

Free trade camps watch as Obama considers Clinton appointees for cabinet posts

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Skeptics of U.S. free trade policies and their pro-trade rivals in the business community are watching as president-elect Barack Obama makes his picks for key cabinet and economic posts.

Both camps are gauging the impact of possible Obama cabinet picks from the Clinton administration — which backed the North American Free Trade Agreement and other accords as well as China's entry into international trade organizations.

Trade is an important component of Arizona's economy as a border state with its proximity to plants in northern Mexico and the state's semiconductor industry, which has production links to Asia.

For Secretary of the Treasury, Obama is considering former Treasury bosses Robert Rubin and Lawrence Summers, who served under Clinton, as well as Timothy Geitner, president of the New York Federal Reserve Bank and former deputy treasury secretary during the Clinton years. Clinton economic adviser Laura Tyson also is in the mix.

The president-elect also has been talking to U.S. Sen. Hillary Clinton, D-N.Y., for the secretary of state slot and picked former Clinton aide Rahm Emanuel as chief of staff. Newsweek magazine reported that former Deputy Attorney General Eric Holder will be Obama's pick for U.S. Attorney General. He held the No. 2 post at the U.S. Justice Department under Clinton. Arizona Gov. Janet Napolitano was said to be considered for that post.

Obama has talked about scaling back free trade policies and reworking NAFTA and other deals, which has raised concern among local and national business interests that support free trade. On the other side, critics of free trade and growing globalization hope Obama follows through and change U.S. trade strategy.

Rob Sanchez, publisher of Job Destruction Newsletter in Arizona, said Emanuel backed free trade as well as trade with China during his tenure with Clinton administration and when he served as a congressman. Sen. Clinton has fostered strong ties to Indian business people in the U.S. and India, which might impact offshoring issues if she takes the Secretary of State job, he said.

Sanchez also notes that Clinton and Emanuel are among those backing an increase in the number of H-1B visas for skilled foreign workers. U.S. businesses and technology companies, including Intel Corp., Google Inc. and Microsoft Inc. have pushed to raise or lift H-1B caps.

U.S. Sen. John McCain, R-Ariz., many Republicans as well as the U.S. Chamber of Commerce and other state and national business groups also back free trade policies. Supporters say such accords help the U.S. access foreign markets, put downward pressure on inflation via cheaper imports and aid U.S. exports, which have been an economic positive.

Sally Baker, a Scottsdale business consultant who does some political work, said she expects Obama to make some more centrist picks to follow up his campaign rhetoric promising to move away from partisanship.

Theresa Ulmer, a business consultant and Arizona state representative, is among those who like the idea of bringing Clinton administration leaders into the Obama White House. She favors the trade ideas expressed by Obama and supports some reworking of trade deals, but also stands by Clinton-era economic policies.

“The economy flourished and inflation fell. The addition to past-Clinton folks in the new Obama administration only makes sense,” she said. “These are people who helped create the longest economic expansion we have seen in our life time. It is critical to the future of the United States that we figure out how to create jobs and get the economy back on track. Hillary was part of that and would be an incredible plus to the Obama administration.”

U.S. Sen. Jon Kyl, R-Ariz., a conservative, free trade advocate and No. 2 Republican in the U.S. Senate, also voiced support for Sen. Clinton’s possible appointment.

“It seems to me she’s got the experience. She’s got the temperament for it. I think she would be well received around the world. So my own initial reaction is it would be a very good selection,” said Kyl on “Fox News Sunday” Nov. 16. Trade is one of the few issues where Kyl agrees with Clinton administration policies.