



Does President Obama Support His Own Trade Agenda?

Dan Ikenson

January 13, 2015

After languishing for eight years under the congressional leadership of Nancy Pelosi and Harry Reid, prospects for trade liberalization are once again promising in 2015. With Republicans taking control of the Senate and increasing their majority in the House, President Obama can expect greater receptivity to his trade initiatives on Capitol Hill. But an important question lingers: Does the president actually support his own trade agenda?

That may seem like a silly question, particularly to those who talk about trade as a “legacy” issue for the president, but steadfast resolve has not been his strong suit. So far President Obama has been unwilling to make an affirmative case for how the Trans-Pacific Partnership (TPP) agreement will be good for the country or why Trade Promotion Authority (TPA) is needed to secure that agreement. He must do that right now – even though it will earn him scorn from the Left – lest the privilege of implementing these necessary economic reforms will fall to his successor.

Through the first three quarters of his tenure, President Obama has been more a follower than a leader on trade. During 2009-2010, Democrats controlled both chambers of Congress, and leadership was unabashedly hostile toward trade, shifting the policy emphasis from liberalization and integration to protection and enforcement, even refusing to hold votes on completed agreements with South Korea, Colombia, and Panama. The new president bowed to the prevailing climate and trade liberalization came to a halt.

Out of necessity more than conviction, the president lent his support to passage of those pending trade agreements after the GOP took control of the House in 2011. Following a mid-term “shellacking” that reflected deep public disenchantment over the state of the economy, President Obama needed to accommodate some Republican demands to reduce the “regime uncertainty” that had been deterring business investment and hiring since the recession. Trade liberalization,

the president reckoned, offered the economic reform path with the fewest obstacles. At about the same time, the president announced his policy “pivot” to Asia, featuring the Trans-Pacific Partnership negotiations as its economic centerpiece, which seemingly put the administration “all in” on trade.

But while the U.S. Trade Representative labored at the task of advancing and expanding the TPP negotiations, President Obama neglected his responsibilities to build a public case for his trade agenda and to work with Congress to craft and pass Trade Promotion Authority legislation. Was the president being wobbly-kneed or politically calculating? He knew that much of his political base – primarily labor, environmental, and other business-hostile interests – held rigid anti-trade views. Did he share those views or just want to avoid a confrontation?

Either way, rather than open that can of worms, the president kicked it down the road past the next election. In the interim, instead of taking the time to explain how trade benefits U.S. workers, consumers, taxpayers, and the broader economy, the president did the exact opposite as he entered full campaign mode in 2012, reinforcing negative stereotypes of trade: “I know Americans had seen jobs being shipped overseas, businesses and workers not getting a level playing field when it came to trade. And that’s the reason why I set up a trade task force to go after cheaters when it came to international trade.”

In July 2013, with the election behind him, the TPP negotiations reportedly advancing, and the Transatlantic Trade and Investment Partnership talks underway, President Obama finally requested that Congress reauthorize TPA, which had elapsed six years prior. In January 2014, legislation to renew TPA—the Bipartisan Congressional Trade Priorities Act of 2014—was introduced in the House and Senate, and the president’s passing reference to it in his State of the Union address betrayed a zero sum view of global trade: “We need to work together on tools like bipartisan trade promotion authority to protect our workers, protect our environment, and open new markets to new goods stamped ‘Made in the USA’.”

Following stern warnings from then-Senate Majority Leader Reid that efforts to move the legislation would be ill-advised, the bill went to its grave with the 113th Congress. Meanwhile, the president studiously avoided trade policy advocacy throughout 2014 until, finally, after the election he offered a glimpse of what he’ll need to say more consistently and convincingly: “Those who oppose these trade deals ironically are accepting a status quo that is more damaging to American workers... There are folks in my own party and in my own constituency that have legitimate complaints about some of the trend lines of inequality, but are barking up the wrong tree when it comes to opposing TPP.”

That’s a good start. But the president should use the occasion of next week’s State of the Union address to explain why the TPP is important and describe the benefits that Americans should expect from its implementation. He should rebut the numerous fabrications that have been perpetuated by anti-trade lobbies about the allegedly adverse health, environmental, and labor-market consequences of removing trade barriers in the TPP. He should also rebut the fallacy that TPA is a blank check made out by Congress to the president freeing him to negotiate agreements in secret without any congressional input, and explain that TPA is a compact between the legislative and executive branches, which each have distinct constitutional authorities when it

comes to formulating and implementing trade policy. He should explain that TPA allows the executive branch to negotiate trade deals with foreign governments on the basis of guidance from Congress, to be approved or not, under expedited legislative procedure by an up-or-down Congressional vote provided that the agreement meets the conditions established by Congress in the legislation.

Finally, if the president really supports his trade agenda, he must remain actively engaged with Congress through the TPA formulation and amendment processes to advise against inclusion of provisions that are being readied by congressional opponents as poison pills – terms that U.S. trade partners would never accept and that would hurt less politically-engaged U.S. interests – such as mandatory penalties for alleged currency manipulation and a lowering of the evidentiary threshold for imposing antidumping duties on imports.

Realistically, the president knows that much of his base is beyond convincing on trade. They are a lost cause. But if he wants to be remembered as a president who expanded Americans' freedom to trade, he must advocate effectively for his agenda. Such advocacy should bring along enough Democrats who want to remain on the economically responsible side of the schism that is dividing their party.

Last month the president said that supporting trade “is somewhat challenging because [Americans feel] as if their wages and incomes have stagnated” because of increasing global competition, so “[t]here’s a narrative there that makes for some tough politics.” In the weeks ahead, we will learn whether his statement about tough politics was an expression of empathy for members on the fence or a harbinger of more presidential equivocation.

Dan Ikenson is the director of the Cato Institute’s Herbert A. Stiefel Center for Trade Policy Studies.