

Managing the Politics of Trade

PREFACE

Introduction

Who can benefit from this Manual?

-Educators, students, and practitioners of commercial diplomacy including representatives of government, business, and non-governmental organizations and associations.

- What is Commercial Diplomacy?
- What is the political content of commercial diplomacy?
- Who needs to understand the politics of trade?

Part I- Understanding the Nature of Trade Politics in Globalizing World

Chapter One-- The Political Challenge of Commercial Diplomacy in a Globalizing World.

The Political Challenge-

Trade policy today covers a wide range of domestic policies, not just tariffs. Increasingly, the formulation of trade policy involves multiple interest groups competing to achieve protection for, or advancement of, their interests. In the domestic and foreign arena, commercial diplomats may have to address environmental and/or labor interests, restrictive or biased regulatory schemes, or discriminatory application of domestic or international rules.

Trade officials control only a few policies at home; they negotiate abroad. Learning to navigate the cross-cultural, language, and diverse political and governmental systems in foreign countries is critical to the success of a commercial diplomat.

Implications of wide policy coverage for the politics of trade.

Politics of tariffs was never easy, but was limited to relatively few players
Politics of trade now involves a larger number of more diverse players
Politics of trade and politics of domestic policy have become more entangled and interdependent.

Implication of wide dispersion of responsibility for policies covered by trade

Trade officials have to not only manage the politics of trade, but also co-manage politics of domestic policies with other government departments and agencies.

(e.g., trade officials/ministries with state department, foreign relations, defense, commerce, environmental, labor, etc.)

Chapter Two-- Who are all the stakeholders who can influence policy outcomes?

Definition of a stakeholder. (Any individual, group, organization, or governmental entity that has an interest (stake) in the outcome of a particular policy debate, regulatory reform, or legislative initiative.

Stakeholders may include:

- Government departments.
- Elected and appointed government officials
- Officials and bureaucrats representing governmental entities at the local, state, regional, or national level.
- Industry and professional associations, unions, non-governmental organizations (NGOs).
- Enterprises including small to large businesses, corporations, and multinational corporations.
- The media (print and electronic, private and public)
- Academic experts, think tanks, and research labs and institutes
- The public including voters, constituents, consumers, etc.

Chapter Three- Understanding the Motivations and Objectives (interests) of Stakeholders.

How does each of the various stakeholder groups measure success?

- Implementation of desired policies (removal of barriers or passage and implementation of preferred regulations and requirements)
- Membership growth
- Profits
- Winning elections
- Publications
- Favorable media coverage
- Consulting contracts
- Reputation

What other motivations influence decisions?

- Programmatic vs. organizational “turf” objectives
- Personal vs. institutional objectives
- Nationalist interest
- Regional interest

- Retention or acquisition of political, economic, or social power/legitimacy

Chapter Four – How Do Stakeholders Exert Influence

The Avenues for Exerting Political Influence include:

- Lobbying decision-making officials in the government
- Lobbying legislators (staff members, influential supporters/constituents)
- Courting, cultivating, and shaping public opinion
- Educating, lobbying, and forging alliances with other stakeholders

The Tools for Exerting Political Influence

- Providing timely and well-documented information
- Offers of political support or “cashing in” on past support
- Linkage to campaign contributions, endorsements, and constituent influence
- Mobilizing voters/constituents to vote, record opinions, make contributions, etc.
- Building and maintaining good media relations to place timely opinion pieces, editorials, news articles that may influence political decision makers

The Tools for Reinforcing Political Influence

- Coalition building---the role of associations, caucuses, alliances, etc
- Establishment of advisory groups
- Establishment of “blue ribbon” commissions to investigate, report, or offer findings to official bodies/decision makers

The Tools for Building Broad Public Support

- Astute use of expert studies and expert witnesses
- Use of white papers, op ed columns, speeches, testimony
- Use of public and private media (print and electronic)
- Enlist high profile celebrities, politicians, scientists, artists, etc. in support of public campaign

Part II. Understanding and Managing the Relationship with Politicians

Chapter Five—Understanding Politicians

- What motivates politicians? How do they define success/
 - Re-election
 - Recognition
 - Support
 - Reputation
 - Acquisition of power, higher office, resources

- Importance of cultivating personal relationships with politicians and their staff

Chapter Six—Managing the Relationship with Politicians

- Mutual” back scratching” (sometimes called “logrolling”), the exchange of political favors/support (“I’ll do x for you if you do y for me”.)
- Explicit recognition of the political needs of politicians (Sound knowledge of politicians’ constituent base.)
- Demonstrating political support
- Asking what the politician needs
- Appeal to good policy and national interest (sound moral, ethical, economic, environmental, labor, human rights, etc. rationales)
- Importance of good communications across political party and institutional lines
- Importance of good communications and deference/respect for staff/personnel
- Keen knowledge of ethical and legal rules related to lobbying, fundraising, contributions, gifts, reporting, etc.

Part III. Managing the Political Process

Chapter Seven –The Asymmetries of Trade Politics and Its Implications

Sources of Political Asymmetry

- Differences in the relative distribution of gains/losses from trade liberalization
- Differences in the identification of winners/losers from trade liberalization
- Differences in the time horizon of winners and losers from trade liberalization (short term vs. long term benefits and losses)
- The bias inherent in the mercantilist calculus that drives trade negotiations
- The political bias created by bureaucratic, nationalistic, or other interests.

Schematic of Political Asymmetries Associated with Trade Liberalization:

	<u>Winners</u>	<u>Losers</u>
• Distributions of gains/losses among Winners and losers	wide distribution	concentrated
• Identification of gains/losses by Winners and losers	low	high
• Time horizon of winners/losers	long term	short term
• Motivation of winners/losers	low	high
• Cost of organizing winners/losers	high	low

	<u>Winners</u>	<u>Losers</u>
• Risk of free riders among winners/losers	high	low
• Populist appeal	low	high

How these asymmetries lead to imbalances in the politics of trade:

- Motivation
- Cost of political organization
- Free rider problems
- Appearance of legitimacy

Implications of political asymmetry for proponents of restrictive trade measures. How they can use the political asymmetry to their advantage:

- Objective measurement of adverse impacts
- Recognition of winners and losers
- Losers can use measurements of adverse impacts to mobilize grass roots support for regulations, restrictions, etc designed to protect perceived or articulated public interest.

Implications of Political Asymmetry for Proponents of Trade Liberalization-How they can overcome the asymmetry or use to their advantage:

- Appeal to market ideology with attendant economic success stories
- Identification and mobilization of balancing political forces
- Enlarging the pot, broadening the agenda
- Organizing winners and supportive coalitions
- Deflecting opposition by providing alternative targets/remedies
- Increase risks associated with loss by opponents (quantify broad distribution of gains over time, etc.)
- Cushion impact on losers (provide face saving alternatives and construction)
- Appeal to national interest (economic development, political empowerment, etc.)
- Utilize crisis situations (?How?)

Chapter Eight—A Trade Official’s Guide to Managing the Political Process in Trade

- Research, investigation, planning, and strategy development
- Understanding of history related to policy, prior votes, prior administrations, etc.
- Identification of stakeholders including perceived allies, opponents, and undecided
- Development of goals and objectives, strategy, tactics, timetable, and budget
- Promoting trade liberalizing measures

- Enforcing trade remedies through legal mechanisms (WTO, NAFTA, etc.)

Chapter Nine – A Business Manager’s Guide to Managing the Political Process in Trade

- Identification of policy goals and objectives to facilitate export promotion or foreign investment
- Identification of available or desirable trade remedies, reforms, or sanctions to achieve goals and objectives
- Identification and understanding of domestic market and interests for protection from foreign competition, anti-competitive practices (dumping), etc.
- Identification of all stakeholders including perceived allies, opponents, and undecideds
- Development of campaign strategy and tactics including coalition building, campaign timetable, funding, budget, etc.

Chapter Ten – An NGO Manager’s Guide to Managing the Political Process in Trade (NGO may be trade or industry association or special interest, e.g., labor, environment, human rights, etc.)

- Identification of preferred outcome, goals and objectives
- Identification of trade remedies, barriers, policies that will promote or inhibit achievement of identified goals and objectives
- Clear identification of economic, social, political, environmental, or other policy objective(s)
 - Environmental protection –natural resources (air, ozone layer, water, habitat, rain forests, farm land, nature reserves, minerals, etc.)
 - Endangered species protection
 - Fisheries protection
 - Democratization, political reform, political empowerment, multiparty competition, voting rights, etc.
 - Poverty eradication
 - Health care protection, pandemic control and eradication (AIDS)
 - Labor rights, freedom of association, collective bargaining, protections and remedies (ILO)
 - Human rights including labor rights; eradication of slave labor, child labor, and other forms of human exploitation, torture, etc.

Identification of all stakeholders including perceived allies, opponents, and undecided
 Formation of coalition to advance campaign including development of legislative, media, and fundraising strategies
 Development of budget and timeline

Chapter Eleven – A Legislator’s Guide to Managing the Political Process in Trade

-Identification of policy objectives and preferred outcomes as influenced by perception of constituent, supporter, and other interests.

Identification of all stakeholders’ interests including perceived supporters, opponents, and undecided

Identification of policy options, policy history, existing remedies, options, and legislative reforms

Meeting with stakeholders with priority to constituents, contributors, supporters, fellow members of legislature

Determination of self-interest in advancing or opposing policy initiative.
Identification of legislative allies, opponents, neutrals.

Identification of potential advantageous trade-offs with other legislators

Review of stakeholder differences to determine potential for compromise, creative reform to satisfy multiple interests and interest groups.

Assess impact of maintaining status quo, doing nothing.

Marshall resources among staff, other legislators, supporters to design legislative campaign including “Dear Colleague letters”, meetings, amendment drafting and review, communications, etc.

Part IV. Designing the Institutional Framework for Managing the Politics of Trade

Chapter Twelve-The Political Skills Required To Be A Successful Commercial Diplomat

-Ability to identify interests of client/self and translate into identifiable policy objectives (negotiated, legislated, executive decisions, etc.)

- Identify stakeholders’ interests including perceived allies, opponents, and undecided
- Develop administrative capacity and organizational resources to manage a campaign
- Identify key players among stakeholders and secure commitment, support, neutrality, etc. or determine what interest needs to be satisfied
- Generate multiple options to share internally with organization and with coalition members to maximize understanding of multiple pathways to stated objective

- Develop discussion papers, draft white papers, identify and secure historical documents, experts, commission studies, etc. (Build your arsenal of supportive objective criteria –academics, scientists, experts, economists, environmentalists, etc.
- Develop budget, fundraising strategy, and timelines
- Educate, involve, persuade, and communicate frequently with coalition members and other stakeholders
- Monitor actions at the legislative, grassroots, media, and experts levels
- Develop a media strategy to support your political/legislative objectives
- Develop a negotiation strategy that includes preferred options that may be secured without legislative battle, litigation, WTO complaint, etc.

Chapter Thirteen – The Need for A Participatory Process to Build Consensus

- Be expansive in your identification of stakeholders
- Demonstrate to as many stakeholders as possible how their interests are served by your definition of the problem and articulation of solutions/preferred outcomes.
 - Be inclusionary—a perceived or past opponent may share interests in current issue campaign. Learn from opponents how they view the problem to fashion creative/inclusive remedies that may win their support or reduce their opposition
 - Don't make the mistake of generalization or stereotyping—There may be diverse interests, perspective and viewpoints within different elements of a bureaucracy.
 - Create opportunities to bring all stakeholders to the table, even if in informal settings. Knowledge is power, the more you learn about other stakeholder interests the more effective you can be in influencing direction of reforms, amendments, policies, etc.
 - Use task forces, subcommittees, inter-agency commissions, etc. to repeat and reinforce your analysis, proposals, etc, and to gain intelligence on sources of support and opposition to your position.
 - Communicate regularly with your constituents, clients, and legislative allies. Be sure to inform political allies of any fundamental changes in facts, situation, etc. Draw apparently disinterested legislators into the discussion by communicating and translating how they can benefit from participation.
 - Don't allow a political/legislative ally to be caught by surprise through a changed circumstance and request that they keep you informed of any changes in position, outlook, disposition, etc.
 - Build your reputation for honesty, integrity, and follow-through. Once lost, these traits become almost impossible to restore.

Chapter 14—Build Your Resource and Data Base In Support of Your Commercial Diplomacy Skills

- Develop a library of frequently used resource materials including articles, books, videos, etc
- Develop your own rolodex (contact list) and cross reference by subject matter categories, e.g, scientists, economists, media contacts, researchers, regional experts, language experts, environmentalists, labor experts, agriculturalists, etc.
- Maintain contact with your network with periodic correspondence- send interesting articles, updates, greeting cards, etc.
- Stay current on changes in law related to trade and commerce through subscriptions to trade journals, WTO newsletters and websites, Inside U.S. Trade (which includes reference to international trade issues)
- Provide information/updates to media contacts even when not pushing a story idea or campaign
- Publish periodic papers, articles, books, etc. to maintain your visibility and to establish your expertise.
- Study language, current events, and subscribe to international journals, daily papers, etc. (Financial Times, International Herald Tribune, Wall Street Journal, NY Times, Inside U.S. Trade, AND foreign dailies, journals, etc. with focus on your areas of interest.)
- Follow developments in the arts, politics, sports, entertainment, literature, music, etc. to maintain a ready knowledge base to build your relationships with foreign diplomats, business representatives, legislators, etc.

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