

Cato Institute Recommends Support For Obama Initiative

By Alan R. Elliot
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Despite receiving scant coverage in U.S. media, this week's negotiations between the U.S. and European Union regarding the Transatlantic Trade and Investment Partnership (TTIP) are an increasingly hot topic in Europe.

The agreement is, at its core, an effort to standardize rules for those doing business across the pond. It attempts to nail down issues of regulatory cooperation, investment protection and technical trade barriers.

The Obama administration's lofty goals include eliminating "all tariffs on trade" and improving the global competitiveness of small and midsize businesses.

British Prime Minister David Cameron has said such an agreement could mean a collective \$301 billion economic boost among all parties and the removal of tariffs on a broad range of companies (thus, more government tax revenue), not to mention lower prices for consumers.

But the hang-up has been a provision giving investors — which in most cases would mean corporations — the right to sue governments if they feel their investments threatened by local laws.

On the U.S. side, [resistance](#) to the investor-state dispute settlement (ISDS) includes Democratic Party leadership, which has denied the Obama administration fast-track negotiating authority.

London's Financial Times says Europeans see the ISDS as putting at risk rules such as France's laws against oil and gas fracking and the EU's ban on genetically modified organisms.

The discussion took on a new hue this week, with a paper from the Cato Institute, a conservative think tank, which argued for snuffing the provision for the sake of the greater agreement. Author

Daniel Ikenson, director of Cato's trade program, argued that ISDS is not "essential to the task of freeing trade" and had become "needless baggage" to the negotiation.

The view marks a departure for conservative support of the ISDS provision, in an effort to support the Obama administration's overall TTIP effort.

Ikenson says the opposition, which began with the "usual suspects" including labor unions, environmentalists and anti-globalization factions, quickly grew into a "populist backlash" against both the Atlantic and Pacific trade agreements being forwarded by the administration.

Giving up the ISDS provision, Ikenson argues, is the most direct route to diffusing opposition to the agreement on both the Atlantic and Pacific sides.