

# Trade Policy on the 2020 Trail

## The Second Debate

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*Over the course of the election cycle, the Scholl Chair will be providing regular analysis of trade's place in the national dialogue.*

### THE ISSUE

*As the race to be the Democratic nominee for president heats up, the second round of debates between the 20 candidates offered the American public a glimpse of the different candidate's trade policies and their values around the issue. Already we are seeing some trends emerge and divisions widen within the group on trade, which remains in the background compared to hot button policy issues like health care or immigration. Nonetheless, as President Trump continues his trade wars, trade will certainly be a topic of further debate and discussion for the election.*

### EMERGING TRENDS

As in the first set of debates, Democratic presidential candidates in the second set of debates rallied around one core notion: President Trump's trade policy is not constructive. In addition, two other key trends emerged: a deepening divide between moderate and progressive candidates on trade policy and a recognition that reorienting the economy for the twenty-first century will require not just a shift in trade policy but renewed investment in the U.S. workforce.

Moderate candidates such as former vice president Joe Biden and former Maryland congressman John Delaney clashed with more progressive candidates like Senator Elizabeth Warren (D-MA) and Congresswoman Tulsi Gabbard (D-HI) on trade. Biden and Delaney backed reentering the Trans-Pacific Partnership (TPP), a sea-change from the 2016 election where it was seen as a poison pill by both parties. Both Biden and Delaney revived the Obama-era talking points that TPP

is necessary to ensure the United States writes the trade rules of the road in the Asia-Pacific and not China, and that it would provide U.S. exporters preferential access to roughly 40 percent of the global economy. Their embrace of TPP is significant for two reasons. First, Democratic candidates have skewered President Trump for not building a coalition to confront China on trade but have provided no substantive policy blueprint to do so. TPP is such a blueprint and could spur a fruitful debate over trade policy within the Democratic field. Second, support for TPP, particularly from Biden as the Democratic front-runner, suggests that there is some belief in the party that embracing free trade and TPP in particular is not a significant political liability. Of note, Biden did acknowledge the pressure from the Warren and Sanders wing of the party, which in part led 2016 Democratic candidate Hillary Clinton to drop her support for TPP, by adding that he would renegotiate the agreement with labor and environmental interests "at the table" before rejoining it.

On the most progressive end of the spectrum, Warren laid out her [vision for a new trade policy](#), focusing on the environment, labor standards, and human rights. She decried that “we have had a trade policy that has been written by giant multinational corporations to help giant multinational corporations,” which is distinct from President Trump’s view that trade deals have allowed foreign countries to rip off American workers. Warren’s plan borrows both from President Trump’s approach to trade and from progressive Democrats. Similar to the president, Warren argued on the debate stage that the United States can leverage its market to induce trade partners to change their policies on issues like labor and the environment. President Trump and his advisers have used similar logic: that countries would not retaliate against U.S. tariffs because they are unwilling to lose access to the U.S. market. However, that argument has a spotty record at best. Also, in line with the president, Warren has emphasized rules aimed at protecting U.S. manufacturers and workers, such as strong Buy American rules and tighter rules of origin.

Warren’s trade plan came under the most fire on the debate stage, however, from moderate Delaney, who took aim at the more progressive end of her plan. He argued that no country could meet the prerequisites required by Warren’s plan to enter into free trade agreement negotiations with the United States and that her plan would isolate the United States from its allies and the rest of the world. Delaney also argued that TPP would have resulted in trading partners raising environmental and labor standards while ensuring U.S. exporters access to key markets. The clash between Warren and Delaney put on display the growing divide among Democratic candidates on how best to formulate trade policy.

The candidates also demonstrated that there appears to be growing Democratic consensus that the United States-Mexico-Canada Agreement (USMCA), one of the president’s keynote accomplishments, is a “bad deal.” Biden’s opposition to the USMCA as written may be warning sign for its prospects given his free-trade leanings. The Biden campaign did clarify after the debate that he supports the changes House Democrats are seeking to the deal, which provides some political flexibility moving forward. Some candidates particularly focused in on the USMCA’s drug exclusivity provisions, a sticking point for Democrats on Capitol Hill. Warren called the drug exclusivity provisions “the central feature” of the agreement and Senator Kristen Gillibrand (D-NY) called the agreement a “give away to drug companies in Mexico.”

Workforce and trade issues also emerged in the debates. Most trade wonks would argue that trade is not wholly responsible for workforce issues, with forces such as technological change and economic shifts more to blame. Mayor Pete Buttigieg of South Bend, Indiana, referenced this, arguing “Of course we need to do retraining . . . But this is so much bigger than a trade fight. This is about a moment when the economy is changing before our eyes.” Biden said in addition to embracing TPP, the United States needs to make sure we equip our workers first to compete by investing in them now. Senator Michael Bennet (D-CO) said, “it’s not just about trade, which we were talking about earlier. It’s about whether we’re going to invest in this country anymore.” Despite the growing recognition that trade is not solely responsible for the state of the American workforce, Senator Bernie Sanders (I-VT) used the debate host city of Detroit to highlight his claim that trade steals jobs and ruins communities: “Let us understand, Detroit was nearly destroyed because of awful trade policy, which allowed corporations to throw workers in this community out on the streets as they moved to low-wage countries.”

## WHO’S GOT A PLAN?

In [our previous edition](#) we outlined plans by former Colorado governor Hickenlooper, Sanders, and Warren. Warren released a more comprehensive version of her trade plan, titled “Trade—On our Terms,” which we analyzed [here](#). Hickenlooper and Sanders have not yet released further detailed plans. Since our last update, Washington Governor Jay Inslee released his own plan.

Inslee’s plan aligns with his campaign’s primary focus on addressing climate change. His trade plan rests on the idea that U.S. manufacturing can power the world’s transition to clean energy and help create millions of good jobs in the United States. Inslee’s plan takes advantage of this opportunity by concentrating on domestic technology development and manufacturing exports by:

- Focusing attention on federal international trade and finance agencies, such as the Export-Import Bank (ExIm), the Overseas Private Investment Corporation (OPIC), the Millennium Challenge Corporation (MCC), and the Foreign Agricultural Service (FAS), to accelerate exports of U.S. clean energy and sustainable products and to cease all support for new fossil energy projects.
- Working with global development and investment institutions, such as the World Bank, International

Monetary Fund (IMF), and other multilateral development banks, to develop clean energy, clean water, and sustainable infrastructure in developing nations around the world. The potential Inslee administration would accelerate and feed those projects with U.S.-made clean energy exports that displace fossil fuel infrastructure.

- Re-instituting bilateral programs for enhanced clean energy development and deployment with key strategic partners, such as India, including the Partnership to Advance Clean Energy (PACE) programs.
- Ensuring that the United States' trading policies support, and do not undermine, the global transition toward clean energy, endeavor to close the carbon loophole, and promote continuous climate pollution reductions across nations. This could include potential enforcement of trade policies against certain imports from nations that are not committed to reciprocal restraints on their climate pollution.

Biden's commitment during the debate to rejoining TPP represents some of the first trade plans we've seen from him. As more candidates begin to release substantial proposals, the Scholl Chair will produce a more detailed analysis of those plans.

## QUOTES

### GENERAL STATEMENTS



#### Kamala Harris

*"Jerome Powell just dropped the interest rates and he admitted why. Because of this so called trade policy that this president has that has been nothing more than the Trump trade tax that has resulted in American families spending as much as \$1.4 billion more on*

*everything from shampoo to washing machines. He betrayed the American people, he betrayed American families..."*



#### Kirsten Gillibrand

*"I took a bus tour to talk about Trump's broken promises here in Michigan. He promised no bad trade deals. Not only did he not have bad trade deals, he started a trade war with China and he just signed on to another bad trade agreement with NAFTA 2.0, give away*

*to drug companies in Mexico."*

## PROTECTING U.S. WORKERS



#### Elizabeth Warren

*"People want access to our markets all around the world. Then the answer is, let's make them raise their standards. Make them pay workers more. Let their workers unionize. Raise their environmental standards before they come to us and say they want to be able to sell their products."*



#### Bernie Sanders

*"As president, let me tell you what I will do. These guys line up at the federal trough. They want military contracts. They want all kinds of contracts. Well, under my administration, you ain't going to get those contracts if you're throwing American workers out on the street."*



#### Steve Bullock

*"Corporations can move capital easy. Workers can't move. So going forward, we need to make sure that our trade deals actually are protecting—thinking about the workers. They can't be the stepchild. But the way to do it, with this blunt instrument of tariffs that the*

*president is doing, that's not how we get a fair deal for farmers anywhere or the manufacturers here in Detroit."*



#### Bill de Blasio

*"President Trump is trying to sell NAFTA 2.0. It's just as dangerous as the old NAFTA. It's going to take away American jobs like the old NAFTA, like it did to Michigan.*

*[...] Which is a lot of us hope for, is trade treaties that empower organized labor*

*across the boundaries of the world and give working people power again, not just multinational corporations."*

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## CHINA



### Tim Ryan

*"They [China] dominate 50 percent to 60 percent of the electric vehicle market. We're going to make 10 million electric vehicles somewhere in the world in the next 10 years. I want them made in the United States. That's why I have a chief manufacturing officer that will sit in the*

*White House and help drive this agenda."*



### Tulsi Gabbard

*"I would not, [deal with China the same way as Trump] because the approach that President Trump has taken has been extremely volatile without any clear strategic plan, and it has a ravaging and devastating effect on our domestic manufacturers, on our farmers, who*

*are already struggling and now failing to see the light of day because of the plan that Trump has taken."*

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## TRADE AGREEMENTS & COALITIONS



### John Delaney

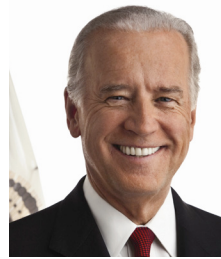
*"So that was the Trans-Pacific Partnership. I think President Obama was right. He did include environmental standards. He did include labor standards. We would be in an entirely different position with China if we had entered the Trans-Pacific Partnership.*

*We can't isolate ourselves from the world. We can't isolate ourselves from Asia."*



### John Hickenlooper

*"The bottom line is, you talk to any economist, there is not a single example in history where a trade war had a winner. Trade wars are for losers."*



### Joe Biden

*"I'd renegotiate [TPP]. We make up 25 percent of the world's economy. Either China is going to write the rules of the road for the 21st century on trade or we are. We have to join with the 40 percent of the world that we had with us, and this*

*time make sure that there's no one sitting at that table doing the deal unless environmentalists are there and labor is there."*



### Beto O'Rourke

*"As president, we will hold China accountable, but we will bring our allies and friends, like the European Union, to bear, and we'll also negotiate trade deals that favor farmers and American workers and protect human rights and the environment and labor,*

*not just here in the United States..."*



### Cory Booker

*"We have to go to far advances and make sure that everything from our trade deals, everything from the billions of dollars we spend to foreign aid, everything must be sublimated to the challenge and the crisis that is existential, which is dealing with the climate threat."*

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## RETRAINING THE WORKFORCE



### Pete Buttigieg

*"Of course, we need to do retraining. We're doing it now in South Bend. We should continue to do it. But this is so much bigger than a trade fight. This is about a moment when the economy is changing before our eyes."*



### Michael Bennet

*"It's not just about trade, which we were talking about earlier. It's about whether we're going to invest in this country anymore."*

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## THE FOLLOWING CANDIDATES DID NOT MENTION TRADE DURING THE DEBATE



**Amy Klobuchar**



**Marianne Williamson**



**Julián Castro**



**Andrew Yang**



**Jay Inslee**

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