

Connecticut Debate Association

November 14, 2015

Amity, Housatonic Valley and New Canaan High Schools

Resolved: The US should approve the Trans-Pacific Partnership treaty.

Trans-Pacific Partnership

From Wikipedia, the free encyclopedia

The Trans-Pacific Partnership (TPP) is a proposed trade agreement among twelve Pacific Rim countries concerning a variety of matters of economic policy, about which agreement was reached on 5 October 2015 [among among Brunei, Chile, New Zealand, Singapore, Australia, Canada, Japan, Malaysia, Mexico, Peru, United States, and Vietnam] after 7 years of negotiations. The agreement's goal had been to "promote economic growth; support the creation and retention of jobs; enhance innovation, productivity and competitiveness; raise living standards; reduce poverty in our countries; and promote transparency, good governance, and enhanced labor and environmental protections." [4] Among other things, the TPP Agreement contains measures to lower trade barriers such as tariffs, [5] and establish an investor-state dispute settlement mechanism (but states can opt out from tobacco related measures). [4] [6] The United States government has considered the TPP as the companion agreement to the Transatlantic Trade and Investment Partnership (TTIP), a broadly similar agreement between the United States and the European Union... [7]

Potential members

South Korea was not part of the 2006 agreement, but showed interest in entering the TPP, [18] and in December 2010 was invited to the TPP negotiating rounds by the U.S. after the successful conclusion of its Free trade agreement between the United States of America and the Republic of Korea. [19] South Korea already had bilateral trade agreements with some TPP members, but areas such as vehicle manufacturing and agriculture still needed to be agreed upon, making further multilateral TPP negotiations somewhat complicated. [20] South Korea may join the TPP as part of a second wave of expansion for the trade agreement. [21]

Other countries interested in TPP membership as of 2010 included Taiwan, [22] the Philippines, [23] Colombia, [24] Thailand, [25] Laos as of 2012, [26] Indonesia as of 2013. [27] According to law professor Edmund Sim in 2013, many of these countries needed to change their protectionist trade policies in order to join the TPP. [28] As of 2013, potential future members included Cambodia, [29] Bangladesh [30] and India. [31]

The most notable country in the Pacific Rim not involved in the negotiations is China. According to the Brookings Institution in 2013, the most fundamental challenge for the TPP project regarding China was that "it may not constitute a powerful enough enticement to propel China to sign on to these new standards on trade and investment. China so far has reacted by accelerating its own trade initiatives in Asia." [32] In 2013 it was thought that China might still be interested in joining the TPP eventually. [33]

In October 2015 Indonesian President Joko Widodo declared Indonesia's intention to join the TPP.

Contents

A version of the text of the agreement "subject to legal review" was released by prospective member parties on November 5, 2015. [40] Portions of drafts of the full agreement were previously leaked to the public. [41] Many of the provisions in the leaked documents are modeled on previous trade and deregulation agreements. [citation needed]

U.S. Trade Representative's summary

According to the United States Trade Representative, the TPP agreement includes the following features:

"Comprehensive market access. The TPP eliminates or reduces tariff and non-tariff barriers across substantially all trade in goods and services and covers the full spectrum of trade, including goods and services trade and investment, so as to create new opportunities and benefits for our businesses, workers, and consumers.

Regional approach to commitments. The TPP facilitates the development of production and supply chains, and seamless trade, enhancing efficiency and supporting our goal of creating and supporting jobs, raising living standards, enhancing conservation efforts, and facilitating cross-border integration, as well as opening domestic markets.

Addressing new trade challenges. The TPP promotes innovation, productivity, and competitiveness by addressing new issues, including the development of the digital economy, and the role of state-owned enterprises in the global economy.

Inclusive trade. The TPP includes new elements that seek to ensure that economies at all levels of development and businesses of all sizes can benefit from trade. It includes commitments to help small- and medium-sized businesses understand the Agreement, take advantage of its opportunities, and bring their unique challenges to the attention of the TPP governments. It also includes specific commitments on development and trade capacity building, to ensure that all Parties are able to meet the commitments in the Agreement and take full advantage of its benefits.

Platform for regional integration. The TPP is intended as a platform for regional economic integration and designed to include additional economies across the Asia-Pacific region."[4]

Intellectual property provisions

The intellectual property section of a leaked draft of the TPP lays out a minimum level of protections signatories must enforce for trademarks, copyright, and patents. Trademarks may be visual, auditory or scents, and are granted exclusive use for trade. Copyright is granted at a length of life of author plus 70 years, and makes willful circumvention of protections (such as Digital Rights Management) illegal. The TPP also establishes that "making available" is the exclusive right of the copyright owner...[citation needed]

Investor–state arbitration (ISDS)

Investor-state dispute settlement (ISDS) is an instrument of public international law, that grants an investor the right to use dispute settlement proceedings against a foreign government...

Implications

Joshua Meltzer of the Brookings Institution, an American think tank, gave testimony to the House Small Business Committee on the implications of the TPP. During the hearing, entitled "U.S. Trade Strategy: What's Next for Small Business Exports?", Meltzer stated that as of 2012 the Asia-Pacific region accounted for 60 percent of global GDP and 50 percent of international trade, and is the fastest growing region in the world. The Brookings Institution estimated in 2012 that TPP would generate \$5 billion in economic benefits to the U.S. in 2015, and \$14 billion in 2025. The economic benefits would likely be larger if the impact of investment liberalization under TPP were also considered. The TPP should generate growth opportunities for small and medium business exporters in the US, which represented 40 percent of U.S. goods exports as of 2012. Small businesses tend to benefit disproportionately from trade liberalization, since they are less likely than large enterprises to establish overseas subsidiaries to overcome trade barriers. The TPP will also help counter the trend toward greater economic integration, which excludes the US, in the Asia-Pacific region. For example, ASEAN already has free trade agreements with China, Japan, South Korea, Australia, and New Zealand, and the U.S. has been excluded from economic cooperation among ASEAN + 3 (ASEAN, China, Japan, South Korea).[55]

CNN reported that one goal of TPP is to neutralize China's power in global trading and make American companies more competitive.[citation needed] In May 2013, China showed an interest in joining TPP and may see it as an opportunity for its slowing economy.[56]

According to the New York Times, "the clearest winners of the Trans-Pacific Partnership agreement would be American agriculture, along with technology and pharmaceutical companies, insurers and many large manufacturers" who could expand exports to the other nations that have signed the treaty.[57]

Along with the TPP, the Regional Comprehensive Economic Partnership (RCEP) has been a possible pathway to a free trade area of the Asia-Pacific, and a contribution to building momentum for global trade reform. Both the RCEP and TPP have involved negotiations with multiple parties and sectors.[58]

Overall U.S. Benefits of the Trans-Pacific Partnership

Office of the US Trade Representative, <https://ustr.gov/tpp/#>

The Trans-Pacific Partnership (TPP) is a new, high-standard trade agreement that levels the playing field for American workers and American businesses, supporting more Made-in-America exports and higher-paying American jobs. By eliminating over 18,000 taxes—in the form of tariffs—that various countries put on Made-in-America products, TPP makes sure our farmers, ranchers, manufacturers, and small businesses can compete—and win—in some of the fastest-growing markets in the world. With more than 95 percent of the world's consumers living outside our borders, TPP will significantly expand the export of Made-in-America goods and services and support American jobs.

- TPP Eliminates over 18,000 Different Taxes on Made-in-America Exports
- TPP Includes the Strongest Worker Protections of Any Trade Agreement in History
- TPP Includes the Strongest Environmental Protections of Any Trade Agreement in History
- TPP Helps Small Businesses Benefit from Global Trade

- TPP Promotes E-Commerce, Protects Digital Freedom, and Preserves an Open Internet
- TPP Levels the Playing Field for U.S. Workers by Disciplining State-Owned Enterprises (SOEs)
- TPP Prioritizes Good Governance and Fighting Corruption
- TPP Includes First Ever Development Chapter
- TPP Capitalizes on America's Position as the World Leader in Services Exports

Trans-Pacific Partnership (TPP): Job Loss, Lower Wages and Higher Drug Prices

The Public Citizen, <http://www.citizen.org/TPP> , accessed 11-5-15

Have you heard? The TPP is a massive, controversial "free trade" agreement currently being pushed by big corporations and negotiated behind closed doors by officials from the United States and 11 other countries – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

The TPP would expand the North American Free Trade Agreement (NAFTA) "trade" pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality and new floods of agricultural imports. The TPP not only replicates, but expands NAFTA's special protections for firms that offshore U.S. jobs. And U.S. TPP negotiators literally used the 2011 Korea FTA – under which exports have fallen and trade deficits have surged – as the template for the TPP.

In one fell swoop, this secretive deal could:

- offshore American jobs and increase income inequality,
- jack up the cost of medicines,
- sneak in SOPA-like threats to Internet freedom,
- empower corporations to attack our environmental and health safeguards,
- expose the U.S. to unsafe food and products,
- roll back Wall Street reforms,
- ban Buy American policies needed to create green jobs,
- and undermine human rights.

Although it is called a "free trade" agreement, the TPP is not mainly about trade. Of TPP's 29 draft chapters, only five deal with traditional trade issues. One chapter would provide incentives to offshore jobs to low-wage countries. Many would impose limits on government policies that we rely on in our daily lives for safe food, a clean environment, and more. Our domestic federal, state and local policies would be required to comply with TPP rules.

The TPP would even elevate individual foreign firms to equal status with sovereign nations, empowering them to privately enforce new rights and privileges, provided by the pact, by dragging governments to foreign tribunals to challenge public interest policies that they claim frustrate their expectations. The tribunals would be authorized to order taxpayer compensation to the foreign corporations for the "expected future profits" they surmise would be inhibited by the challenged policies.

We only know about the TPP's threats thanks to leaks – the public is not allowed to see the draft TPP text. Even members of Congress, after being denied the text for years, are now only provided limited access. Meanwhile, more than 500 official corporate "trade advisors" have special access. The TPP has been under negotiation for six years, and the Obama administration wants to sign the deal this year. Opposition to the TPP is growing at home and in many of the other countries involved.

Waiting for the TPP

The Huffington Post, 11/05/2015 9:59 am EST, by David Coates

David Coates holds the Worrell Chair in Anglo-American Studies at Wake Forest University. He is the author of *Answering Back: Liberal Responses to Conservative Arguments, Making the Progressive Case, and America in the Shadow of Empires* . He writes here in a personal capacity.

Figures on U.S. economic performance continue to disappoint. Seven years out from the greatest financial crisis since 1929, economic growth is sluggish, levels of unemployment and under-employment remain unacceptably high, and real wages for most Americans are still trapped at 1970s levels. Not that the United States is alone in any of this. Globally,

important regions of the world economy continue to under-perform -- Europe certainly does -- or to struggle to retain rapid economic growth, as with China. Not surprisingly in consequence, the figures on world trade also continue to disappoint; and because they do, it is tempting to draw a causal relationship between these various sets of data. It is tempting to argue that the route to greater economic growth -- both here at home and through the global system as a whole -- is best anchored in an expanded level of global trade. It is against that background, and that temptation, that we

await the release of the details of the Trans-Pacific Partnership. It is a proposed partnership that all Americans need to both understand and evaluate. Hence this: a primer on what we know so far of the detail of the TPP, and of the arguments for and against its adoption by the United States.

Trade Deal Tradeoffs

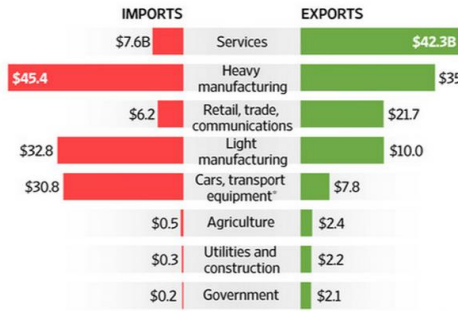
At a time of diminishing U.S. tariffs, the Pacific deal is expected to boost American exports for some industries while increasing competition in others. Some companies quickly applauded the pact's benefits while others noted setbacks.

U.S. duties collected as a share of total imports



*The final deal puts off the elimination of U.S. car tariffs for 25 years, so additional auto imports are likely to be less than in the original stud

Projected increases in U.S. imports and exports in selected sectors in 2025 due to the Trans-Pacific Partnership, in billions



The Invisible Trade Deal

The Trans-Pacific Partnership (TPP) signed in October is a trade deal encompassing the United States, Japan and 10 other Pacific basin nations (Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) that collectively account for 40 percent of global economic activity. It is a trade deal that Congress will soon have to vote on, and so -- in so far as we elect members of Congress -- will we. But in making that judgment call, the American electorate in general faces one rather unusual problem: namely lack of access to the details of the agreement itself. Right now, those details are not generally available. Some have been leaked by Wikileaks; and all of them are due out any day now. (The administration committed to the TPP's release within 30 days of the signing; and the signing was October 5.) But until that happens, all we have to go on are the views of people who have seen the details of the TPP, and the views of those who, excluded from access to those details, see in their exclusion even greater reason to be wary or hostile about a trade deal that has been so

TPP Winners

- U.S. agriculture:** The deal cuts tariffs on exports of products such as poultry, soybeans and fruit and gives U.S. dairy companies greater access to Canada and Japan. The U.S. Grains Council said the deal will boost U.S. grain exports by 11%.
- Large manufacturers:** Most big, competitive U.S. manufacturers support the deal, which eliminates import taxes as high as 59% on U.S. machinery exports to TPP countries. Boeing, the biggest U.S. exporter by value, endorsed the accord.
- Tech companies:** Intel and other tech companies express cautious optimism about the deal. It eliminates import taxes as high as 35% on U.S. information and communication technology exports to TPP countries.

TPP Losers

- Big pharma:** Drug makers are disappointed because TPP appears to protect biotech drugs from lower-priced ones for at least five years plus potentially more, compared with the 12 years of intellectual property protection the U.S. gives them.
- Big tobacco:** The agreement is one of the first in the world to allow countries to prevent the tobacco industry from suing foreign governments over antismoking measures through special arbitration. Philip Morris International said it sets "a dangerous precedent for other industries."
- Ford:** The car maker objects to the agreement because an economic framework officials are developing alongside the deal lacks strong protections against currency manipulation in future trade deals.

Sources: U.S. International Trade Commission (duties); Peter A. Petri, Michael G. Plummer & Fan Zhai, published by the Peterson Institute for International Economics (projections)

THE WALL STREET JOURNAL

long in the making and so hyped in the run-up to its delivery. The views now available to us go something like this.

The Arguments for the Deal

The claims made for this deal by those who advocate it are remarkable. As the president put it

"This partnership levels the playing field for our farmers, ranchers and manufacturers by eliminating more than 18,000 taxes that various countries put on our products. It includes the strongest commitments on labor and the environment of any trade agreement in history, and those commitments are enforceable, unlike in past agreements. It promotes a free and open internet. It strengthens our strategic relationships with our partners and allies in a region that will be vital to the 21st century. It's an agreement that puts American workers first and will help middle-class families get ahead."

Breaking those claims down into their component elements, we get at least the following:

The TPP is a powerful trigger to enhanced economic growth

Boosting American exports is a central part of the administration's strategy for the generation of economic growth and rising standards of living here in the United States. "The more we sell abroad," the White House website on the TPP tells us -- in letters emboldened to underline the importance of the claim -- "the more higher-paying jobs we support here at home." And how could it be otherwise, when "ninety-five percent of the world's consumers live outside our borders," and when "made-in-America products and services are in demand, making American exports a vital pillar of our 21st century economy." According to its advocates, the TPP can only strengthen this vital US overseas economic performance. As the report issued by the Peterson Institute for International Economics put it: the TPP "could yield annual global income gains of \$295 billion (including \$78 billion for the United States) and offers a pathway to free trade in the Asia-Pacific with potential gains of \$1.9 trillion....The TPP and Asian tracks are large, positive-sum projects that promise substantial gains to all participants."

This, against a background of previous trade liberalizations that since 1945 have, we are told, "added nearly \$13,000, on average, to each American family's annual income." The TPP is thus presented by its advocates as the culmination of a long bipartisan tradition of US trade policy that stretches back to at least the trade agreements signed in the 1930s by FDR. So why stop now, they ask us, when previous trade agreements have been so beneficial to the US economy in general and to US consumers in particular? Why stop now when the TPP contains for the first time, embedded in its details, a free-trade agreement between the second and third largest economies in the world -- the United States and Japan. That alone is enough to mark the TPP as an agreement of world historical significance.

A rule-based international trading order is in the United States' long-term economic interest

The White House also wants us to know that "right now, our current trade policy...puts our workers and businesses at a disadvantage, with higher costs for American goods, more barriers to trade, and lower standards for workers and the environment abroad than we have at home." Moreover, the administration concedes that previous trade agreements have not always lived up to the promises contained in their accompanying labor and environmental standards, but insists that this time things will be fundamentally different. This time round, as they put it: "tough, fully enforceable standards will protect workers' rights and the environment for the first time in history," -- standards that "reflect our American values," put in place on the explicit understanding that "when the rules are fair, America can out-compete anyone in the world." The result -- if the advocates of TPP are correct -- is a trade agreement bringing growth that will be simultaneously "equitable, sustainable and inclusive."

The growth will be equitable: it will lower barriers on consumer goods more commonly bought by low-income Americans. The growth will be sustainable: it "will help protect oceans, forests and wildlife in one of the most ecologically significant regions in the world." And it will be fair: by spreading "basic labor rights across a diverse range of countries at varying levels of development, underscoring that no country is too poor or under-developed to respect workers' basic dignity, protect children and outlaw enforced labor." The environmental clauses in the finished TPP are particularly worthy of note here: according to their advocates, substantial steps to "enforce prohibitions contained in the Convention on International trade in Endangered Species....and to limit subsidies for fishing fleets which in many countries waste taxpayer money and accelerate the depletion of marine life."

Geo-political concerns legitimate this global economic strategy

In any case, there is more at stake in this trade agreement than simply US growth rates and rising standards of life. The TPP is currently being presented by its supporters as the economic equivalent of the Pentagon's re-positioning of US military priorities -- the Obama administration's "pivot to Asia" -- the re-balancing of foreign policy towards the maintenance of a sustained US military presence in the Pacific basin. On this argument, trade deals like the TPP do more than open a pathway to more free-trade settlements between important markets in an area that "by 2020... two-thirds of the world's middle class will call...home." Such trade deals also embody and reassert American regional leadership. Michael Froman (the US trade representative overseeing the TPP negotiations) put it this way: by giving the United States a leading role in writing the rules of the road for tomorrow's global economy, the TPP will help shape the broader environment in which that growth takes place." To many observers, this presentation of the TPP's importance is really diplomatic code for ensuring that the main leadership role in so key an area of the global economic order does not slip by default into the hands of the Chinese Communist Party. Or as the president himself put it in his 2015 State of the Union Address, for the Asia-Pacific region as a whole, "if we don't write the rules, China will."

The general case for unfettered free trade remains firmly in place...

...and because it does, it follows that whatever else we must do, we must "not fight free trade -- it makes countries richer." The whole history of capitalism -- suitably told -- can be made to sustain the claim that free trade and economic growth go together; that the competition triggered by the free exchange of goods and services is a critical spur to efficiency in production and innovation in technology; and that -- if countries can be encouraged to specialize in that form of economic production for which they enjoy a particular comparative advantage, then free trade is a huge spur to the efficient allocation of capital, the greater productivity of labor, and the generalization of high and rising living standards. It is unfortunately true, of course, that while -- if the Petersen Institute's modeling is correct -- under the TPP, US "manufacturing exports would increase... overall the United States would become more import-dependent in manufacturing to offset its expanding service export surplus." But even so, why worry about a growing trade deficit in basic consumer goods when it is well known that "any costs associated with free trade are temporary, slight and focused, while its benefits are permanent, substantial and general." Which is why, according to the TPP's advocates, sensible public policy should soften any immediate blows to jobs and incomes by extending the TAA (Temporary Adjustment Assistance) programs already available to displaced workers, whilst fast-tracking presidential authority to both sign and implement the full set of TPP agreements and protocols.

The Arguments Against the Deal

The leading critics of the deal match its advocates in the sweep of their counter-claims. This, for example, from Bernie

Sanders

"Let's be clear: the TPP is much more than a 'free trade' agreement. It is part of the global race to the bottom to boost the profits of large corporations and Wall Street by outsourcing jobs; undercutting workers' rights; dismantling labor, environmental, health, food safety and financial laws; and allowing corporations to challenge our laws in international tribunals rather than our own court system. If TPP was such a good deal for America, the administration should have the courage to show the American people exactly what is in this deal, instead of keeping the content of TPP a secret."

Among the major counter-arguments are at least the following:

The TPP is not a trade deal in the traditional sense, so standard free-trade arguments do not apply

It is not as though free-trade agreements do not already exist among many of the signatories to the TPP. They do. The United States has such deals with six of them. Japan apart, the TPP just adds the "tiny economies of New Zealand, Brunei, Malaysia and Vietnam." What the TPP will add to those already existing agreements is less the further freeing of trade than the managing of it; and moreover, the managing of it in the interests of big corporations rather than in the interests of either small businesses or the American consumer. That is certainly the judgment of Joseph Stiglitz, who recently put it this way. "The reality is that this is an agreement to manage its members' trade and investment relations -- and to do so on behalf of each country's most powerful business lobbies. Make no mistake," he and Adam Hersh wrote, "it is evident from the main outstanding issues" over which negotiators were still haggling as they drafted their note, that whatever the TPP is about, it is "not about 'free' trade." Indeed, there is a smack of chicanery in the way this deal is being promoted, of which we all need to be aware: since, to quote Alan Beattie, while the TPP "may or may not be a good idea.... it should be clear that mouthing old verities about free trade and putting a great deal of weight on highly uncertain modelling of its effects is an intellectually sloppy way to sell a trade deal."

Of course, given the secrecy of the haggling to which Stiglitz and Hersh referred, it is still impossible to know just how influential each business lobby has been: but "given the outside influence of special interest groups and politically connected corporations," it seems reasonable to "bet that the final product will be a far cry from free trade:" particularly given one of the key elements in the pattern of settlement already known -- the one in which "ironically enough, producers and manufacturers in developing countries have been pushing to reduce trade barriers in order to capitalize on markets in developing countries" while "U.S. corporations are lobbying to keep protective tariffs in place." We are well past that moment when David Ricardo-like lessons on the benefits of comparative advantage should be the bed-rock of our understanding of international trade. The rules of mercantilism still prevail in the clash between different national capitalisms, and if we do not fight our corner -- directly protecting American employment and American wages -- no amount of free-trade will keep those wages and jobs secure.

The main beneficiaries of this deal are going to be large-scale US companies

At least two dimensions of that on-going lobbying worry critics of large corporate capital. One dimension -- already visible in the material available from Wikileaks -- is the pressure, particularly from large U.S.-based pharmaceutical companies, for stronger patent and copyright protection: the use of enhanced intellectual property rights within the protocols of the TPP to reinforce corporate market power. The other are the proposals apparently contained in the TPP to give large corporations greater leverage against national government control via access to international arbitration panels: the so called "investor-state dispute settlement" (ISDS) provisions. If the TPP passes, we are told, companies opposed to a particular government regulation -- say, restrictions on the advertising of cigarettes -- will be able to appeal that decision to an international body created by the TPP, and so, if successful in that appeal, able to block the will of an elected government in the pursuit of its corporate enrichment.

If what has been leaked so far is true, the TPP will actually "extend the incentives for US firms to offshore investment and jobs to lower-wage countries" and "establish a two-track legal system that gives foreign firms new rights to skirt US courts and law, sue the US government before foreign tribunals, and demand compensation" for the costs of complying with new environmental and labor standards. We already live in a democracy that is corrupted to its core by the presence of billionaire-funded PACS, and in an economy weakened at its core by the unregulated offshoring of production and employment. Are we now to add further corporate protections against business regulation by democratically-elected governments? Let us hope not, but what we know so far about the details of the TPP is not reassuring on this matter.

To the degree that TPP is a typical trade deal, the evidence of past deals is not encouraging

For there is a real sense of déjà vu in much of what is coming out in the media on the TPP deal -- an echo in the current pitch for the trade deal of the pitch made, two decades earlier, for NAFTA. Indeed, Representative Paul Tonko (D-N.Y) recently characterized the TPP as "NAFTA on steroids." NAFTA too was going to generate middle class affluence by lubricating the flows of cross-border trade. Yet in practice NAFTA cost US manufacturing jobs. Quite how many is still disputed: but perhaps as many as 700,000. Lowering tariffs on imported goods made by cheap labor abroad -- if that is

what the TPP brings -- seems inevitably set to do the same. As Dave Johnson has already written, "an example of the effect TPP will have on US manufacturing is Nike vs New Balance." Nike already outsources its shoe production to Asia. New Balance is trying to avoid doing the same. But "when tariffs on imported shoes are eliminated Nike will gain an even greater advantage over New Balance. New Balance has said that the tariff reductions in TPP will force it to stop manufacturing inside the US." As we saw earlier, even the Petersen Institute conceded as much: that the US manufacturing trade balance will worsen under the TPP.

So countering the agreement's adverse employment effect by stressing its contribution to export growth is not going to cut it. As Dean Baker put it about the TPP's advocates' enthusiasm for export growth: "Who cares? If GM moves a car assembly plant from Ohio to Mexico, it increases exports because the car parts that were being shipped to Ohio will now be exported to Mexico." But in the process, so too will US manufacturing jobs. Five million manufacturing jobs were lost in the United States between 2000 and 2015, and the largest single cause of that decline was the growing US trade deficit in manufactured products. As the EPI's Robert E. Scott has recently shown, the US trade deficit with the signatories of the TPP "increased to an unexpectedly large \$265.1 billion in 2014." So the reconstitution of the economic health of the American middle class may need many things: but one thing that it certainly does not need is another job-killing trade deal, at a time when job-killing is already rampant in the US manufacturing sector. Just how many lopsided trade deals do American workers have to suffer before their political leaders grasp this fundamental and all-encompassing truth?

The need to count on both sides of the ledger

It is the case that lowering American tariffs on the entry of consumer goods produced in low-wage economies overseas benefits American consumers by reducing the price of the goods they buy. American incomes go further. The TPP's advocates are right on that at least. But that gain for American consumers has to be set against the loss of income/jobs by those American workers who hitherto produced the same/similar goods here in the United States but whose companies now lose market share to foreign competitors. This hidden face of increased global trade has long been recognized -- certainly from the Kennedy years at least -- and legislation exists (TAA) to attempt to soften the blow. That blow is temporary and able to be softened, however, only if the required movement to similar well-paid jobs in other parts of the US manufacturing sector can be easily accomplished. But in the bulk of contemporary cases, it cannot. It cannot because this movement from job to job invariably involves moving long distances, and TAA retraining assistance is of no help with the cost of relocation. And it cannot because, these days, there are fewer and fewer of those jobs left in the US manufacturing sector to which such displaced workers can move. More TAA funding is no answer here because so many parts of the US manufacturing sector have already relocated their basic production facilities overseas, and because any remaining manufacturing firms who are positioned to benefit most from the TPP employ far fewer workers than those likely to be adversely affected by it.

Not surprisingly, therefore, the EPI's recent calculations suggest that, taking the US labor force as a whole, non-college trained workers are likely to be the ones most hurt by the shifting balance of gains and losses associated with the TPP, with maybe a full 70% of US workers likely to see their real wages diminish through the full implementation of the trade deal. And even if that estimate proves to be excessive, there is no getting away from the fact that what the US now needs is not free trade agreements that facilitate the further outsourcing of manufacturing employment, but active industrial policy designed to pull manufacturing production and employment back into the United States. Otherwise, there will be no breaking free, here at home, of what elsewhere we have called "the Walmart effect." That is, there will be no escape from that syndrome of falling wages that obliges ever more American workers and their families to buy inexpensive and shoddy goods, goods whose production abroad in cheap labor markets then undercuts the ability of American workers to escape the need to shop only where goods are cheap and shoddy.

A crazy way to handle China

Finally, this on the counter-argument side. The TPP, as currently negotiated, is a crazy and ineffective way to prevent China setting the rules of Asian trade or of capturing more of it. There is no penalization inside the TPP -- if what we know now holds when the details are released -- to prevent currency manipulation. Yet it is widely recognized that the undervaluation of their international currency is a key reason for China's continuing capacity to capture a growing proportion of world trade. Nor will China simply stand by and let an Asian trade bloc squeeze them out. China is already negotiating bi-lateral trade deals with many TPP signatories, and building its own "silk road" to Europe. So if the US wants to subordinate China to its rules, the inclusion of China within an agreed Asian-Pacific trade deal seems not simply desirable, but also essential. And if it essential, now is not the time to sign a TPP from which China is excluded.

Conclusion

Much still turns on what the TPP actually contains, which is why the need for both transparency and debate is so pressing. This week, Dave Johnson issued a string of questions that he thinks we should all bear in mind when

eventually given access to the small print of the deal. His are important questions, and I recommend them to you for careful consideration and use. You will find, if you do look, that the Johnson questions are the right ones, and that we should support the TPP only if the answers they elicit are the right answers. If you look, you will also see that the Johnson list of questions is a long one; and that the number of the questions, as well as the substance that each question probes, is key here. Indeed, given the length of that list, and the legitimacy of the concerns which the questions articulate, the chances of progressive people giving the TPP their support must be low. But either way, the onus of proof has to be on the advocates of the trade deal. The emptiness of past promises stands as a stark warning of the likely emptiness of the promises now to come. We know the trade deal that America needs. It is one that brings manufacturing industry back to America, and helps restore rising employment and real wages to the American middle class. If the TPP does not do that, it does not deserve our support: and if it does not deserve our support, that support should not be given. First published, with full academic citations, at www.davidcoates.net

Why the Trans-Pacific Partnership Matters

The New York Times, By ROGER C. ALTMAN and RICHARD N. HAASS, APRIL 3, 2015

AFTER five years, American-led negotiations over the Trans-Pacific Partnership, a trade liberalization agreement with 11 other countries that collectively account for 40 percent of the world's economy, are nearly complete. The next step is for Congress to allow for the same legislative process — an up-or-down vote on the deal — that it applied to recent trade pacts, including the North American Free Trade Agreement of 1993 and the United States-South Korea free trade agreement of 2011.

But the congressional outlook for this approach — called Trade Promotion Authority, or fast-track negotiating authority, because it does not allow amendments or filibustering — has dimmed. Without it, the agreement would collapse, the victim of endless amendments. The coming vote, therefore, is the equivalent to a vote on the TPP itself. Should it die, the adverse impact on American national security would be great.

The trade debate coincides with growing challenges to America's allies. In the Western Hemisphere, the governments of Canada and Chile, which are parties to the trade negotiations, believe the accord (despite domestic critics) will stimulate growth. In Asia and the Pacific, parties to the deal — not only our allies Japan and Australia, but also Vietnam, Singapore and Malaysia — see the trade accord as a way of counterbalancing China's economic might. This is why trade is central to our foreign policy; without this deal, the so-called pivot to Asia will be hollow.

Three myths are undermining support for the TPP in the United States.

The first is that recent trade agreements have hurt jobs and wages and widened income inequality. This argument fails to differentiate between the impacts of increased global trade and those of trade agreements. The M.I.T. economist David H. Autor and colleagues concluded that from 1990 to 2007, Chinese imports accounted for 21 percent of the decline in American manufacturing employment. But the United States does not have a bilateral trade deal with China. These jobs were lost to expanding trade — not to a trade agreement. Yes, income inequality has widened to economically and socially harmful levels. But it is globalization, technology and flawed educational and tax systems that are driving this trend, not trade pacts.

There's no doubt that increased trade has weakened the American manufacturing base, just as it has strengthened the services sector. This agreement, however, should not significantly increase imports of manufactured goods to the United States. Six of the 11 other nations in the TPP already have free-trade agreements with us. And the other five face only minimal tariffs.

A second myth is that the TPP would degrade labor and environmental standards and raise drug costs. But the accord includes protections directly drawn from the International Labor Organization, with strong enforcement mechanisms. As for the environment, there is nothing new in the TPP that would affect existing dispute-resolution mechanisms. Finally, it is far from certain that new protections for drug companies would lead to higher drug costs.

A third myth is that the TPP is flawed because it won't prevent countries from competing unfairly by devaluing their currencies to stimulate exports. This criticism is shortsighted. When the Federal Reserve, having lowered its key interest rate to nearly zero, began extensive bond-buying in 2009, the trading value of the dollar fell against most other currencies. There was severe criticism from Europe and Asia that we were unfairly depreciating the dollar to improve our trade position. Of course, the Fed's sole goal was to revive spending and investment here. Now, both the European Central Bank and the Bank of Japan have initiated their own versions of extreme monetary easing. And, in response, the trading value of the dollar has risen against the euro and the yen. But the eurozone and Japan aren't trying to start a trade war any more than we were. We should hope their monetary policies succeed in spurring growth, because then their demand for American exports will rise. What's more, China, widely seen as the main culprit in currency manipulation, isn't part of the TPP. The International Monetary Fund should remain the venue for challenging what are judged to be illegitimate government interventions to drive down their currencies.

The benefits of the TPP are many. It would further open the 12-nation region to trade in services and agriculture, two sectors in which the United States historically runs large trade surpluses. Better protection of American intellectual property will help industries, from high-tech manufacturing to Hollywood, in which Asian piracy has been rampant.

Free trade leads to greater overall prosperity. The gains from free trade need to be widely shared, but defeating the TPP would not solve America's problems with inequality. Instead, it would further rattle our allies. "Further" is the key word here, as there already are rising doubts about American reliability — the result of the debt-ceiling crises, government shutdowns, the failure to follow through on threats in Syria and, most recently, the letter addressed to Iran from 47 senators. If the TPP fails, countries that, rightly or wrongly, see Washington as ineffective will pay America less heed.

It's reasonable to debate the merits of this major trade agreement. But the critics have exaggerated and distorted the economic costs of the accord, while all but ignoring its benefits — and the strategic costs of a rejection. The real choice is between supporting a trade accord that would help most Americans and serve the country's strategic aims, and defeating it, which would leave the country poorer and the world less stable.

Roger C. Altman, a former deputy Treasury secretary, is an investment banker. Richard N. Haass, a former director of policy planning at the State Department, is president of the Council on Foreign Relations.

SENATOR BERNIE SANDERS: THE TRANS-PACIFIC TRADE (TPP) AGREEMENT MUST BE DEFEATED

The Office of Senator Bernie Sanders of Vermont, <http://www.sanders.senate.gov/download/the-trans-pacific-trade-tpp-agreement-must-be-defeated?inline=file>

The Trans-Pacific Partnership is a disastrous trade agreement designed to protect the interests of the largest multinational corporations at the expense of workers, consumers, the environment and the foundations of American democracy. It will also negatively impact some of the poorest people in the world. The TPP is a treaty that has been written behind closed doors by the corporate world. Incredibly, while Wall Street, the pharmaceutical industry and major media companies have full knowledge as to what is in this treaty, the American people and members of Congress do not. They have been locked out of the process. Further, all Americans, regardless of political ideology, should be opposed to the "fast track" process which would deny Congress the right to amend the treaty and represent their constituents' interests.

The TPP follows in the footsteps of other unfettered free trade agreements like NAFTA, CAFTA and the Permanent Normalized Trade Agreement with China (PNTR). These treaties have forced American workers to compete against desperate and low-wage labor around the world. The result has been massive job losses in the United States and the shutting down of tens of thousands of factories. These corporately backed trade agreements have significantly contributed to the race to the bottom, the collapse of the American middle class and increased wealth and income inequality. The TPP is more of the same, but even worse.

During my 23 years in Congress, I helped lead the fight against NAFTA and PNTR with China. During the coming session of Congress, I will be working with organized labor, environmentalists, religious organizations, Democrats, and Republicans against the secretive TPP trade deal.

Let's be clear: the TPP is much more than a "free trade" agreement. It is part of a global race to the bottom to boost the profits of large corporations and Wall Street by outsourcing jobs; undercutting worker rights; dismantling labor, environmental, health, food safety and financial laws; and allowing corporations to challenge our laws in international tribunals rather than our own court system. If TPP was such a good deal for America, the administration should have the courage to show the American people exactly what is in this deal, instead of keeping the content of the TPP a secret.

10 Ways that TPP would hurt Working Families

1. TPP will allow corporations to outsource even more jobs overseas.

According to the Economic Policy Institute, if the TPP is agreed to, the U.S. will lose more than 130,000 jobs to Vietnam and Japan alone. But that is just the tip of the iceberg.

· Service Sector Jobs will be lost. At a time when corporations have already outsourced over 3 million service sector jobs in the U.S., TPP includes rules that will make it even easier for corporate America to outsource call centers; computer programming; engineering; accounting; and medical diagnostic jobs.

· Manufacturing jobs will be lost. As a result of NAFTA, the U.S. lost nearly 700,000 jobs. As a result of Permanent Normal Trade Relations with China, the U.S. lost over 2.7 million jobs. As a result of the Korea Free Trade Agreement, the U.S. has lost 70,000 jobs. The TPP would make matters worse by providing special benefits to firms that offshore jobs and by reducing the risks associated with operating in low-wage countries.

2. U.S. sovereignty will be undermined by giving corporations the right to challenge our laws before international

tribunals. The TPP creates a special dispute resolution process that allows corporations to challenge any domestic laws that could adversely impact their “expected future profits.” These challenges would be heard before UN and World Bank tribunals which could require taxpayer compensation to corporations. This process undermines our sovereignty and subverts democratically passed laws including those dealing with labor, health, and the environment.

3. Wages, benefits, and collective bargaining will be threatened.

NAFTA, CAFTA, PNTR with China, and other free trade agreements have helped drive down the wages and benefits of American workers and have eroded collective bargaining rights. The TPP will make the race to the bottom worse because it forces American workers to compete with desperate workers in Vietnam where the minimum wage is just 56 cents an hour.

4. Our ability to protect the environment will be undermined.

The TPP will allow corporations to challenge any law that would adversely impact their future profits. Pending claims worth over \$14 billion have been filed based on similar language in other trade agreements. Most of these claims deal with challenges to environmental laws in a number of countries. The TPP will make matters even worse by giving corporations the right to sue any of the nations that sign onto the TPP. These lawsuits would be heard in international tribunals bypassing domestic courts.

5. Food Safety Standards will be threatened.

The TPP would make it easier for countries like Vietnam to export contaminated fish and seafood into the U.S. The FDA has already prevented hundreds of seafood imports from TPP countries because of salmonella, e-coli, methyl-mercury and drug residues. But the FDA only inspects 1-2 percent of food imports and will be overwhelmed by the vast expansion of these imports if the TPP is agreed to.

6. Buy America laws could come to an end.

The U.S. has several laws on the books that require the federal government to buy goods and services that are made in America or mostly made in this country. Under TPP, foreign corporations must be given equal access to compete for these government contracts with companies that make products in America. Under TPP, the U.S. could not even prevent companies that have horrible human rights records from receiving government contracts paid by U.S. taxpayers.

7. Prescription drug prices will increase, access to life saving drugs will decrease, and the profits of drug companies will go up.

Big pharmaceutical companies are working hard to ensure that the TPP extends the monopolies they have for prescription drugs by extending their patents (which currently can last 20 years or more). This would expand the profits of big drug companies, keep drug prices artificially high, and leave millions of people around the world without access to life saving drugs. Doctors without Borders stated that “the TPP agreement is on track to become the most harmful trade pact ever for access to medicines in developing countries.”

8. Wall Street would benefit at the expense of everyone else.

Under TPP, governments would be barred from imposing “capital controls” that have been successfully used to avoid financial crises. These controls range from establishing a financial speculation tax to limiting the massive flows of speculative capital flowing into and out of countries responsible for the Asian financial crisis in the 1990s. In other words, the TPP would expand the rights and power of the same Wall Street firms that nearly destroyed the world economy just five years ago and would create the conditions for more financial instability in the future.

Last year, I co-sponsored a bill with Sen. Harkin to create a Wall Street speculation tax of just 0.03 percent on trades of derivatives, credit default swaps, and large amounts of stock. If TPP were enacted, such a financial speculation tax may be in violation of this trade agreement.

9. The TPP would reward authoritarian regimes like Vietnam that systematically violate human rights.

The State Department, the U.S. Department of Labor, Human Rights Watch, and Amnesty International have all documented Vietnam’s widespread violations of basic international standards for human rights. Yet, the TPP would reward Vietnam’s bad behavior by giving it duty free access to the U.S. market.

10. The TPP has no expiration date, making it virtually impossible to repeal.

Once TPP is agreed to, it has no sunset date and could only be altered by a consensus of all of the countries that agreed to it. Other countries, like China, could be allowed to join in the future. For example, Canada and Mexico joined TPP negotiations in 2012 and Japan joined last year.
