



Trump and the Republican Congress let business groups down

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For business groups, these ought to be the best of times.

Republicans have majorities in the House and Senate, and a Republican businessman sits in the Oval Office. Yet, that unified control has been slow to provide the results that they wanted. Meanwhile, other matters they have taken for granted seem to be in trouble.

"Trump is going in the opposite direction of what most in the business world want," said Simon Lester, trade policy analyst with the Cato Institute, a free-market think tank. "His core beliefs do appear to be a type of economic nationalism that is contrary to the broader business community."

Businesses' top goal for the year was tax reform, yet Congress only got around to it at the end of September, by which time there were precious few days left on the year's legislative calendar.

For most of the year, the Republican effort to overhaul the tax code took a back seat to immigration policy and the GOP's repeated, unsuccessful efforts to replace Obamacare. When the tax reform proposal was finally revealed in late September, the Chamber of Commerce called it "long overdue," a widely shared sentiment among businesses.

"If this were, say, the Jeb Bush administration, you just know there would have been a well-oiled machine getting the president's agenda through Congress," said a source at one trade association who requested anonymity. "If they had started with tax reform, it is interesting to think where we would be now."

"Woulda, coulda, shoulda," said Chuck Wetherington, president of Hanover, Md.-based BTE Technologies. "It would have been great if they could have started on this earlier. But this is where we are now. Let's get it done."

Meanwhile, the administration is renegotiating the 1993 North American Free Trade Agreement, a deal that most business groups said was working well and not in need of wholesale changes.

But all indications are that the White House is becoming frustrated that Canada and Mexico are not agreeing to the sweeping changes that Trump wants. That, in turn, has many business leaders spooked.

"Today we are increasingly concerned with the state of play with the negotiations," John Murphy, the U.S. Chamber of Commerce's senior vice president for international policy, told reporters Friday. He said the administration's continued pursuit of an expiration date for the deal

as well as changes to its rules of origin for labeling products and rules for allowing bids on a country's government contracts was deeply alarming to businesses.

"The vast majority of business groups oppose these provisions emphatically," Murphy said, adding that Canada and Mexico, the other countries in the deal, were not inclined to support them, either. "The concern is that leading with these proposals could lead to a chaotic breakdown in the talks."

Other business groups are particularly worried that the administration has pursued changes to the deal's investor-state dispute settlement system, including allowing countries to opt out.

The system "is a critical part of the NAFTA agreement ... It provides confidence for those investments outside the U.S.," Jack Gerard, president of the American Petroleum Institute, told reporters in late September. "We are concerned that it has not been put forward as a priority by the current administration."

Another major trade association official who requested anonymity simply sighed and said, "I'm sure a lot of people would say, 'Let's open up new markets instead.' But this is where we are."

The reopening of NAFTA followed Trump's killing of the Trans-Pacific Partnership, a trade deal among 12 countries that the Obama administration negotiated and business groups wanted but couldn't get through Congress.

Immigration has been a tricky issue for business as well. Most business groups favor a relatively open policy, arguing that the immigrants are a net boon for the economy and don't displace native workers from jobs.

"It's a controversial area. We're trying to figure out where our interests align with the Trump administration," Randy Johnson, the Chamber's senior vice president for labor and immigration policy said at a Labor Day Press conference, adding later, "Immigration across the board, with some limitations, is a benefit to this country, and that is the position of the Chamber."

The administration's moves have had other spillover effects. It has been slow to fill appointed slots at federal departments and regulatory agencies. The National Labor Relations Board, for example, only reached a GOP majority confirmed by the Senate in late September.

Less than one-fourth of the 601 administration positions requiring Senate approval have been confirmed. More than half hadn't even had nominations.

"When they get some of their people up there, maybe things will run more smoothly," said the first trade association source.

In some cases, Trump has directly embarrassed business leaders. During the election, he often assailed companies that move operations overseas, at one point threatening to slap tariffs on ones that do.

Several top business leaders quit a Trump-created manufacturing policy council in August following the president's controversial remarks regarding the Charlottesville, Va., protests, blaming both sides for the violence. Trump denounced the businessmen as "grandstanders" and dissolved the council.

Nevertheless, actual criticism of Trump administration is rare, even in off-the record conversations. Nobody wants to make a tricky situation even worse, and business is happy with at least some of the actions the president is taking.

Trump signed off on the Keystone XL and Dakota Access pipelines. Labor Secretary Alexander Acosta has begun undoing former President Barack Obama's expansion of the overtime rule, which businesses have pushed for. Acosta has said that nearly doubling the minimum annual salary level to \$47,000 to exempt workers from the time and a half rule was far too high. The department also has signaled that it would scale back parts of an Obama-era "fiduciary rule" making it possible for investors to bring class-action suits against brokers.

Trade groups were cheered by the GOP's tax reform proposal, which would cut the top corporate tax rate from 35 percent to 20 percent. And lobbyists scrambled to begin work on wavering lawmakers.