



# Obama's Trade Agenda

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President Obama is unlikely to obtain Trade Promotion Authority (TPA) and conclude the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), says Daniel Pearson, a senior fellow in trade policy studies at the Cato Institute.

- Up to now, President Obama has done little to advance trade liberalization, other than allowing three Bush-era agreements with Panama, Colombia and South Korea to become law. He has also failed to develop a strong pitch in favor of free trade.
- The president's base is strongly opposed to these trade agreements, and his constituency groups -- labor and environment interest groups, among others -- have rallied together to oppose the free trade agenda. One coalition, StopFastTrack.com, has joined together to oppose "fast-track" negotiating authority, which allows the president to present trade agreements to Congress for an up or down vote. The coalition has more than 100 organizational members, including the AFL-CIO, the Sierra Club and the American Civil Liberties Union.
- Without fast-track authority, it is very difficult to pursue the president's trade agenda, and other countries are likely going to be unwilling to negotiate TPP and TTIP with the United States without that authority.

Those in favor of free trade will most likely have to wait until a new administration is in office in 2017. Until then, they should make the case to the public for free trade and describe the benefits of freer trade to voters:

- Border restrictions just create costs that are borne by producers and consumers. Open markets, on the other hand, take scarce resource and put them to their best uses.
- Comparative advantage is a classic economic concept that still applies today -- all people and countries are relatively better at some things than others. People and countries should focus on the things that they do well, while being encouraged to trade for other goods and services.
- Freedom to trade is a basic right, and people should be at liberty to trade with and buy from whomever they wish. Restrictions on that right should only be imposed when necessary to serve important societal objectives.
- Imports are a good thing -- they allow domestic consumers a wide variety of choice and help to raise living standards, not to mention that they increase competition, which leads to innovation.
- Trade is productive economic activity -- it creates jobs, and it should be encouraged.

If the current administration is unwilling to suffer the political costs of obtaining fast-track authority and agreeing to the TPP and TTIP agreements, it should tell its negotiating partners that the talks are unlikely to conclude until 2017 so that those countries can make decisions about how to proceed.

Source: Daniel R. Pearson, "The Obama Administration's Trade Agenda Is Crumbling," Cato Institute, March 19, 2014.