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Obama Loses Trade War With Democrats

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In his speech Wednesday before the Democratic National Convention, President Obama spoke eloquently about America's bright future and how his policies improved lives and made the country a better place. He painted Hillary Clinton as his successor, saying "there's more work to do" to enact the Democratic Party's preferred policies.

Even as he asked Democrats to help him "pass the baton" to Clinton, the President had to avoid any mention of the Trans-Pacific Partnership, because the Democratic Party is the primary reason the President has failed to secure his administration's most ambitious trade policy project.

The TPP was supposed to be a grand undertaking. It would reshape the global trading system, become the backbone of U.S. foreign policy in Asia, and integrate 40% of the world's economy. The TPP could have been President Obama's signature foreign policy legacy. And yet, the greatest obstacle both to completing the negotiations and to passing the deal through Congress has been the President's fellow Democrats.

The TPP negotiations began nearly 8 years ago but were severely limited by the Obama Administration's lack of "fast track" trade promotion authority—a law that lays out U.S. negotiating objectives and ensures an up-or-down vote for trade agreements. The President was unable to secure that authority from Congress until 2015, after Republicans took control of the Senate. That bill passed with a bare majority in both houses and was opposed by 70% of Democrats in the Senate and 85% in the House of Representatives.

The TPP agreement was finally signed by its 12 negotiating parties in early 2016 and now awaits ratification by Congress. Approval of the TPP currently hinges on whether enough Republicans will support it, because nearly all congressional Democrats are expected to vote against it. If Republican majorities diminish or disappear after the 2016 election, ratification of the TPP may be impossible.

The Democratic Party's antipathy toward trade is well reflected in the 2016 Democratic Party platform. Some Bernie Sanders delegates were upset that the Party didn't come out explicitly against the TPP, but the final language in the platform is almost entirely negative on trade.

The first sentence of the platform's trade plank sets the tone: "Democrats acknowledge that for millions of Americans, global trade has failed to live up to its promise—with too many countries breaking the rules and too many corporations outsourcing jobs at the expense of American workers and communities." It then goes on to describe globalization as a "race to the bottom" for labor, environment, and health policies. "Any new trade agreements," the platform proclaims, "must include strong and enforceable labor and environmental standards."

Although the platform does recognize that "openness to the world economy is an important source of American leadership," not once does it mention the economic benefits of free trade.

President Obama has tried to convince trade-skeptic Democrats to support the TPP by claiming it actually gives them everything they want. He has called it "the most progressive trade agreement the world has ever seen" and touted its "strong" environmental and labor protections.

That strategy hasn't worked at all. Telling people that the TPP isn't as bad as other agreements isn't going to convince them it's better than no agreement at all. And it turns out, many Democrats don't believe the President when he tells them the TPP is different. And they shouldn't.

Despite the administration's grand rhetoric about "21st Century" deals, the TPP is not an especially unique trade agreement. Its labor provisions are slightly stronger than past agreements, and its environmental provisions are slightly weaker. Those differences will be of interest to trade lawyers, but they don't represent a major shift in policy.

Whatever the next administration—Republican or Democrat—decides to do with the TPP, they will not be holding a baton passed to them by President Obama. Perhaps Hillary Clinton will have more luck convincing Democrats that the TPP is worth supporting. But, if the 2016 platform truly represents the party's views, she will also have to change their minds about trade or call it quits on future agreements.

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