

TAA Goes Down (For Now)

Last night, I [reported](#) on the oodles of criticism - all of it well-deserved - that the Cato Institute and Heritage Foundation were heaping on the Trade Adjustment Assistance (TAA) program. Well, looks like the think tanks' excellent and thorough evisceration of TAA [paid off today](#)(\$):

House leadership abruptly pulled a trade bill off the floor Tuesday, amid concerns from conservative Republicans that the measure allowed for too much government interference in the economy.

The underlying legislation would have extended expiring Trade Adjustment Assistance programs (TAA), along with a host of specific tariff reductions. The assistance programs provide aide and training to workers who lose their jobs, or see their hours or wages reduced, due to increased imports.

While the TAA program has traditionally enjoyed bipartisan support, the conservative Republican Study Committee outlined several concerns with the bill in its legislative bulletin Tuesday morning, stressing that conservatives have voted to eliminate the program in the past.

The RSC notes that the program was expanded as part of the 2009 economic stimulus law (PL 111-5) and argues that it picks "winners and losers" by singling out workers affected by increased imports for "extra generous treatment" by the government. The group called the program duplicative, overly expensive and ineffective.

Trade adjustment benefits have long been used as a way to build support for free trade agreements. The RSC argues that recent TAA extensions have been enacted as part of an implicit agreement that stalled trade agreements with South Korea, Colombia and Panama would be advanced; thus far, none of those agreements has won congressional approval.

Many Republicans remain reluctant to advance TAA without a commitment from the administration to send all three pending trade deals to Congress for approval - not just the deal with South Korea.

Brad Dayspring, spokesman for House Majority Leader Eric Cantor , R-Va., said that "Chairman Camp and other Members informed the Leader that they wanted to have a further discussion about the legislation."...

Just two months ago, Congress extended expiring TAA benefits and trade preferences for Andean nations through Feb. 12 (PL 111-344), offsetting the cost with an extension of a customs user fee that was previously set to expire in 2019. It also increased the size of a tax installment due from corporations that send the government estimated tax payments.

With that law set to expire this weekend, the House had been slated to consider a longer-term extension of those programs. But instead of using a customs fee increase as an offset,

House Republicans have proposed cutting \$238 million from the \$500 million in fiscal 2014 funding that is scheduled to be available to the TAA's Community College and Career Training grant program three years from now.

The CQ article above emphasizes the defection by fiscally conservative House Republicans as the root cause of TAA's meltdown today. Another free market group, the [Club For Growth](#), also opposed the TAA/ATPA extension (as did the [Wall Street Journal](#)) for reasons similar to those of the RSC - ATPA is a fine little program, but TAA is a big, ugly mess. Business groups like the US Chamber of Commerce and the American Apparel and Footwear Association, on the other hand, urged House Members to hold their noses and vote "yes" on the TAA/ATPA extension.

On the other hand, The Hill [reports](#) that today's TAA/ATPA failure was less about a growing divide among "true believers" and "RINO squishes" on the TAA issue and more about a unified GOP voice railing against the Obama administration's lackluster trade policy:

House Republicans have postponed Tuesday night's planned vote to extend two expiring trade provisions, in part because they do not believe the Obama administration has shown enough commitment to advancing the U.S. trade agenda.

Republicans had planned a vote to extend the Andean Trade Preferences Act (ATPA), which lowers duties on imports from Andean countries, and the Trade Adjustment Assistance (TAA) program, which helps U.S. workers hurt by overseas competition. The TAA program is widely supported by Democrats, and some Republicans were known to be pressing for a White House commitment to move ahead with the Colombia and Panama free trade agreements (FTAs) before allowing a vote on TAA.

House aides said Tuesday that the vote has been postponed for this reason, and that a vote has not been rescheduled at this point.

While I have no doubt that many House Republicans are fed up with the administration's deplorable stance on the Colombia and Panama FTAs, it seems pretty unlikely that this is the real reason why today's TAA vote got pulled. Instead, this looks like a classic case of House leadership putting lipstick (ATPA) on a big, smelly pig, and then erroneously expecting their more conservative/libertarian colleagues to just hold their noses and smooch away. And look, the leadership may have had a point, at least politically. As AEI's Phil Levy [noted today](#) in urging House members to approve the TAA extension: [T]o eliminate TAA altogether would send an unfortunate message of callousness that program critics do not intend. It would also seriously impair efforts to craft a new bipartisan understanding between the administration and congressional trade supporters. There are plenty of obstacles to trade progress; this would add a new and unnecessary one.

A temporary extension of TAA would demonstrate good faith in talks to revive a national trade agenda and would buy time until a better program can be put in place.

I totally get Levy's point - this provides political opportunists (like a certain senior Senator from New York) with a shiny new talking point - and I may have agreed with Phil if it weren't for the undeniable fact that (i) TAA has ballooned to a pretty massive

(\$2.4 billion) program; (ii) TAA's expansion hasn't convinced congressional Democrats - or our allegedly pro-trade President - to robustly support the pending FTAs; and (iii) this TAA package only had the relatively small ATPA sweetener and didn't include a needed extension of the much larger and more significant [Generalized System of Preferences](#) program. Given those facts, and the many others raised by Cato, Heritage, the RSC, the WSJ and the Club for Growth, it seems that, on balance, today's TAA legislation did not deserve to be supported.