

TRANSCRIPT

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Members of Congress and Experts April 16, 2014 Press Call on President Obama's Trip to Asia

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Congresswoman Louise Slaughter (D-NY)

Congressman Keith Ellison (D-MN)

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Moderator: Lori Wallach, Director of Public Citizen's Global Trade Watch

Wallach:

Good morning everybody and thank you for joining this call on President Obama's imminent trip to Asia. You will be hearing from Congresswoman Rosa DeLauro of Connecticut, Congresswoman Louise Slaughter of New York, Congressman Keith Ellison of Minnesota as well as Clyde Prestowitz, who many of you know from his role as a U.S. trade negotiator during the Reagan Administration in Korea, in Japan, in China, and also now as the President of the Economic Strategy Institute. His most recent book is *The Betrayal of American Prosperity*. So I am honored to introduce Congresswoman Rosa DeLauro to start our call. Congresswoman.

Rep. DeLauro:

Thanks so much Lori, and hello to everyone. Thanks for being on the call. I also want to thank Clyde directly for contributing his insight and expertise on such an important topic. And to my colleague and friend, Louise Slaughter, and we're going to be joined by my colleague Keith Ellison, both of whom have been champions on these issues. I'm pleased to join with them today.

On the eve of the President's visit to Japan, what we're looking at and what we're seeing are some new arguments playing out in the debate that I think are worth unpacking. First, many of the supporters of the twelve-nation free trade deal are now arguing that its fate rests in successful bilateral trade talks with President Obama and Prime Minister Abe.

As the conventional wisdom goes, if Japan and the United States can sort out market access issues, agriculture, automobiles, then this massive trade deal can at last be concluded.

This is not really the case. What the argument obscures is that TPP negotiators are grappling with many seemingly intractable problems. And, it is a bit odd for the President to push for TPP in Japan when he has not gotten Fast Track negotiating authority from the Congress. But either way, the issues being worked out with Japan are just one set of obstacles.

A couple of examples—intellectual property concerns threaten to limit access to affordable medicines—are also derailing the TPP agreement. For every issue that's being intently discussed there are others—currency manipulation—being swept under the rug, and which argue strongly against the passage of such a trade deal.

Foremost among these is the impact — in my view, devastating impact— that the agreement would have on jobs and the American middle class. We know how this plays out with the American workers. We saw it with NAFTA and we saw it with Korea. Twenty years ago we were promised NAFTA would bring an unprecedented economic boon—200,000 jobs in the first year alone, and now two decades later we know how it played out. 1993, before NAFTA, the U.S. had a \$2.5 billion trade surplus with Mexico, \$29 billion deficit with Canada. By 2012 it exploded into a combined NAFTA trade deficit of \$181 billion. Also, since NAFTA 845,000 U.S. workers in the manufacturing sector lost jobs due to imports from Canada and Mexico or the relocation of those factories to those countries.

Another example, more recent, is the trade agreement with Korea, which passed in 2012. President Obama said it would support, and I quote, “70,000 American jobs from increased goods exports alone.” What’s the reality? US exports to Korea fell 10 percent in the pact’s first year, and the U.S. trade deficit with Korea exploded, leading to net loss of tens of thousands of American jobs in the first year.

The data is in. It’s irrefutable. We know the impact this trade deal would had on jobs. We have seen this movie several times before.

That is one of the reasons why I believe what we’re beginning to hear now is a lot more in the way of foreign policy, national security arguments in support of the trade deal. Now both implicitly and explicitly argued by Vice President Biden and others is that the TPP is needed to counter the growing influence of China in the region.

Let’s just be clear—we’ve heard these same sorts of foreign policy arguments attached to NAFTA and to Korea. We needed NAFTA to bolster Mexico, prevent mass migration to the United States, and yet we still have serious immigration issues. CAFTA and Columbia were needed to hedge against Venezuela and bolster our stature in South America. The South Korea agreement to strengthen our alliance vis a vis North Korea.

Our security alliance with countries like Japan, in my view, is strong enough without TPP. And TPP countries do not see this deal as a means to counter China.

The primary issue here is not security. It is that TPP would force Americans to compete against workers from nations such as Vietnam, where the minimum wage is \$2.75 per day. It threatens to roll back financial regulations, environmental standards, and U.S. laws that protect the safety of drugs, and food and the toys we give to our kids. It creates binding policies in countless areas so that Congress and state legislatures would be thwarted from mitigating the pact’s damage in the future. All indications are the impact from TPP on American workers and the middle class will be profoundly negative.

Now we hear that this must happen for foreign policy reasons, national security reasons, to preserve our presence in the region, to act as a bulwark against China. You know, the arguments don’t wash - especially considering that the door’s left open for China to join.

There’s lots of ways, positive ways, in which we can enhance our competitiveness with China in the global economy. We need to invest in our own infrastructure, in manufacturing, and job training. We need to address issues like currency manipulation, the use of state-owned enterprises, and the need for global labor protection. We can enter trade deals that are mutually beneficial. We can

grow exports while doing the right thing by our workers and what our priorities and economic goals are as a nation.

You have nearly two thirds of Americans opposing the granting of Fast Track authority to the President for this deal. Last year 178 House Members of both parties publically declared their opposition to it.

The opposition to Fast Track is not because we are anti-trade, nor do we have any unfriendly feelings toward our allies in Asia. It is because Congress has always had an important, constitutional oversight role to play in trade matters, and we believe that we should not blindly endorse any more NAFTA-style deals negotiated behind closed doors, which sell out our workers, offshore our manufacturing, and depress our wages further, and depress benefits further. I'm so proud to be on this call today and I thank you very very much.

Wallach:

Thank you very much, Congresswoman. It is my honor to now introduce Congresswoman Louise Slaughter from New York, the Ranking Member of the Rules Committee. Congresswoman.

Rep. Slaughter:

Thank you, Lori. Thanks to everybody for being on this call because it is terribly important. In the years that I've been in Congress, I have yet to see any trade agreement that benefitted in almost any way either the American producer or the American worker.

Indeed, I represent part of Western New York, which has been so decimated by NAFTA that we are just now starting with some new innovative manufacturing and new ideas to reclaim some of our economy. This is no time at all – in my opinion – for the United States to enter into another gigantic trade agreement which will do nothing more except damage our own economy. It is really shameful, in my opinion, that the United States of America has let itself be led into doing the same kind of trade agreements over and over again.

Fast Track was started in the 70s as a way to give the administration an opportunity to negotiate trade deals with Congress only rubber-stamping what they did. What Fast Track does is take Congress out of the trade agreement, so we are totally unable to represent our constituencies, our region or our government. This trade agreement, President Obama could agree to sign, and all we would get would be 90 days to vote up or down, no amendments, no changes.

As this negotiation has gone on, I've been particularly concerned about wool and wool tariffs. I represent one of the last manufacturers of men's suits in the United States—Hickey Freeman—and we are very much worried because we kept hearing rumors that Vietnam was going to get such wool advantages that it could destroy that major corporation in our country. I was allowed to see a couple spreadsheets discussing jackets and wool, but telling you nothing. The two young women who came over from the Trade Representative's office couldn't tell me anything. I couldn't have my own staff with me. I had a staff member from the Ways and Means Committee, who as I understand, has joined over at the trade negotiators.

When I say we've been shut out – we have been shut out. Rumors that I have been hearing is that the financial services and pharmaceuticals sectors in the United States are really running this whole operation, and that they will be making out like bandits. Well, we don't know.

But what I do know for sure is that if we stop Fast Track, that brings Congress back into it. And I'm glad what Rosa said – and let me add onto that – we are not against trade. But we have never had fair trade.

We rebuilt all those countries – Germany, Japan, South Korea – with our military contracts. In the case of Korea, if anybody should attack them we have to go in and fight for them.

I really want my country to grow up. I really want people to understand what is happening here and really look at the figures. I have two [*inaudible*] in western New York where they are being boarded up, where people used to have good jobs at good wages. Eastman Kodak, let me give that for an example. When I first went to Congress, we had 69,000 people working in Rochester for Eastman Kodak, now it's down to less than a fourth of that. And they have been through bankruptcy. These are the things that we're concerned about and we're worried about. If we stop Fast Track, then we don't have a trade agreement shoved down on us that we have no possibility of talking about. It's just totally un-American. The Constitution gives trade agreement rights to the Congress of the United States. We're simply trying to reclaim that.

I'm so happy to be here this morning, and so happy about the interest that you have displayed being here with us. And certainly a big thank you to Clyde, I can't wait to read your book. I'm going out this afternoon to get it. Thank you, Clyde, you have seen the light and I love that! Thank you all.

Wallach:

Thank you, Congresswoman. It is now my honor to introduce Congressman Keith Ellison from Minnesota. Congressman.

Rep. Ellison:

Thank you everybody on the call. It was a pleasure to hear Congresswomen Slaughter and DeLauro talk about this key issue. They have already hit on the key points that I have so I'm not going to belabor. But I do want to make a few points before we move forward.

I would encourage any journalists on the call to look at U.S. trade deficits over time since NAFTA. What you will see is just growing trade deficits which result directly in the loss of U.S. jobs.

When asked how we're going to address trade deficits, many of the proponents of the TPP don't have much to say. The bottom line is we have trade deficits with more than half of the countries that are supposed to be signatories to this agreement.

If that's true, what is in this agreement that's going to reverse that trend? Nothing that I can see. At the end of the day, the people who are proposing this TPP have yet to answer how they're going to address our trade deficit problem, how they're going to address the opacity problem, because we cannot see this document. Louise Slaughter is absolutely right. When we say we can't see it—yeah, USTR Reps. will come in and show you a few pages, but it'll be difficult to understand, the staff can't participate, and then they leave and you're no better off, but they get to say “oh you saw it.” We didn't really see it, not in any meaningful way.

And so at the end of the day, we cannot support trade promotion authority because our job is to look after the public interest, not the private gain of certain multi-national corporations. Our job is to

look after the people we represent, who are small-business people, workers, people who need access to affordable drugs. Our job is to look after those folks.

I cannot support this and I would urge my colleagues not to support it. I think if anyone wants to make the claim that somehow the TPP is going to be a great thing for the United States, we need to start talking apples to apples. How is this going to affect jobs, manufacturing jobs, jobs in the garment industry? How is this going to affect drug prices? How is this going to affect the key issues that our people depend upon every single day.

So far I haven't gotten any answers. And I'm growing more suspicious as time goes by and we continue to get no answers - because if they had good answers, obviously they'd be bragging about them. But the truth is, if you look at the history of these trade agreements that they don't.

At the end of the day, the folks who proposed the TPP are going to laud the profitability of certain corporations who have benefited from NAFTA. But what they're not going to talk about is the job impact, the immigration impact - difficult impacts that have affected livelihoods and have contributed to income inequality and diminished economic opportunity for Americans - decades of flat wages. So with that, I'm going to wrap up and send it back to my colleagues.

Wallach:

Thank you very much, Congressman. Now I'd like to introduce Clyde Prestowitz. Clyde Prestowitz is very well known as one of our country's leading experts on the intersection between geopolitics and economics. He had a long and some might say difficult experience as a U.S. trade negotiator in Japan and Korea and China during the Reagan Administration. And as President of the Economic Strategy Institute, he brought that negotiator's experience now to many books and professorships. Clyde, take it away.

Clyde Prestowitz:

Thank you for kindly inviting me. It's a pleasure to be with the congresspersons. When the TPP was first raised as a possibility, I was among those consulted by the White House on what the objectives of the TPP should be. I asked the officials in charge at the time what the real objective of the U.S. was.

It's important to understand that the history of the TPP actually began in Singapore. Singapore had been proposing a variety of free trade agreements in the South Pacific and Southwestern Pacific, and for a long time the U.S. ignored these, but then a couple of years ago the White House picked it up as a major objective. And so my question was "why?"

The answer was not that we're going to create jobs for the United States, not that we're going to stimulate the U.S. economy, but that we're going to reassure our friends and allies in Asia that, quote, "we're back". This was to be in response to a complaint that had arisen in Southeast Asia that we, America, had somehow gone away and had not been attending all the top conferences in Asia and so forth.

So the objective is really a geopolitical objective, not an economic objective. But because the mechanism to express this "we're back" feeling is a trade agreement, it has to be presented and sold as something that's going to create jobs in the U.S. and that's going to benefit the U.S. economy.

So in my mind there are two questions. One is, will a TPP as we understand it at the moment actually be a plus for the US economy? And two, will it in any way affect our security position in the Pacific, in the world, and in some way strengthen that position? I think the answer to both questions is no.

In terms of the impact on the U.S. economy, we have to realize and remember that the two major factors that drive trade and that drive globalization are currency values and investment incentives, and the question of competition policy. None of those three issues are covered by the TPP as it presently stands.

I don't know whether to laugh or cry because U.S. negotiators have been negotiating long into the night with Japan on tariffs on pork and beef and rice, and talking about reducing these tariffs by some percentage point. And yet we've seen that changes in currency values can wipe out in a few minutes any of the effects of tariff cuts.

The investment incentives that are used by many counties to attract production that on a normal market-cost basis would be done in the U.S. competitively, but induces offshoring because of tax breaks, because of free land, because of free utility costs and so forth — those kinds of incentives are not at all a part of the negotiations and yet they are much more powerful than tariffs in driving or determining trade flows.

I think that the net result here is an agreement that, like its predecessors, is very likely to end up with an increase in U.S. trade deficit, with a net loss of U.S. jobs.

If that were going to buy greater security and somehow cement alliances, that might even possibly be a price worth paying — but it doesn't seem that it is going to change the alliance situation. We have the anomalous situation that we're proposing a TPP to strengthen alliances, and yet the Japanese and Korean Prime Ministers barely can talk to each other. The antagonism between Korea and Japan or between Japan and some of its other neighbors goes back, of course, to long before World War II and has not been resolved. It's not clear that they actually want this security arrangement as much as we do.

Then that raises the question of “what's the *threat* to the United States?” The argument is that a deal like this will strengthen the alliance to counter China. It's not clear why China has to be countered. China's not necessarily a threat to the U.S.

My bottom line is that it's not going to strengthen the security position of the U.S. and it's not going to improve the U.S. economy. It may — and this is a very important point — be good for certain global companies that have their headquarters in the U.S., but what's good for global companies is not necessarily what's good for the American citizen and worker, and in this case the net economic result would be negative for the U.S. Either the deal has to be improved or we shouldn't do it.
Thank you.

Wallach:

Thank you very much, Clyde Prestowitz. We are going to open the call for questions in just a minute. I will only direct reporters' attention to a report we have recently published on the use of foreign policy claims to sell trade agreements over the last twenty years. What we have found is that when the economics sales job for an agreement starts to falter — as certainly has happened for TPP in the United States, where the polling shows the majority of the public opposes it, and in the House

of Representatives there is such a strong majority against Fast Track for the TPP that the Fast Track bill was dead on arrival in Congress — *then* you see the shift to foreign policy arguments.

The President's trip obviously is an enormous platform for making that case. So we looked at twenty years of these kinds of claims to sell past agreements that were in trouble the way TPP is in trouble in Congress and in the public here.

Some of the findings were that one, as Clyde just said, the notion that somehow these kinds of rules is going to make the economic trends that are occurring change and that it's going to save certain markets for the U.S. is just empirically proved to be wrong and silly. The data that's in the report shows, for instance, how the eight free trade agreements that the U.S. did between 2000 and 2011 with Latin America, which were sold as keeping "Asia" from dominating markets in the Americas, totally flopped in that all of the pacts were implemented and China's exports to Latin America soared 1500 percent while the U.S. saw only modest export growth. Or the U.S. share during that period of exports into Latin America dropped 36 percent, China's share increased 575 percent, etc. etc.

Adding to the silliness as far as the notion that TPP is somehow going to contain these Asian markets for the U.S. is a map of the existing or undergoing free trade agreements. China right now is negotiating a free trade agreement with Japan and Korea. There already are free trade agreements with China and many of the TPP partners and/or they see them as close allies. The notion of somehow staking the economic corner with TPP is not true.

Then there's the whole China-containment issue and the argument is peculiar in that of course China is invited - as are all Pacific Rim countries - to join TPP.

And then there is this nasty-ish argument that has started to rise: an "us or them" argument to get the public off of thinking about what TPP would mean for their jobs. That is the "either we set the rules in Asia or China does" argument. It is basically an "us or them" fear-mongering argument to try and distract people, But also it substitutes for "our rules" the TPP but as Clyde has just laid out, many of those rules are actually against our national interest and would undermine our security.

The report has literally twenty pages of quotes pulled directly from the Congressional Record, from the press with who said what exactly for these past agreements. If you substitute "China" for "Japan" or "Asia" you have the very arguments being made today — and then what happened. We take a lot of the current administration quotes and literally side by side them with the old ones and it's one or two words changed, same line. So with no further ado let us go to questions.

Will Mauldin, Wall Street Journal:

Hi this is Will Mauldin with the *Wall Street Journal*. Clyde, I was just wondering, as somebody who's been involved in negotiating with Japan before and seen the history of it, where do you think the U.S. is right now in the negotiations, and what do you think the medium-term outcome would be this year, especially after Obama's visit?

Prestowitz:

It seems that they are in trouble. Mike Froman, U.S. Trade Rep., was out there last week, and I frankly expected that he would come away with the deal with Japan done and it didn't happen. It seems that the agricultural interests are stubbornly fighting reduction of tariffs and more market opening in key agricultural sectors. We of course have been pushing the Japanese on opening their automobile market now for the about 30 years. I mean, as long as I've been in it, that's been one of

the major issues. That doesn't seem to be moving very well either. There are some last minute discussions going on between Wendy Cutler, Deputy Trade Rep., and high-ranking Japanese. And there may yet come some last-minute deal. But to me it looks like they're not making the kind of progress I expected.

Rep. DeLauro:

In *Politico* just, I guess it may have been just yesterday, it said it was unlikely for the two sides to have anything for leaders of the two countries to agree on...maybe next time when they get together.

Prestowitz:

One of the things that's interesting is that the TPP really doesn't have much significance if Japan is not in it. The issues that are being discussed — rice, beef, pork, automobiles — are old. It's déjà vu, when I look at it I think, my God, this discussion hasn't changed since 1980. And yet they're having trouble coming to some minimal arrangement on that, which is surprising at this late date. Even if these issues are resolved in some way, if they find a way to declare victory, they will not affect the economic relationship between the U.S. or trade or jobs in any significant way, except probably to increase the U.S. trade deficit.

Wallach:

For reporters this is Lori, keep in touch with me by email. I'm actually going to be heading to Japan and Korea right after this call to inquire about some of those very questions about what's going on particularly in Japan with those negotiations. But also with Malaysia and other countries about all the other issues on TPP that are not resolved even if the U.S. and Japan got their bilateral market access deal arranged. There's still a list of about 20 knock-down drag-out issues that go to countries' fundamental interests, like Malaysia and the use of macro-prudential financial regulations and capital controls. So stay tuned, I will be back on Monday, but will be available by email throughout. Next question!

Matt Ropeik, TV Tokyo:

Hi everybody, thank you everything you have to contribute here. I have a question. We've been focused a lot on the TPP here and the provision of Fast Track authority. I understand that this is a big trade agreement and that it would have a lot of influence on a very wide range of American interests, on workers, on different sectors of the economy, and on business. What I'm wondering is given so many different voices, so many different industries who would want their industries treated preferentially in a negotiation, and given the incredible degree of congressional gridlock that we see these days, does anyone on this call actually think that if given the chance, Congress could review and successfully amend and successfully pass TPP legislation without the Fast Track authority?

Rep. DeLauro:

There is real diversity. And the fact of the matter is we have a constitutional authority to deal with trade agreements. So many parts of that have been abdicated over the years. On the other hand, we did say several years ago that one of the integral parts of dealing with trade promotion authority — we laid out some principles including oversight committee, working with committees of jurisdiction. And of all of the principles that were agreed to, none of them have come to pass, totally abrogated here. You can make a determination and say you can't get agreement but there was never a process tried. It was bypassed totally, which is why there was so much opposition to trade promotion authority, and Congress not willing to go back to business as usual. Now there is a scrambling to try to engage with Members of Congress. As my colleague, Mrs. Slaughter pointed out, and I had a very similar experience on the food safety side of the agreement, you cannot have

staff, you have to review the documents. Some is in bold, some is not and the bold parts are agreed to, different issues on different pages. It's quite extraordinary for people who want to be conscientious and take a look at these efforts in order to move forward on trade issues. To say that Congress can't do it just bypasses every effort or principle that was put into place to try to include and to incorporate both congressional oversight and input into the process.

Rep. Slaughter:

Let me add one thing onto that. The Fast Track bill that the President's trying to get approval for has no Democratic sponsors. And we had at least 30 Republican Members state that they would not support Fast Track. If there are no Democrats voting for it in the House and 30 Republicans voting against it, that's pretty impressive. One of the biggest changes for us is the Senate Finance Committee Chair. Replacing Max Baucus is now Ron Wyden of Oregon. And he is in no rush, as he said, to move Fast Track through his committee. Minority Leader Pelosi and Harry Reid in the Senate have said that they're not keen on this Fast Track either. Frankly, the White House basically knows this is over.

Prestowitz:

If I can just jump in I think the question was, "Can Congress pass a deal without Fast Track?" and my own view here is that Fast Track has become reversed, that Fast Track can't be passed unless there's an agreement to pass the deal. We're using the term "Fast Track" but of course the official term is TPA, "Trade Promotion Authority". The reach for the euphemism tells you they're in trouble, they don't want to call it Fast Track. I think the problem is that over the years Members of Congress have found that Fast Track authority has been used in ways that essentially step through things that were objectionable. So now you can't get Fast Track unless an administration has essentially taken this agreement through all the key elements of the deal. So as I said it's kind of reversed. You have to be able to pass the deal before you can get Fast Track. I think Fast Track has become more of an obstacle than a solution.

Rep. DeLauro:

I don't know if you'd agree Clyde, that not being able to get trade promotion authority — and I think that's really what the facts are, it's just not there at the moment — is a signal to trading partners that what they potentially agree to can be upended. If we had looked at a trade promotion authority for what it can be and should be, that may be a different outcome in terms of cooperation and collaboration to get us to a free trade agreement — what you pointed out — that in fact is going to help the U.S. economy. The past has demonstrated that in fact those trade deals have not helped the U.S. economy or U.S. workers.

Rep. Slaughter:

Let me just interject there for a moment because I think this is a critical issue. What we're really talking about here is the bill, itself. Fast Track will keep us from getting it, but not a single trade bill since I've been in Congress has been enforced. That's one of the major things is there's people who negotiate trade bills and then wash their hands of it basically. We need some changes in that and we have a bill that I've been carrying for years to set up an authority in the United States to absolutely make sure those trade agreements are kept, and if they're not we have what we call "snap-back" to stop that trade agreement until they fix it. It's the unseen barriers to trade that's kept us from having free trade or balanced trade with any of our partners. And not a single time, except maybe a case going to the WTO which languishes for years, has anything been done about enforcement.

Wallach:

Just to add a little bit of data looking across the twenty years of trade agreements since NAFTA and the WTO, the answer about whether one can get an agreement passed without Fast Track is basically when it's actually about trade per se — about cutting tariffs and lowering quotas, etc. — there have been various pretty significant agreements that have been passed without Fast Track. Like for instance, there was a vote on the bilateral China-WTO accessions/removal of annual permanent normal trade relations review — which was a donnybrook of a trade fight — but it was done under normal procedures and it was largely traditional trade matters that were at stake and it passed. The place where Fast Track becomes necessary is when trade agreements have overreached into diplomatic legislating. That's what the history of it looks like. Because for instance, the Clinton Administration — after Congress voted down their Fast Track request in 1998 on the House floor — did about 100 agreements that were about tariff cutting - that were honest-to-God trade agreements, and those did not require Fast Track. The TPP is so overreaching on its non-trade policy impositions with TPP that it's hard to imagine how an agreement like that would get through without kind of expedited procedure, particularly since the negotiators have ignored some of Congress' most direct orders.

But one thing I wanted to just flag for all of the foreign reporters who are on from the Asian countries that the President is visiting, the U.S. constitution gives authority for trade to Congress. That's why an agreement has to be approved. It's not like a parliamentary system where when the trade minister signs it's as good as done. And Congress has been very explicit that there have to be enforceable disciplines against manipulating currency values to get an export benefit. Under the calculation that is being used and certainly the analysis of what that would involve, that would have Korea, Japan, and a bunch of other TPP partners as currency manipulators. And sixty U.S. senators — i.e. a veto-override supermajority — and 230 House Members sent letters to Congress saying they would not vote for TPP on Fast Track, off Fast Track, any TPP that didn't have these currency provisions.

So to some degree the answer is yes, a trade agreement that's about trade could get passed without Fast Track, but an agreement that is way beyond trade and into imposing all kinds of policy decisions on the patents of medicines, and immigration visas, and financial regulation, and food safety — and that doesn't have the key provisions that Congress has said repeatedly in majority for years have to be included, does not look to be in good shape with Fast Track or without Fast Track I would suspect. But I guess, Members of Congress, I'd be thrilled to be corrected.

Rep. Slaughter:

Not by me! It's not going to happen.

Wallach:

May we have our next question please?

Ellen Furguson, Congressional Quarterly:

This isn't a very complicated question. Based on the speakers today, you all say TPP is dead, so I'm wondering why are we having this call?

Rep. Slaughter:

Fast Track is dead.

Ellen Furguson, Congressional Quarterly:

Well also from your comments, raising the number of issues that are still to be resolved and several of you indicate are probably not resolvable, it seems like TPP is dead.

Prestowitz:

Ellen, this is Clyde. No, I don't think TPP is dead, but I think that maybe it should be. The administration is struggling to come up with something they can call victory. The President's going to Asia. They definitely want some kind of a deal that they can declare a victory. I've been here before when administrations get into the mode of "we must declare victory", typically they agree to things that turn out to not be very good. But I don't think it's dead, I think it's still being kept alive because it has become a political high priority for the President and for this trip, and that in a way is just the problem.

Wallach:

We have time for one more question and then we need to close our call.

Don Lee, LA Times:

Good morning, Congresswoman DeLauro, you mentioned that two thirds of people were against Fast Track, and I wonder where you got that from. The Pew Research recently indicated that a majority of the public was actually in favor of free trade with Democrats a little more than Republicans in fact. I wonder if you can comment on that. And a quick question for Clyde, how much would American credibility and standing, especially in Southeast Asia, be hurt if this falls apart? We've been negotiating for four years and you talk about what the Administration is saying its interests are, but on the flip side there has been a lot of criticism of American leadership and people have been critical of the TPP as well and so I'm just wondering what the impact would be. Thanks.

Clyde Prestowitz:

Well, Don, this issue of credibility is always rolled out when an agreement is in trouble, and the issue of credibility is used as a club to push it through. What interests me is, we hear from Asia, particularly Southeast Asia, that they want America to be back, so to speak, that America needs to maintain its credibility. On the other hand, we don't get from those sources any specific agreements on security or trade issues that might put them in a position in which China would disapprove. So it seems to me it's very much one-way rather than a bilateral street. I think we can very well reverse the question and say, well, what about your credibility? Because we're having difficulty negotiating an agreement on trade and investment and globalization that is a win-win deal, and yet our trading partners are suggesting that if we don't go for a deal that is suboptimal, then somehow our credibility is being questioned. It's kind of a false issue. The things that we're negotiating, much of it is not trade. Much of it is investment, much of it is administrative. And it's stuff that may facilitate the operations of certain global companies, but it's not going to have much positive effect on the U.S., perhaps negative effect on the U.S. As I said earlier, the main drivers of globalization and trade are not being addressed by this deal. So again, it's hard for me to see how credibility is on the line.

Rep. DeLauro:

This is Rosa, because the gentleman asked a question. I just wanted to add something to what Clyde said and it may be with regard to something we were talking about with the TPP. It may be that TPP won't move forward without any addressing of the currency issue. I just wanted put that point on it.

We can get you the citation for the data that I was using. When you ask the American public about free trade, there's an interest in saying they're supportive of that effort. But if you begin to parse that and talk about NAFTA more particularly, people understand what the results of that are and what the changes are. You take a look at the questions, and you take a look at the questions that were done with the Business Roundtable and see what that produces. But overall there is a – when

you don't push on or bias your questions and you just talk about these agreements – the American people have a very high understanding of what happened, particularly with regard to NAFTA.

Lori Wallach:

Thank you very much for that important final note. Ladies and gentlemen thank you for joining the call. A recording of the call will be available at www.tradewatch.org and also we will have a transcript available late in the day. We will have the www.tradewatch.org posting right on the front page and that's also where you can find the foreign policy report. Many thanks to our Members of Congress and to Clyde Prestowitz.