

TPP is a deal worth making



BY THE EDITORIAL BOARD

The Trans-Pacific Partnership, the largest regional trade agreement in history, is being hailed by the Obama administration as a breakthrough in trade between the United States and 11 other Pacific Rim nations. But assessing its merits is complicated by the lack of

disclosure about what the complex agreement covers and how those hidden provisions could affect the U.S. economy.

Campbell Harvey, a professor of international business at Duke University's Fuqua School of Business, says the agreement known as the TPP is now more an enigma than a proposal.

"Because we don't know the details, it's very hard to comment," Harvey said Tuesday, a day after the agreement was announced. That opaqueness hasn't stopped some presidential candidates from both parties from denouncing the TPP. Sen. Bernie Sanders, a Democratic presidential hopeful, called the deal "disastrous" for American workers, and GOP candidate Donald Trump called it "a terrible deal." And Democratic contender Hillary Clinton now says she does not support the pact she called "the gold standard" of trade deals while she was secretary of state.

Other presidential candidates are taking more of a wait-and-see approach, and many members of Congress are doing the same. Congress will debate the deal's merits and then vote it up or down.

North Carolina U.S. Rep. David Price, a Democrat, typifies how the TPP's multiple aspects are complicating the congressional vote. Though sympathetic to labor's concerns about jobs, Price is also weighing how the trade pact could strengthen the U.S. position in Asia.

In a statement, Price said, "We must also consider whether (the agreement) advances our nation's interests in Asia at a time when we are increasingly competing with China for leadership in the global economy."

Whatever the TPP's contents, Harvey said it will have the same qualities as all international trade agreements – some gains for the United States and some concessions. "Whether you approve depends on how much those benefits outweigh those costs," he said. For example, he said, the agreement may cost some American jobs, but it could also provide American consumers with cheaper goods.

If the devil is in the details of the TPP, the deal's virtues are clear in its outline. It will remove thousands of foreign tariffs that drive up the costs of U.S. exports and boost hiring in export-based industries. That will improve the Pacific market for U.S. autos and agricultural goods, a sector for which lifting tariffs could help North Carolina's farm economy. The downside is that cheaper foreign goods, such as auto parts, could flood some U.S. markets, costing American jobs.

But two considerations make the agreement desirable and necessary. First, it will strengthen the U.S. position in the Pacific and counter the growing economic power of China, which is not part of the deal. (If successful, the TPP may even attract China to join, a step that would make its markets more accessible and its economic behavior more accountable.) Second, the TPP is a necessary response to globalization. There's no point in falling back on protectionist trade policies now.

Harvey says the test of the TPP's value isn't whether Congress approves it. It's whether other signers live up to it. "You can sign whatever you want," he said. "It depends on what they're going to do."

There's no assurance that there will not be unfair dealing, but for now the TPP looks like a fair deal.



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Marsh Hardy

Every Republican President from Lincoln to Eisenhower (not to mention Democrats) would've agreed with you...

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