



President Obama Finally Challenges His Party's Trade Skeptics

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Trade policy divides Democrats and unites Republicans. That axiom has guided Democratic leadership in Congress since 2007, when Nancy Pelosi and Harry Reid assumed the reins and intentionally drove the trade agenda into a ditch. Better to bury international trade in a heap of disparagement and fallacy than risk the consequences of an honest, informed discussion.

But change is in the air. With 21 months left in office and his ambitious trade agenda hanging in the balance, President Obama is finally challenging his party's retrogressive stance. In response to a question from MSNBC's Chris Matthews last Tuesday about the loud opposition among Democrats to his trade agenda, President Obama said, "They are simply wrong." Later that week, the president went on the offensive, accusing politicians in his own party of being dishonest in their portrayals of Trade Promotion Authority (TPA) and the Trans-Pacific Partnership (TPP). This change in tack is overdue. Hopefully, it's not too late.

To conclude a TPP deal, the 11 U.S. negotiating partners must be assured that any agreement reached will not be unraveled by Congress. That is one of the purposes of TPA, which specifies that Congress will give expedited consideration to international trade agreements reached by the president provided that those deals meet congressional negotiating objectives. TPA legislation is under consideration in Congress now, where most Democrats stand firmly opposed because killing TPA will kill TPP.

By volume of trade and share of global output represented, the TPP would be the largest U.S. free trade agreement to date. Though the agreement has not been concluded, nor has any "official" draft text been released, the public has a decent idea of its coverage. It will likely include 29 chapters dealing with traditional trade issues, such as market access for goods and services, rules of origin, and agricultural barriers. The agreement is also expected to include rules

that discipline government procurement, regulatory coherence, intellectual property, investment, labor and environmental policy, and more.

There has been a great deal of opposition to various aspects of the TPP. Much of it is hyperventilation, stoked by labor, environmental, and other anti-business concerns, who oppose the agreement for other reasons and have no qualms about scaring people to their cause. Nevertheless, there is legitimate concern about potentially overreaching provisions, which would be something to weigh against the benefits of liberalization in the agreement. But, by all means, Congress should allow itself to render judgment on the whole TPP by authorizing TPA.

To convince Democrats beholden to interests opposing trade, the president must explain why the TPP is important and describe the benefits that Americans should expect from its implementation.

He should start by correcting 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.

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 explain how the TPP will better integrate U.S. producers, consumers, workers, investors and taxpayers with customers and suppliers in Asia and the Americas.

He should explain that U.S. tariffs are most punitive of lower-income Americans, that our trade barriers are among our most regressive taxes, and that by eliminating trade and investment barriers that benefit a few special interests, the TPP will help increase the scope for economies of scale and specialization, which will help reduce production costs and prices, increase variety and competition, and inspire more innovation.

He should describe how by opening the door to more competition for public procurement projects, the TPP will help ensure higher quality infrastructure, on-time completion, and better use of taxpayer dollars.

And he should reiterate the advantages to the U.S. economy of tighter integration with the world's fastest growing region.

Throughout his tenure, President Obama has refused to challenge publicly the trade skeptics in his party, fearing the discussion would expose and widen fissures among Democrats and alienate the protectionist and anti-corporate constituencies that form the party's base. But by permitting fallacies about how trade allegedly benefits big corporations at the expense of workers, consumers, and the poll-tested "middle class" to go uncorrected, the president has enabled them to fester and spread, making their refutation more difficult.

Realistically, President Obama knows that much of his base is beyond convincing on trade. But leadership entails hard choices, as well as accepting the fact that not everyone will follow. If he wants to be remembered as a president who expanded Americans' freedom to trade and reasserted U.S. global economic leadership, he will have to convince fellow Democrats not only that they are wrong, but why he is right.

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