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## **GRISWOLD: Yes to free trade, no to TAA ‘stimulus’**

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With federal debt piling up by the trillions and the “recovery” stuck in neutral, policymakers in Washington should focus on two overriding objectives: to shrink the public sector and grow the private sector. Trade legislation working its way through Congress offers an opportunity to advance both goals.

Republican leaders in Congress have been ready from day one to advance free trade by approving three pending trade agreements, with South Korea, Colombia and Panama. President Obama also favors the agreements, as do enough congressional Democrats to ensure their passage.

By all objective accounts, the three agreements would deliver a real boost to America’s two-way trade and economic growth. The U.S. International Trade Commission predicts that, once implemented, the three agreements would increase U.S. exports and gross domestic product, or GDP, by \$12 billion a year.

Among the big winners would be U.S. manufacturing companies and their workers, who would gain duty-free access to all three markets. Other winners would be U.S. farmers and ranchers, financial services providers and U.S. firms competing in those countries for a slice of government procurement. And, of course, U.S. consumers and import-consuming businesses would benefit from the removal of remaining U.S. trade barriers.

While the agreements probably will not put a visible dent in the U.S. unemployment rate, they will create better-paying jobs and more prosperity for American households. They represent just the kind of structural policy reform that will create real, self-sustaining growth — not the fleeting sugar rush of more fiscal “stimulus” or monetary loosening. The House and Senate could be voting on the agreements as soon as October.

Standing in the way of this private-sector expansion is Mr. Obama’s demand that Congress first ratchet up federal spending for trade adjustment assistance (TAA) before he will even submit the trade agreements for a vote.

TAA has been linked to trade-expansion agreements since the early 1960s, but in this case, there is no link other than raw domestic politics. The president's union allies are unhappy about his support for the trade agreements, so as a consolation, the president is demanding the expenditure of more tax dollars that our deficit-ridden government does not have for a program few believe is effective.

As originally designed during the Kennedy administration, TAA was meant to help those specific U.S. workers displaced by the expanded imports allowed by new trade agreements. The program is still running under funding and eligibility levels set by Congress in 2002. What Mr. Obama is fighting for is enhanced TAA funding authorized in 2009 as part of the government's stimulus spending binge.

On principle, there is no reason why workers displaced by trade should receive any special benefits. Why are they any more deserving than workers laid off by Blockbuster, Borders, Bank of America or the latest daily newspaper to close its doors? The enhanced TAA funding is not only expensive — about a half-billion dollars a year — but it has no connection to the three pending agreements.

The agreements will cause minimal job displacement among U.S. workers because our market is already largely open to imports from our three pending free trade agreement partners. Any workers who are displaced would be eligible for normal unemployment compensation as well as extra TAA benefits under the existing 2002 rules.

Let's call the president's demand what it is: Legal extortion. If congressional leaders want to liberate another \$12 billion in economic activity, they must pay another half-billion to fund the welfare state in the discredited name of stimulus.

An International Monetary Fund report last week on the slowing global economy advised world leaders that "private demand must take over from public demand." Here is an opportunity for members of Congress to act on that sound advice by saying yes to free trade and no to another increase in federal spending.