



Insight

Dear Mr. President

DOUGLAS HOLTZ-EAKIN | JUNE 13, 2011

President Barack H. Obama

The White House

1600 Pennsylvania Avenue, N.W.

Washington, D.C. 20500

Dear Mr. President:

The economic benefits of our pending trade agreements with Colombia, South Korea, and Panama are widely acknowledged among businesses, economists, and even within your administration. Given the positive impact that free trade agreements (FTAs) have on economic growth and job creation, I urge you to submit those agreements to Congress without delay.

In your most recent State of the Union address you noted that the FTA with South Korea alone could produce over 70,000 U.S. jobs in the near future. Opening Colombia, South Korea, and Panama to U.S. businesses is anticipated to increase total exports by \$12 billion and will add at least \$14 billion to the United States gross domestic product, promoting increased investment and job creation at home. Given the country's high unemployment rate and anemic job growth, prompt passage of the FTAs is necessary to facilitate economic growth, create jobs at home, and strengthen the tepid recovery.

Unfortunately, in spite of your own public statements and those of officials in your Administration regarding the pro-growth impact of these trade agreements, you have yet to submit them to Congress. This continued delay jeopardizes their eventual enactment.

Your recent demand for renewal of Trade Adjustment Assistance (TAA) as a condition for adoption of these agreements serves only to further delay these fully-vetted FTAs that would undoubtedly pass Congress with bipartisan majorities if Congress were able to take a vote. In my view, connecting ratification of the FTAs to renewal of TAA unfairly links carefully negotiated trade agreements guaranteed to boost domestic production with a costly and ineffective social welfare program. Furthermore, a growing body of research finds that expanding transfer programs similar to TAA is the least effective strategy a government can pursue when facing the simultaneous challenge of poor growth and fiscal imbalances. My own views aside, if Congress wishes to extend TAA, it can and should debate that issue on its merits. If TAA is sound policy it will pass independent of the FTAs.

I believe that it is essential that the United States retain its leadership role in lowering global barriers to trade. It is equally important that it remains competitive with our trading partners. I believe that these FTAs present an unparalleled opportunity for your administration to put politics aside and support both goals. Your vocal support of these three FTAs has been an important effort of leadership. I would ask you to continue that leadership by submitting these agreements to Congress, without any preconditions, and to support their prompt consideration and adoption.

Sincerely,

Douglas Holtz-Eakin

President, American Action Forum

cc: Senator Max Baucus

Senator Orrin Hatch

Congressman Dave Camp

Congressman Sandy Levin