



Trump Castigates Global Trade Pacts, Lawmakers Caught In a Vice

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Sens. Charles E. Grassley, a cantankerous Midwestern conservative, and Tim Kaine, a paint-by-the-numbers East Coast Democrat, don't agree on very much. But when it comes to free trade, both are very worried.

With Donald Trump castigating global trade pacts from the campaign trail and the United Kingdom's plan to break with the European Union, lawmakers from export-oriented states are being caught in a vice between business constituents trying to expand business opportunities and intensifying public sentiment that's transcending borders and seems increasingly sour on globalization.

The tension is being felt in locales like the Virginia port of Hampton Roads, which handled \$71.3 billion of business in 2013, fifth-most among all U.S. ports and 12th among all American freight gateway sites, according to Transportation Department data. Halfway across the country, Iowa corn, soybeans and farm machinery depend on Canada, Mexico and overseas markets like Japan, China and South Korea.

"There's a lot of interest in my state," says Grassley, who describes regular visits to his office by those interested in free trade. "It could be agriculture. It could be services. It could be manufacturing. Whether it's John Deere or Vermeer or 3M . . . or Principal Financial, it's very difficult. They're in support of it."

The challenge is pushing policies and fashioning a winning message at a time when politicians seem almost cowed at the prospect of promoting expanded trade. Fears of corporate interests wielding outsize interest at the expense of national sovereignty, public health and even freedom of expression are drowning out arguments for lowering protectionist tariffs, harmonizing regulations and facilitating financial transactions. So, too, is the perceived lack of benefits from the North American Free Trade Agreement, or NAFTA, the giant trade deal President Bill Clinton pursued that is widely blamed for U.S. job losses.

"Trade's going to happen. The real question is: Are we going to continue being part of writing the rules, or are we just going to let others write them?" Kaine says. "I think we should be part of writing the rules. But that means we've got to make that case. It's an easier case to make in Virginia, but we've got to make that case nationally, as well."

The crucible in the short run will be ongoing talks over ratifying the Trans-Pacific Partnership, a multinational trade pact that's become something of a Rorschach test for both sides' fears and mutual suspicions. The betting is a lame-duck Congress will have a chance to ratify the deal, which has been energetically pursued by the Obama administration but isn't likely to be a priority of whoever next occupies the White House.

Kaine and other free-traders shouldn't expect many colleagues to rally for the pact. Few bring up the T-word in their stump speeches, meaning voters are largely hearing unfiltered diatribes about negatives of multi-country agreements from the likes of Trump, former Democratic presidential candidate Bernie Sanders and like-minded populists.

"The reason many candidates are not talking about trade is it's simply not a winning political issue to support policies that are so unpopular with such a large section of the working class," says Peter Francia, a political science professor at East Carolina University.

"That said, Trump recognized a way to win many of those voters . . . by attacking deals like NAFTA," Francia says. "And Senator Sanders has been willing to make those same kind of attacks for the last 20 years."

NAFTA as a crucible

Polling firm Gallup regularly has asked U.S. voters whether foreign trade represents an "opportunity for" or a "threat to" the country's economy for over a decade. A trend line shows opinions varying over the years. Notably, in 2008, as the U.S. and global economies entered a crisis period, those replying "threat to" peaked at 52 percent. But as the American economy has slowly recovered, most of those surveyed (58 percent in the poll's latest incarnation, conducted in February) now view trade as an opportunity.

But when Gallup asked specifically about NAFTA and the Trans-Pacific Partnership, Americans were split. In April, 28 percent of those surveyed said Washington should pull out of those deals, another 28 percent said America should stay in — and 43 percent admitted they knew too little to take a position.

The April poll results — and repeated descriptions of international deals from Trump and Sanders like "horrible" and "disastrous" that have been met with thunderous applause from coast to coast — illustrate why trade is arguably the only policy casualty of the current presidential campaign cycle. But experts say they are ready to pounce should the president spend political capital this summer and fall lobbying Congress to approve the TPP after November's elections.

Many Pitfalls

Trade is a tricky political issue. Perceptions ride on the ripple waves of an increasingly connected global economy, a region's geographic location, local industries, an area's ability to export goods and, importantly, a region's history with international trade agreements. There are reams of data that trade supporters and skeptics alike cite in making their arguments.

Senate Republican Conference Chairman John Thune, a pro-trade South Dakotan, says trade is merely “in a holding pattern” because “it’s just not a priority at the moment for either of the presidential candidates [and] it doesn’t seem to be a priority for the president.”

But many American voters just aren’t in the mood. They see jobs that vanished post-NAFTA and aren’t coming back, as well as trade deals that helped multinational corporations send jobs to countries where costs are lower, to boost their profits.

“Oh, I do,” replies House Democratic Caucus Vice Chairman Joseph Crowley when asked if he hears anti-trade gripes from his constituents. His 14th District in New York sits near the Port of New York and New Jersey, which handled \$201.9 billion in total trade in 2013, second among all U.S. ports and also second among all American freight gateway sites, according to the Transportation Department.

“There’s just been a barrage on both sides, from the far left and the far right, in opposition to it,” Crowley says. That assessment was shared by other lawmakers, Republican and Democratic, who were interviewed for this article.

It’s not just John Q. Public. Some leading economic thinkers are souring on global agreements.

“When it comes to trade deals, even economists have begun talking about them in evermore jaundiced terms,” says Roger Hickey, co-director of the Campaign for America’s Future, which bills itself as “the strategy center for the progressive movement.”

Economists “used to think they were good in terms of bringing down barriers and promoting growth at home,” he says. “Now, they talk about large companies moving production abroad and creating an international system.”

Hickey says such opposition is decades old and can be traced to perceptions of the U.S. economy that vary depending on one’s tax bracket. “The rank and file in both major political parties have experienced difficult economic times for some time now. And that is a much different view than what’s held by the elites of both parties — things have been going pretty well for them,” he says.

Presumptive Democratic presidential candidate Hillary Clinton and others in her party, joined by those who have long run the Republican Party, “have viewed free trade as part of a machine that fuels global growth,” Hickey says. “But rank-and-file voters in both parties see stagnant wages and poor job growth.”

Clinton, to be sure, talks little on the campaign trail about trade — and even less about the TPP deal Obama would like to make part of his legacy. She helped lead early TPP negotiations as secretary of State, then earlier this year announced her opposition to it.

“Trade has been a growing problem for Democrats since Bill Clinton pushed NAFTA,” Hickey says. “They’ve been losing working people who feel Democratic politicians are not on their side.”

(Slow) Jamming His Party?

While Clinton mentions it rarely, Obama has created something of a political pickle for Democrats by pushing so hard for TPP. The president used a late-May swing through Vietnam and Japan to lobby for the pact. During remarks in Vietnam, he sent a subtle message back home to U.S. lawmakers like Senate Majority Leader Mitch McConnell of Kentucky who support most trade deals but are skeptical about this one and wary of approving it before a presidential election.

“I want you to know that, as president of the United States,” Obama said, “I strongly support TPP because you’ll also be able to buy more of our goods, ‘Made in America.’”

The trip put Obama in something of an odd situation: As leader of the most economically powerful country involved in TPP, he needed to win over skeptical Asian citizens and officials. But with every word he complicated matters for Clinton and the Democratic Party’s congressional candidates in a year the White House and Senate are up for grabs.

Which is why some trade experts remain perplexed why Obama, who won a Senate race and two presidential elections, chose to make a TPP pitch while slow-jamming the news with “Tonight Show” host Jimmy Fallon on June 9 — after Clinton had mathematically locked up the Democratic nomination. Sure, it was entertaining enough by late-night television standards. Fallon rhythmically asked Obama if he is “down with TPP,” a reference to a rather risqué 1990s rap song by the group Naughty By Nature. “Yeah, you know me,” the 54-year-old Obama replied, before going into full sales mode.

“Look, Jimmy, the TPP allows American businesses to sell more goods at home and abroad,” the free-trader-in-chief said. “The more we sell abroad, the more higher-paying jobs we provide here at home. It’s that simple.”

Only, in this election cycle, it’s not.

“You have Obama slow-jamming about TPP, and saying it’s cool,” Hickey says. “But it’s extraordinarily difficult for Hillary Clinton to deal with, given her opposition to TPP and her husband’s role with NAFTA. You’ve also got Trump out there absolutely hammering free trade and these big trade deals. The president is handing Donald Trump a club to hammer her with.”

End of an Era?

Clyde Prestowitz, who advised the Reagan and Clinton administrations on trade and commerce issues, raised eyebrows with a provocative piece in the latest edition of *Washington Monthly* topped with this headline: “Free Trade Is Dead.”

“Regardless of who wins the presidential election in November, the 2016 campaign has already dramatically undermined a major pillar of post–World War II American economic and foreign policy — free trade,” wrote Prestowitz, now president of the Economic Strategy Institute.

“The public has spoken: Polls show that opposition to current free trade arrangements is one of the few positions Democratic and Republican voters share,” he wrote. “The public . . . sees in Trump’s and also Sanders’ comments the articulation of a possibly larger truth and the revelation of a possible giant confidence job.”

Proclaiming the end of free trade is a bit harsh, say experts and lawmakers — but many agree with Prestowitz on one point: Negotiating and implementing international deals will only get more difficult.

Dan Ikenson, director of the CATO Institute's Center for Trade Policy Studies, says one reason is because lawmakers hear from so many advocacy groups that care only about a single issue but wield ample influence. What's more, congressional panels that "in the past didn't have a thing to do with trade, now claim some jurisdiction over small pieces of things affected by trade deals," he adds.

But Francia doubts massive trade deals are dead, largely because "this opposition has always been there," with working-class voters "long resenting most deals." Still, he acknowledges it's possible that the current anti-trade mood could spawn more candidates like Trump and Sanders, noting the former has upended decades of GOP policy: "Trump has made it more acceptable for Republicans to speak out against trade deals."

Trump's trade-bashing rise should concern pro-trade lawmakers and corporate executives. But does it?

Thune called many Americans' negative views of trade pacts "a perception," saying NAFTA was the exception among a list of one-on-one pacts Washington has struck since that "have been pretty good for us." Thune continued: "Out of the 17 countries we have deals with [in the post-NAFTA era], 14 of them we have increased our trade balance over the course of being in existence. You've got to look at it in its full perspective and realize you're either in the game in the global marketplace or you're not. I believe we've got to be in it."

After being asked about the role trade is playing in the election cycle, South Carolina GOP Sen. Tim Scott ticked off statistics to show how important the Port of Charleston is to his state's economy. When pressed about the possibility that the anti-trade deal fervor could drive down the flow of goods into the Charleston port, thereby hurting the Palmetto State, Scott clearly did not want to discuss the matter. Notably, the same was true of a number of pro-trade members approached for this article, many of whom scurried into elevators or declined interview requests.

Disappearing into a Finance Committee anteroom, Scott scowled, "I'm not worried about anything," as a door closed behind him.