



## The Bizarre Priorities of Trans-Pacific Partnership Proponents

**Supporters tout the benefits for just the few, when actually we all gain.**

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If the Trans-Pacific Partnership (TPP) negotiations ever conclude, the agreement will bring major benefits to the economies of 12 Pacific Rim countries, including the United States. It will do this by removing trade barriers that impede economic growth and globalization. Strangely, you wouldn't know it from listening to the TPP's most powerful supporters.

There are some great and simple arguments for free trade. Free trade improves quality of life for all Americans by making the things we buy less expensive. The TPP in particular will lower the prices Americans pay for shoes and automobiles.

Reducing barriers to trade at home and abroad also increases productivity. The TPP will decrease the cost of manufacturing in countless U.S. industries by opening up new sources of raw materials. The TPP will foster the creation of global supply chains that enable U.S. companies to specialize in more productive activities.

All together, it means American businesses and workers will make more money that can be used to buy more stuff at lower prices.

But whether it's the Obama administration, Congressional Republicans, or the U.S. business lobby, TPP proponents constantly focus on the narrow benefits the agreement will bring to special interests. The arguments we most often hear in favor of the TPP tout its enforceable labor rules, its strong intellectual property protections, and its potential to help exporters.

The worst offender in this regard is the president himself. According to the Obama administration, the TPP is "the most progressive trade agreement the world has ever seen" because it will "level the playing field for American workers by using the power of trade to raise the bar for labor and environmental protections." Behind the President's praise for the TPP is the implicit assumption that trade agreements actually harm American workers unless foreign countries change their regulations. That's an argument *against* free trade.

Instead, the President could point out that labor conditions improve in line with economic growth and worker productivity. The TPP will have a positive impact on wages and working

conditions removing barriers to trade that impede development. Stronger labor rules in the TPP will do the opposite by letting the United States maintain protectionist barriers until poor countries adopt costly, ineffective regulations.

Republicans and the business lobby aren't much better. They seem to think the most important thing the United States can gain from the TPP is a requirement to provide 12 years of data exclusivity for biologics.

You don't know what that means? That's okay, a lobbyist for the pharmaceutical industry will be happy to explain to you and your congressman just how important it is to the U.S. economy. In short, biological drugs are very expensive to research. Data exclusivity requires generic drug manufacturers to rerun expensive tests that the original manufacturer conducted to demonstrate the drug's safety to regulators. It intentionally keeps safe, unpatented drugs off the market so large pharmaceutical companies can make more money.

U.S. law has provided 12 years of protection since 2009, but all foreign governments and many U.S. lawmakers believe that is too long. Using the TPP in this way will turn an already bad law into an international obligation and require U.S. negotiators to accept less favorable terms in some other part of the agreement. Moreover, data exclusivity rules simply further the interests of a single rent seeking industry at the expense of genuine trade liberalization.

Even when TPP supporters tout the actual trade impacts of the agreement, they miss the mark. One thing all proponents agree on is that the TPP will increase exports. President Obama noted in his State of the Union address that 95 percent of the world's "customers" live outside the United States, and we should find ways to reach them.

Access to export markets certainly means Americans will produce more goods for export and be able to sell those things for more money. So the TPP will be good for you if you work at or own a company poised to sell things in Asia. Most people don't though, so the benefits of increased exports from the TPP are still indirect for all but a narrow group of people.

The saddest thing about using exports to sell a trade agreement is that it panders to mercantilist economic fallacies. Free trade is about unlocking the benefits of global commerce and competition, not winning an ill-conceived race to make the most stuff.

At the heart of the TPP will be the reduction and elimination of tariffs and quotas imposed by the United States. Trade barriers exist to protect a small number of U.S. companies and industries from having to meet the demands of American customers in a competitive marketplace. Trade agreements were conceived as a way to reduce those barriers for the benefit of everyone. Over the years, they've also become a vehicle for special interest handouts.

The focus on labor laws, archaic regulatory tweaks, and exports is a sign that U.S. policymakers have lost sight of the true purpose of trade agreements. And because they don't know what the agreements are for, they don't know how to sell them to the public. If

Congress refuses to ratify the TPP, it won't be because Americans oppose free trade. It will be because the TPP's supporters never told them about it.

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