

CHANGE

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This month's surprising U.S. election results will bring profound change to Washington. In a break from our traditional format, this month's Simon Chair newsletter includes short takes on three aspects of this change. The first focuses on an immediate policy casualty of the election: the Trans-Pacific Partnership (TPP). The second looks at the "3 Ps" that will shape the performance of the Trump administration: personnel, process, and policy. And the third discusses some implications of the election for Simon Chair programs and priorities.

Whither TPP: Elections have consequences. Donald Trump's ascent to the U.S. presidency has ended any remaining hopes of early ratification of TPP, the trade agreement signed earlier this year that is the economic centerpiece of the Obama administration's "pivot" to Asia. Trump vehemently opposed the agreement on the campaign trail and **promised to withdraw** from it in his first 100 days in office. A resigned Obama White House has confirmed that it is standing down from efforts to seek TPP passage during the lame-duck session.

Had Hillary Clinton won the election and Democrats regained control of the Senate, TPP's fate might have been different. Although she opposed the deal as a candidate, a President-elect Clinton might have turned a blind eye to an effort by the Obama White House to secure this important legacy item, especially if she thought congressional leaders would be willing to work with her on a constructive economic agenda in her first term. Of course, now we will never know.

The election setback to TPP is a **serious blow to U.S. interests**. As I and many others **have argued**, a high-standard Asia-Pacific trade agreement like TPP would bring significant economic and strategic benefits to the United States. These include locking in our preferred rules in important areas such as the digital economy, labor and environmental standards, and the behavior of state-owned enterprises in the market. Without the United States in the game, China and others will step forward to try to shape those rules in ways **less favorable to our interests**.

But it may be a mistake to label TPP "dead," as many commentators have done. When asked about this after the election, U.S. trade representative **Michael Froman said**, "I think I prefer the word 'purgatory.'" He's right. For one thing, the 11 other members of TPP, including Japan and Australia, are discussing the possibility of going ahead and implementing TPP without the United States. This won't be easy: not only would it require amending a provision stipulating that the agreement only goes into force **after 85 percent** of the TPP membership by economic weight has ratified it (in effect requiring U.S. participation), but it would also mean rejiggering a careful balance of concessions negotiated on the assumption of greater access to the world's largest economy.

If the remaining 11 were to figure out a way to move ahead, this would keep open a path to an eventual U.S. return to TPP, or something like it. As my colleague Kevin Nealer **has argued**, there are good reasons for the Trump administration to want to move back in that direction. U.S. policy may change with a new administration, but U.S. interests do not. The United States has a clear and compelling interest in actively participating in—indeed, leading—economic integration efforts in the Asia-Pacific region. TPP was a valuable tool for doing just that.

The "3 Ps": The success or failure of a presidential administration is ultimately measured by the effectiveness of its policies. But the ability to promote those policies is a function of two other critical factors: personnel and process. The best policy in the world cannot survive putting the wrong people in key positions or failing



Upcoming Events

- **December 1: Global Security Forum (CSIS)**
- **December 5: Building the U.S.-Japan Economic Relationship in a New Era (CSIS)**
- **December 12: China's 15th WTO Anniversary: Assessing the Record and Charting the Path Forward (CSIS)**
- **December 15: Free Trade, Innovation, Technology and Jobs: A Conversation with Commerce Secretary Penny Pritzker (CSIS)**

CHANGE (continued)

to establish and enforce effective policy coordination mechanisms across the U.S. government.

There are countless examples across administrations of both parties in which sound policy has been tripped up by incompetent officials or bad chemistry between key policymakers. Even putting the right person in the wrong job can be a problem. One pivotal Obama personnel decision three years ago arguably set TPP on the road to purgatory. In December 2013, the president announced his intention to nominate Senator Max Baucus as U.S. ambassador to China. This dashed hopes that trade promotion authority (TPA) legislation, essential to completing a TPP deal, would move forward in 2014, since its leading Democratic champion would be leaving his position as chairman of the Senate Finance Committee. This left TPP languishing until this year—too late to overcome the headwinds of a contentious presidential election year.

As anyone who has worked in government can attest, process is almost as critical to policymaking as personnel. Government agencies have different mandates, expertise, and outlooks—not to mention an instinct for defending their turf—that require coordination by the White House to ensure both consistency with the president's priorities and smooth execution of policy. Recent administrations have all established formal interagency policymaking committees at various levels, yet all have been wracked by de facto problems of coordination.

A common critique of recent administrations—not least the current one—is that the White House has played too operational role in policymaking, rather than setting the basic direction and letting line agencies carry the ball. It is too early, of course, to judge the Trump administration's performance in this regard, but early signs are that the next White House will again play a heavy hand, not only in designing policy but also in its implementation. Trump's early personnel decisions also suggest more than the usual risk of factional infighting, as strong personalities vie to prove their loyalty to the new commander in chief.

Simon Chair reorientation: Historians and political scientists will spend years trying to understand how Donald Trump pulled off the upset of the century to become the 45th U.S. president. One early point of agreement seems to be that this was a “change election”; in other words, that Trump rode a tidal wave of popular demand for change in the way Washington operates.

No argument here, but it also seems likely that the eagerness for change in U.S. *politics* was rooted in discomfort with rapid change in the *economy* and *society*. Job losses, income stagnation, and growing inequality since the financial crisis of 2008 caused real pain and left a lingering resentment among many segments of the population. Rising immigration, legalization of gay marriage, and the prospect of a woman to follow an African American in the White House made many voters uncomfortable with the pace of social and cultural change in the country. Trump seems to have tapped into a strong sentiment that Washington elites were not doing enough to protect people from this rapid change, fueling a demand for someone—anyone—to turn back the clock.

Like many others, the Simon Chair got its preelection forecast wrong and is humbled by the result. Clearly Washington insiders like us were not listening closely enough to popular opinion or doing a good enough job of explaining the rationale for the international policies we were espousing. As a result, the Simon Chair is going to make some changes of its own: we plan to do more listening over the years ahead, to put more focus on domestic political underpinnings of international economic policy, and to do more outreach to Congress and Americans outside Washington to explain how international engagement remains strongly in the U.S. national interest.

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