



The Democrats and Trade Policy: Hints (and Divisions) from the House of Representatives

By Claude Barfield

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Key Points

- In recent history, House Democrats have been mostly opposed to free trade agreements, despite national polling that shows a majority of Democrats view such deals positively.
- In the current Congress, the issue of the US-Mexico-Canada Agreement (USMCA) will highlight the differences between two significant Democratic caucuses: the generally pro-trade New Democrat Coalition and the trade-skeptical Congressional Progressive Caucus.
- With the backdrop of the Democratic presidential primaries and the pressure not to give President Trump a policy victory, the outcome of this intraparty debate is uncertain—but ultimately the decisions of Speaker of the House Nancy Pelosi may determine the USMCA's fate.

With trade policy positions in flux in both parties, predicting partisan political outcomes in the trade policy arena is akin to reading the future from the entrails of a goat. The new Democratic majority in the House, however, is asserting authority in a number of areas, not least on trade policy. For instance, in coming months House Democrats will decide the fate of the most important formal Trump administration trade initiative, the US-Mexico-Canada Agreement (USMCA).

The US House of Representatives historically has taken the lead on trade policy, as the Constitution mandates that all revenue bills originate in that body. For more than two centuries, trade policy largely consisted of tariff (tax) policy, so the Speaker of the House and the party majority in the Ways and Means Committee retained powerful sway over congressional action in the trade area—even

after trade policy transcended tariffs and included regulatory aspects of services and investment.¹

A Little History

To understand where House Democrats stand today on trade policy, first a bit of history. The Democratic Party has been deeply divided on international trade and investment issues going back to the Clinton administration, with powerful Democrat-aligned interest groups such as the labor movement, environmentalists, and Naderite consumer groups deeply antagonistic to free trade agreements (FTAs).

When President Bill Clinton reversed course and backed the pending North American Free Trade Agreement (NAFTA), he failed to bring along a majority of his party in the House. Democrats voted 156–102 against the agreement (Table 1).²

Table 1. Votes for NAFTA

Party	Aye	No
Democrat	102	156
Republican	132	43

Source: US House of Representatives, “Final Vote Results for Roll Call 575,” November 17, 1993.

Table 2. Democrat Votes on Bilateral FTAs

Country	Democrat Yea	Democrat Nay
Panama	66	123
Colombia	31	158
South Korea	59	130

Source: US House of Representatives, “Final Vote Results for Roll Call 782,” October 12, 2011; US House of Representatives, “Final Vote Results for Roll Call 781,” October 12, 2011; and US House of Representatives, “Final Vote Results for Roll Call 783,” October 12, 2011.

Similarly, during the subsequent Bush and Obama administrations, generally about two-thirds of House Democrats were counted in opposition to a number of bilateral FTAs.³ When President Barack Obama pushed for passage of FTAs with Panama, Colombia, and South Korea, a large majority of House Democrats voted no (Table 2).⁴

Background Factors

Two other background factors provide important context. First, although it has not yet shown up in House Democratic votes on trade agreements, in national opinion polls since the end of the Bush administration, self-identified Democratic voters have increased their support for freer trade and trade agreements. For instance, in a series of national Pew polls, the portion of Democrats who agree that FTAs have been good for the US increased from just over 50 percent in 2009 to 67 percent in 2018. Conversely, among self-identified Republicans, the trend was in the other direction. In 2009 some 57 percent of Republicans backed FTAs as good for the US. By 2017, two-thirds of Republicans held that they were bad for the US, before shifting toward a more favorable opinion in 2018 (43 percent, positive; 46 percent, negative).⁵

Second, although the impact is indirect, the 2020 presidential election and the stance of potential

Democratic presidential candidates on US trade policy will also be a factor. At this point, the leading contestants reflect conflicts with a nascent post-Clinton, post-Obama party on globalization and international trade and investment. At one end, Sen. Bernie Sanders (D-VT) at a recent Fox News Town Hall proudly trumpeted his vote against NAFTA and all subsequent FTAs as vehicles to enrich billionaires and impoverish working-class Americans.⁶ Sen. Elizabeth Warren (D-MA) has often echoed those sentiments. At the other end of the trade spectrum, former Vice President Joe Biden strongly supported the Obama FTAs with South Korea, Panama, and Colombia—and, most importantly, the Trans-Pacific Partnership agreement.⁷

Beyond individual stances, as the general election season emerges, there will be increasing pressure not to give Trump a “victory” on trade. On the other hand, House Democrats will also have to tread carefully in opposing a needed NAFTA update, which is strongly supported by Canada and Mexico, both vital US trading partners.

House Democratic Caucuses

As noted above, the key decision for Democrats in the current Congress will be over the USMCA. Thus far, the signals are decidedly mixed. One place to look for clues is within the various House Democratic caucuses, in particular the New Democrat Coalition (NDC) and the Congressional Progressive Caucus.

On that front, the most interesting dynamic—reflected in a number of policy areas—is the reemergence of the NDC as an important force in House Democratic policy. After years of decline, it is now the largest House Democratic alliance, with more than 100 members.⁸ The NDC had its origins in the Clinton era, with echoes of a “third way” between extreme conservatives and liberals. On trade, the NDC has been generally supportive of FTAs, while also advocating a social agenda of labor and environmental complements to traditional FTA chapters. The current charter of the NDC stresses “pro-growth,” “pro-innovation” policies to “bridge the gap between left and right.”⁹

Buttressing the moderate ideological bent, the NDC position on trade and other matters is also based on hard political calculation. The caucus was

infused by some 40 newly elected members after the 2018 election, many of whom hail from Republican-leaning districts or closely divided suburban districts.¹⁰ These often suburban districts contain a number of the Democratic voters—identified in the Pew polls—who tend to support free trade.¹¹ NDC leaders have signaled that they were ready to help round up pro votes pending a signal from Speaker Nancy Pelosi (D-CA).

In contrast to the NDC, the 95-member Congressional Progressive Caucus has a long history of skepticism and opposition to FTAs. In their statement of principles regarding trade, they blame NAFTA for their claim that, since NAFTA's implementation, the US "lost millions of jobs in key sectors like manufacturing, wages have stagnated, and the standard of living for working families has dropped."¹²

On this basis, the Congressional Progressive Caucus has come out against the current USCMA.¹³ Rep. Mark Pocan (D-WI), a caucus leader, has argued that the agreement "should be reopened, so that we can deliver a progressive trade deal in line with our principles."¹⁴ These changes include, at a minimum, amendments in labor enforcement, the environment, pharmaceutical prices, and investor protection. (The demands mirror those of the AFL-CIO and Public Citizen.)¹⁵

House Democratic Leadership

Speaker Pelosi and the Democratic leaders of the Ways and Means Committee have not finally tipped their hands. Pelosi, though she won reelection handily, still presides over a restless and fractious caucus—including radical freshmen who have already defied her.¹⁶

About the Author

Claude Barfield is a resident scholar at the American Enterprise Institute and a former consultant to the Office of the US Trade Representative. He researches international trade policy (including trade policy in China and East Asia), the World Trade Organization, intellectual property, and science and technology policy.

Notes

1. Shayerah Ilias Akhtar, "U.S. Trade Policy Functions: Who Does What?," Congressional Research Service, November 1, 2018, <https://fas.org/sgp/crs/misc/IF11016.pdf>.

2. US House of Representatives, "Final Vote Results for Roll Call 575," November 17, 1993, <http://clerk.house.gov/evs/1993/roll575.xml>.

The central issue going forward is how to integrate Democratic demands into the USMCA—through reopening negotiations or through implementation legislation and side agreements with Mexico and Canada. US Trade Representative Robert Lighthizer, whom Democrats have praised for his assiduous consultation with all Democratic factions,¹⁷ has warned that this could kill the pact—or at minimum delay it beyond the US presidential election. (Mexico and Canada have vetoed such a course—at least at the moment.)¹⁸

In recent days, Pelosi appears to have taken a harder line. Even though she had previously stated that she thought the agreement would have to be reopened, she now seems to be close to making this a *sine qua non*.¹⁹ Still, matters seem to be somewhat muddled, as the Democrats on the Ways and Means Committee on April 16 wrote to Lighthizer presenting their substantive demands—without stating in the letter that this must be accomplished through a formal negotiation.²⁰

At this point, both sides are playing a game of chicken. To meet a deadline for action before the August recess, the administration must reach agreement with the House Democrats and send up implementing legislation within the next few weeks. No doubt, most rank-and-file House Democrats will follow the lead of Speaker Pelosi and Rep. Richard Neal (D-MA). Behind the scenes, NDC leaders are likely to be pressing for accommodation to get the USMCA passed, while many Congressional Progressive Caucus members are demanding a hard line. Whatever the outcome, the Democrats in the House—and nationally—will remain divided over the crucial issues of trade and globalization.

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5. Bradley Jones, “Americans Are Generally Positive About Free Trade Agreements, More Critical of Tariff Increases,” Pew Research Center, May 10, 2018, <https://www.pewresearch.org/fact-tank/2018/05/10/americans-are-generally-positive-about-free-trade-agreements-more-critical-of-tariff-increases/>.
6. Ian Schwartz, “Full Video: Fox News Town Hall with Bernie Sanders,” RealClearPolitics, April 15, 2019, https://www.realclearpolitics.com/video/2019/04/15/full_video_fox_news_town_hall_with_bernie_sanders.html.
7. Paul Bedard, “Biden Challenges Clinton to Back TPP as Obama Sends It to Congress,” *Washington Examiner*, August 12, 2016, <https://www.washingtonexaminer.com/biden-challenges-clinton-to-back-tpp-as-obama-sends-it-to-congress>. Biden directly challenged Sen. Sanders, who called the TPP a “job-killing trade deal.” Gary Hufbauer and Euijin Jung of the Peterson Institute have published a preliminary analysis of the Democratic candidates’ position on trade. They find nine counted as generally pro-trade, six counted as anti-trade, and eight with mixed record. Gary Clyde Hufbauer and Euijin Jung, “Where Do Democratic Presidential Candidates Stand on Trade?,” Peterson Institute for International Economics, March 25, 2019, <https://piie.com/blogs/trade-investment-policy-watch/where-do-democratic-presidential-candidates-stand-trade>.
8. New Democrat Coalition Political Action Committee, <http://newdemactionfund.com/>.
9. New Democrat Coalition Political Action Committee, <http://newdemactionfund.com/>.
10. Geoffrey Skelley, “The House Will Have Just as Many Moderate Democrats as Progressives Next Year,” *FiveThirtyEight*, December 20, 2018, <https://fivethirtyeight.com/features/the-house-will-have-just-as-many-moderate-democrats-as-progressives-next-year/>.
11. Bridget Bowman and Simone Pathé, “Vulnerable New Democrats Savor First Day as 2020 Looms,” *Roll Call*, January 3, 2019, <https://www.rollcall.com/news/campaigns/vulnerable-new-democrats-savor-first-day-as-2020-looms>.
12. Congressional Progressive Caucus, “Principles for Trade: A Model for Global Progress,” <https://cpc-grijalva.house.gov/principles-for-trade/>.
13. Sabrina Rodriguez, “Liberal Wing of Democrats Wants Changes to NAFTA Replacement,” *Politico*, March 12, 2019, <https://www.politico.com/story/2019/03/12/democrats-against-nafta-replacement-1263704>.
14. Rodriguez, “Liberal Wing of Democrats Wants Changes to NAFTA Replacement.”
15. Inside US Trade, “AFL-CIO Opposes USMCA in Present Form, Urges Congress Not to Vote ‘Prematurely,’” March 14, 2019, <https://insidetrade.com/daily-news/afl-cio-opposes-usmca-current-form-urges-congress-not-to-vote-prematurely>.
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18. Mexico has floated major concession on labor rights enforcement domestically by allowing US officials to track future labor relations. Mexico, however, is also demanding reciprocity—that is, Mexican officials’ right to challenge US domestic labor laws. If pushed, Lighthizer might consider such a proposal, but he would likely face substantial opposition from Senate Republicans, given their long-standing opposition to intrusive labor rights provisions in trade agreements. Inside US Trade, “Mexican Ambassador: U.S. Must Be Clearer About USMCA Enforcement Requests,” April 22, 2019, <https://insidetrade.com/daily-news/mexican-ambassador-us-must-be-clearer-about-usmca-enforcement-requests>.
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