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Is 'Transparency' In Trade Talks Just A Smoke Screen?

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One of the criticisms of trade agreements such as the Trans-Pacific Partnership (TPP) is that they are negotiated in secret. Government-to-government discussions generally are conducted in private, so some confidentiality in trade talks is not surprising. The AFL-CIO, an advocate for greater transparency, asserts that "such secrecy is inconsistent with democratic principles" and has the effect of advancing "the policy preferences of political and economic elites, not the broad interest of the populace at large."

There is no doubt that transparency in government is a desirable goal. Transparency helps to assure accountability, and at times might even lead to more efficient use of public resources.

When it comes to trade talks, though, the question is: How transparent can the negotiating process be and still have any chance of success? This question is important because some people may be using the transparency issue as a smoke screen to cover up a different motivation, which is to make sure that efforts to reform trade policy do not succeed.

Success in trade negotiations helps economies to grow. Both Democratic and Republican economists agree that a country lowering its tariffs will experience improved economic welfare. Consumers benefit meaningfully from tariff reductions, as do companies that utilize imported items in their production processes. (About half of U.S. imports are used by manufacturers rather than going directly to consumers.)

Other countries that export goods to the country with newly lowered barriers also receive modest benefits from the policy change, but those are smaller than the benefits accruing to the country that has liberalized its import regime.

The U.S. trade negotiating process consists of three phases. In the first phase, Congress provides negotiating authority to the president. This was done most recently in June 2015 when Congress passed the Bipartisan Congressional Trade Priorities and Accountability Act.

This legislation established a list of negotiating objectives that the administration should achieve in order for Congress to consider any trade agreements on an up-or-down vote without

amendments. Just like other legislation, interest groups and citizens may present their views on the bill to their elected representatives. It is fair to say that this phase of the process is very open to public scrutiny and involvement.

The second phase involves actual negotiation with one or more other countries. These talks take place mostly in private, which is understandable. Negotiators likely wouldn't be willing to discuss potentially challenging trade-offs unless confidentiality is assured.

Every country has interest groups that would prefer no changes in its current policy regime. Even if reforms help the country overall, some people will oppose parts of a deal. However, a final agreement will contain more benefits than costs for each country; otherwise, the negotiation would never conclude. Point-by-point public opposition to a potential deal while talks are ongoing could prevent a broad package from ever being put together.

U.S. negotiators receive input from private-sector and nongovernmental organizations (NGOs) through advisory committees organized by the Office of the U.S. Trade Representative. These committees provide expertise on a wide variety of issues relevant to business, labor and the environment.

The roughly 700 members of the advisory committees undergo background checks before receiving security clearances and obtaining access to confidential information. Participation by the advisory committees keeps negotiators apprised of the practical implications of policy changes being discussed with foreign negotiators. So the actual negotiations may not be public, but they are well-informed.

The third phase is congressional consideration of the final agreement. The text of the agreement is made public relatively soon after completion of the talks. Interested parties then can review it and decide whether it meets their approval. The U.S. International Trade Commission completes an analysis to determine the likely economic effects of the agreement, which generally provides information that can support arguments by both opponents and supporters of the pact.

Eventually the White House presents Congress with legislation to implement the agreement. As with the first phase, this final phase requires Congress to pass a new law. The degree of transparency is very high from the time the text is made public. Anyone may weigh in to express an opinion, and many people do.

So two of the three steps required for the U.S. to enter into a new trade agreement are highly transparent, but the actual negotiation with other governments is mostly private.

Does this represent a reasonable compromise between a desire for openness in government and a desire to talk seriously with other nations about trade liberalization? If not, how could the negotiation be made more transparent without undermining prospects for actually achieving an agreement?

We must avoid letting transparency itself become a smoke screen for stopping progress toward trade liberalization.

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