Mr. Obama’s larger economic goals.

Unless the South Korea, Panama and Colombia trade deals are implemented, “the president will have no hope at all of keeping his promise to create two million new jobs,” said Jim Bacchus, a trade lawyer, former Democratic congressman from Florida and onetime [World Trade Organization](#) official.

Chamber officials calculated that failure to implement those agreements would cost the economy 383,400 jobs. But they remained hopeful that, eventually, the White House would move forward rather than abandon them.

“I think the administration will wait until the political environment is a little bit better, which means after the midterms,” said Mr. Brilliant, the chamber trade analyst. “The words are encouraging, but we need action.”

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