

Hand-Outs to Accompany the Presentation on Trade Issues in the Obama Administration

The presentation will examine the implications of the 2008 presidential and congressional elections for U.S. trade policy, including the completion and approval of the Doha Round of multilateral trade negotiations. It is organized around the following five questions:

1. Did President Obama receive a mandate on trade policy?
2. What are the implications of the restoration of unified government?
3. What is the significance and current status of trade promotion authority?
4. What are the other pending issues and priorities in U.S. trade policy?
5. Who are the key players who will set policy in the coming two years?

The hand-outs that follow form a part of the presentation. Note that these hand-outs use the well-established system of U.S. political color coding in which Republicans and shown in **red** and Democrats in **blue**.

A period of questions-and-answers will follow the presentation.



Table 1: Outcomes of U.S. Presidential Elections, 1964-2008*Blue = Democratic Victory; Red = Republican Victory*

Year	Winner	Electoral Votes	Share of Popular Vote
2008	Obama	365	53.0%
1992-2004 Average:		327	47.7%
2004	Bush	286	50.7%
2000	Bush	271	47.9%
1996	Clinton	379	49.2%
1992	Clinton	370	43.0%
1964-1988 Average:		435	54.0%
1988	Bush	426	53.4%
1984	Reagan	525	58.8%
1980	Reagan	489	50.7%
1976	Carter	297	50.1%
1972	Nixon	520	60.7%
1968	Nixon	301	43.4%
1964	Johnson	486	61.1%
1964-2008 Average:		393	51.8%
Reelected Incumbents:		439	56.1%
Newly Elected:		360	48.8%

Note: In 1968 there were 46 electoral votes won by a third-party candidate. In all other elections shown here the electoral votes were divided between the two major-party candidates.

Note that 1964 is the starting point for this chart because it was the first presidential election in which the current number of electoral votes (538) was at stake.

Table 2: Outcomes of Post-War U.S. Presidential Elections with or without Proximate Recessions*Blue = Democratic Victory; Red = Republican Victory**“Recession” = The economy was in a recession either at the time of the election or within the preceding twelve months*

	Recession		No Recession	
Produced a Change in Party Control	1960 2008	1980	1976 1992*	1952 1968 2000
Produced No Change in Party Control	—		1948 1964 1996	1956 1972 1984 1988 2004

* : The 1991 recession ended more than one year before the 1992 presidential election, but that election could arguably be listed in the “recession” column insofar as voters’ long memories of that downturn were widely blamed for the defeat of President George H.W. Bush.

Figure 1: The Division of Party Power over the Past Twenty-One Congresses

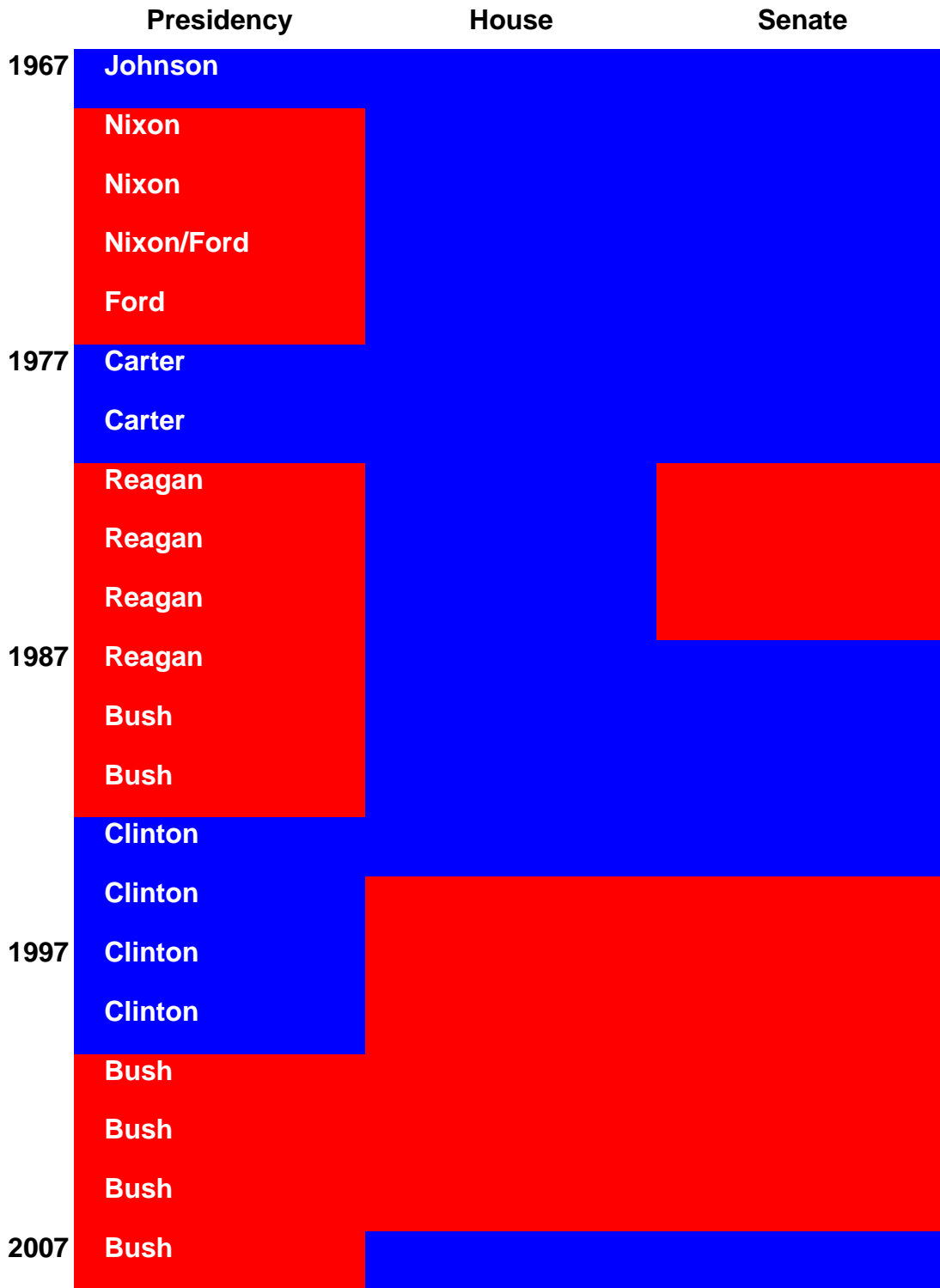


Table 3: The Advantages of TPA over Other Procedures for the Congressional Approval of Trade Agreements

	Enactment of Bills or Resolutions by Congress	Senate Consent for the Ratification of Treaties	Implementing Legislation under TPA Rules
Duration of Authority	This is a permanent authority, as provided by Article I, Section 7 of the Constitution	This is a permanent authority, as provided by Article II, Section 2 of the Constitution	Available only when granted by Congress (usually for a few years at a time)
Role of the House of Representatives	Requires a simple majority for approval (note also that any bill that affects tariffs must originate in the House)	No role, unless implementation of the treaty requires that legislation be enacted (e.g., to cut tariffs, spend money, etc.)	Requires a simple majority for approval
Role of the Senate	Requires a simple majority for approval (but see filibuster)	Requires two-thirds vote for approval	Requires a simple majority for approval
Filibusters in the Senate	Any senator can block a bill from coming to a vote; it takes 60 votes to end a filibuster	Same as ordinary bills	Filibusters are not permitted
Time Limits for Congressional Action	None; any bills not acted upon during a two-year congress will die (but can be reintroduced in the next congress)	None; treaties remain in the Senate until approved or rejected, or withdrawn by the president	Time limits are set for each in a series of steps, adding up to a maximum of 90 legislative days
Role of Standing Committees	A hostile chairman in either chamber can easily “bottle up” a bill indefinitely; discharge petitions are possible but almost never succeed	The chairman of the Senate Foreign Relations Committee has nearly total power to block action on a treaty	The implementing legislation automatically moves to the floor of both houses, whether or not it is approved in their respective committees
Amendments	A bill or resolution can be amended in either house by a simple majority	Amendments, reservations, etc. can be approved by a simple majority in the Senate	No amendments are permitted to the implementing legislation after it is formally introduced [Note however that the terms of the legislation can be the subject of inter-branch bargaining <i>before</i> the bill is sent by the president]
House-Senate Conference Committees	Must reconcile the differences, if any, between the House and Senate versions of a bill	Not required because the House has no role in the approval of treaties <i>per se</i>	Not required because neither chamber may amend the bill after it has been introduced
Track Record for the Approval of Trade Agreements	Mixed: Failures include the Havana Charter (1947) and two Kennedy Round codes (1967), but the method has been used in recent years to approve the terms of China’s WTO accession (2000) and the U.S.-Jordan FTA (2001)	Poor: The great majority of the pre-1934 trade treaties were killed either through inaction or amendments; this method is nevertheless still used to approve some trade-related agreements, such as bilateral investment treaties	Prior to the U.S.-Colombia FTA, all agreements submitted under fast track/TPA were approved, including ten FTAs, the Tokyo and Uruguay Round agreements, and several MFN agreements with Communist countries

Table 4: Selected Examples of Failed Trade Negotiations, 1918-2008

Negotiation	Significance	Cause of Failure	Means of Defeat
Treaty of Versailles, 1918-21	Would have provided for U.S. League of Nations membership, including trade negotiations	Domestic partisanship/institutional jealousy: Republicans complained that Pres. Wilson (Democrat) had not adequately consulted	Parliamentary maneuvers: Republicans in the Senate amended the treaty to the point where it was unacceptable to Pres. Wilson.
Havana Charter, 1947-51	Would have provided for U.S. membership in the International Trade Organization	Domestic partisanship/institutional jealousy: Republicans in Congress complained that Pres. Truman (Democrat) had not consulted	Republican leaders in Congress did not allow the resolution approving the agreement to come up for a vote.
Kennedy Round codes, 1962-67	Would approve non-tariff codes dealing with antidumping and customs valuation	Domestic institutional jealousy: Bipartisan leaders in Congress complained that Pres. Johnson had not consulted	The Senate Finance Committee refused to pass the resolution that would approve U.S. adherence to the codes
Free Trade Area of the Americas, 1994-?	Hemispheric free trade initiative	Elusive consensus: Some believe U.S.-Brazil rivalries doomed the talks from the start	[Talks have not been formally declared over, but no meetings since Feb., 2005]
Asia-Pacific Economic Cooperation, 1994-?	Plurilateral free trade initiative	Elusive consensus: The turning point was failure of zero-for-zero talks on fish etc. (1998)	[The goal remains as stated, but momentum shifted to WTO & bilaterals]
U.S.-Ecuador FTA, 2004-?	Bilateral FTA	Regime change: Ecuador's new administration pulled out of the talks after 2006 election	[Talks have not been formally declared over, but no meetings since May, 2006]
U.S.-United Arab Emirates FTA, 2004-?	Bilateral FTA	International reaction to domestic political controversy: Action by U.S. Congress against Dubai Ports World deal offended the UAE	[Talks have not been formally declared over, but no meetings since cancellation of the March, 2006 round]
U.S.-Thailand FTA, 2006-?	Bilateral FTA	Regime change: Talks were suspended after Thailand's military took control in 2006	[Talks have not been formally declared over, but no meetings since late 2006]
U.S.-Southern African Customs Union FTA, 2002-?	FTA with a customs union	Recalculation: No progress made in negotiations (perhaps reflecting the realization that SACU had little to gain from an FTA)	[Talks have not been formally declared over, but no meetings since 2006]
U.S.-Malaysia FTA, 2006-?	Bilateral FTA	Elusive consensus/U.S. rules: Talks produced progress, but not enough by the expiration of TPA in mid-2007	[Talks have not been formally declared over, but no meetings since mid-2007]
U.S.-Colombia FTA, 2004-?*	Bilateral FTA	Domestic partisanship: Democrats in Congress disagreed with the Bush administration over the protection of labor rights in Colombia	Democrats in Congress approved a resolution that withdrew TPA protections from the implementing legislation

*: The U.S.-Colombia FTA (as well as those with Panama and Korea) could be approved pending the decisions of the new administration and leaders in Congress.

Table 5: Chronology of Key Events in U.S. Economic Policy, 2009

Date	Event
January 20	Inauguration Day
February [no precise date]	<i>Economic Report of the President</i> issued by the Council of Economic Advisors
February 2	President proposes Fiscal Year 2010 budget to Congress
February 16-20	Presidents Day District Work Period in Congress
March 31	<i>National Trade Estimate of Foreign Trade Barriers</i> report issued by the Office of the U.S. Trade Representative
Mid-April	Annual determination by the Office of the U.S. Trade Representative of telecommunications market access under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988
April 30	Annual determination by the Office of the U.S. Trade Representative of intellectual property rights violations under the Special 301 law
April 6-April 17	Spring District Work Period in Congress
May 25-May 29	Memorial Day District Work Period in Congress
June 29-July 3	Independence Day District Work Period in Congress
June 30	The current authorization for Bolivian and Ecuadorian benefits under the Andean Trade Preferences will expire either on this day or (if the president reports to Congress that certain criteria are met) on December 31. Target date for the House of Representatives to complete action on appropriations bills for Fiscal Year 2010.
August 3-September 4	Summer District Work Period in the House of Representatives
August 10-September 7	Labor Day State Work Period in the Senate
October 1	Fiscal Year 2010 begins
October 30	Target date for adjournment in the House of Representatives (no target set so far by Senate)
December 31	The current authorization for the Generalized System of Preferences will expire. For Colombia, the current authorization for the Andean Trade Preferences Act will expire either on this day or upon entry into force of the FTA.

Table 6: U.S. Preferential Trade Programs*Listed in Order of Scheduled Expirations of Programs' Authorizations*

Program	Product Coverage	Current Status
Andean Trade Preferences Act (ATPA)	Wide: Covers almost all products except textiles and apparel, oil, and a few others	For Colombia and Peru, the current authorization for the program will expire either on 31 December 2009 or upon entry into force of the FTA. For Bolivia and Ecuador, the current authorization will expire either on 30 June 2009 or (if the president reports to Congress that certain criteria are met) on 31 December 2009.
Andean Trade Promotion and Drug Eradication Act (ATPDEA)	Widest: Covers virtually all products not under the ATPA, but with stricter rules of origin for some products (especially apparel)	Same as the ATPA.
Generalized System of Preferences (GSP)	Narrow: Excludes many products that face high tariffs	The current authorization for the program will expire 31 December 2009.
GSP for LDCs	Wider: Covers many of the products not eligible for ordinary GSP, but not textile and apparel products	The current authorization for the program will expire 31 December 2009.
Caribbean Basin Trade Partnership Act (CBTPA)	Widest: Covers virtually all products not under CBERA, but with stricter rules of origin for apparel	The current authorization for the program will expire 30 September 2010.
African Growth and Opportunity Act (AGOA)	Wide: Covers almost all products except textiles and apparel	The current authorization for the program will expire 30 September 2015.
AGOA Preferences for Textile and Apparel Products	Widest: Countries designated for these preferences may ship apparel duty-free	The current authorization for the third-country fabric provision will expire 30 September 2012; the current authorization for the apparel preferences will expire 30 September 2015.
Haitian Hemispheric Opportunity through Partnership for Encouragement Act (HOPE)	Widest: Goes beyond the CBERA/CBTPA to provide preferences to Haitian apparel that is subject to less strict rules of origin	The current authorization for the program will expire 30 September 2018.
Caribbean Basin Economic Recovery Act (CBERA)	Wide: Covers almost all products except textiles and apparel, oil, and a few others	The program has no expiration date, and will remain in place unless and until Congress acts to repeal it.

Table 7: Key Economic Policymakers in the Obama Administration

	Position	Experience in Congress	Record on Trade Policy
Barack Obama*	President	Senate, 2004-2008	A mixed record supporting some FTAs (e.g., Peru) and opposing others (e.g., CAFTA)
Joseph Biden*	Vice President	Senate, 1973-2008	Took a pro-trade position earlier in his career but voted against most recent FTAs
Rahm Emanuel	White House Chief of Staff	House, 2003-2008	Voted for the FTAs with Chile and Peru but against CAFTA
Hillary Clinton*	Secretary of State	Senate, 2001-2008	A mixed record that is similar to (though longer) than that of President-elect Obama
Timothy Geithner	Secretary of the Treasury	[None]	[No voting record]
Ron Kirk	U.S. Trade Representative	[Failed Senate candidate, 2002]	[No voting record]
[To be determined]	Secretary of Commerce	[Unknown]	[Unknown]
Janet Napolitano	Secretary of Homeland Sec'y	[None]	[No voting record]
Tom Vilsack*	Secretary of Agriculture	[None]	[No voting record]
Hilda Solis	Secretary of Labor	House, 2001-2008	She has the least pro-trade voting record in the cabinet, consistently opposing FTAs
Ray LaHood	Secretary of Transportation	House, 1995-2008	The sole Republican in the cabinet, LaHood has a solid pro-trade record
Steven Chu	Secretary of Energy	[None]	[No voting record]

* : Was among the candidates for the Democratic Party's presidential nomination in 2008. This group had also included Governor Bill Richardson of New Mexico, who was the original choice for Secretary of Commerce but withdrew from the nomination.

Table 8: Selected Votes on Trade in the House of Representatives, 1979-2008

Percentages Taking the Pro-Trade Position (i.e., Voting for Market-Opening Initiatives or Against Market-Closing Initiatives); Categories Listed in Order of Partisanship

Year	Issue	Dems. (A)	Reps. (B)	(B)–(A)
<i>Average for Multilateral & Industrialized Country Agreements</i>		79.2	86.2	7.0
2005	Reject withdrawal of the United States from the WTO	76.9	82.6	5.7
2004	Approve U.S.-Australia FTA implementing bill	58.0	89.2	31.2
2000	Reject withdrawal of the United States from the WTO	89.2	84.7	-4.5
1994	Approve Uruguay Round agreements implementing bill	65.2	68.4	3.2
1988	Approve U.S.-Canada FTA implementing bill	87.8	93.8	6.0
1979	Approve Tokyo Round agreements implementing bill	98.0	98.7	0.7
<i>Average for Developing Country FTAs in the Middle East</i>		57.5	93.5	36.0
2006	Approve U.S.-Oman FTA implementing bill	11.1	87.7	76.6
2005	Approve U.S.-Bahrain FTA implementing bill	58.7	94.2	35.5
2004	Approve U.S.-Morocco FTA implementing bill	60.0	91.9	31.9
1985	Approve U.S.-Israel FTA implementing bill	100.0	100.0	0.0
<i>Average for Developing Country Preferences</i>		47.3	86.0	38.7
2007	Approve Andean Trade Preferences Act renewal bill	82.5	90.3	7.8
2001	Recommit Andean Trade Preferences Act renewal	27.2	91.1	63.9
2000	Approve preferences for Africa and Caribbean Basin	61.8	85.9	24.1
1997	Expand preferences under the Caribbean Basin Initiative	23.5	62.1	38.6
1984	Remove Asian newly industrialized economies from GSP	36.3	91.0	54.7
1983	Approve Caribbean Basin Economic Recovery Act	56.0	90.1	34.1
1982	Approve Caribbean Basin Economic Recovery Act	43.6	91.5	47.9
<i>Average for Developing Country FTAs Outside the Middle East</i>		33.9	86.2	52.3
2007	Approve U.S.-Peru FTA implementing bill	48.4	91.7	43.2
2005	Approve CAFTA-DR implementing bill	7.4	88.2	80.8
2003	Approve U.S.-Chile FTA implementing bill	36.9	87.8	50.9
2003	Approve U.S.-Singapore FTA implementing bill	37.1	87.9	50.8
1993	Approve NAFTA implementing bill	39.5	75.4	35.9
<i>Average for Grants of Negotiating Authority</i>		16.0	85.3	69.3
2008	Suspend trade promotion authority for Colombia FTA	4.4	92.5	88.1
2001	Approve bill to grant trade promotion authority	10.0	89.4	79.4
1998	Approve extension of fast-track authority	14.5	68.0	53.5
1991	Deny extension of fast-track authority	34.9	87.0	52.1
<i>Average for All 26 Votes</i>		48.8	87.1	38.3
<i>Average for 7 Votes During Democratic Administrations</i>		56.0	77.6	21.6
<i>Average for 19 Votes During Republican Administrations</i>		46.2	90.6	44.4

Three types of votes are excluded from the table. First, it does not include votes dealing with single products or sectors (e.g., sugar or steel). Votes on those measures tend to be determined more by the economic composition of a legislator's constituency than by party. Second, it leaves out bills that deal with trade sanctions or related matters (e.g., MFN treatment for China). Third, it does not include votes on omnibus trade bills from 1974, 1984, and 1984 that contained so wide a range of issues that one cannot be certain how the package was seen by a legislator. While the 2001 vote to approve a bill granting TPA was also an omnibus bill that included other measures, the other items in it attracted far less attention than was the case for the three other bills. The chosen timeframe begins in 1979 because that was the first use of the fast-track procedure for the approval of a major trade agreement.

Source: Calculated from data in the Congressional Quarterly Almanac (various) and the House of Representatives website.

Table 9: Typology of Members of Congress According to Their Views on Trade Policy and Trade Preferences

Position on Trade Preferences for Developing Countries

		Favorable	Skeptical
Position on Trade Liberalization in General	Favorable	<p>General Free Traders</p> <p>Legislators in this group tend to favor any market-opening measure, whether it is preferential or reciprocal.</p> <p>The majority of Republicans are in this category, routinely voting for almost all pro-trade initiatives. A small faction among the Democrats is also in this category.</p> <p>Leading examples include representatives John Boehner (Republican-Ohio), David Dreier (Republican-California), and Gregory Meeks (Democrat-New York).</p>	<p>Free Trade Purists</p> <p>Legislators in this group strongly prefer reciprocal market-opening measures over one-way preferences. They insist that major, emerging economies make deeper commitments in the Doha Development Agenda, and prefer that other developing countries negotiate FTAs rather than rely on one-way preferences.</p> <p>The most prominent member of this group is Sen. Charles Grassley (Republican-Iowa); Sen. Max Baucus (Democrat-Montana) sometimes takes a similar position.</p>
	Skeptical	<p>Preferential Exceptionalists</p> <p>Some legislators who are otherwise loathe to vote for trade liberalization are more supportive of unilateral preferences because they are directed to countries that are close to groups in their constituencies, and/or because they can be rescinded or made subject to conditions set by Congress.</p> <p>Rep. Charles Rangel (Democrat-New York) is a prominent member of this group, favoring preferences for Africa and the Caribbean Basin more than other initiatives. Some Democrats with majority Hispanic constituencies also fall in this category.</p>	<p>Pro-Labor Trade Skeptics</p> <p>Legislators in this group are more wary of trade-liberalizing initiatives that may lead to increased imports from developing countries than they are of multilateral agreements.</p> <p>Most of the Democrats are in this category, but can be further divided into two additional categories. One group is strictly opposed to trade liberalization and always votes “no” (e.g., Sen. Sherrod Brown [Democrat-Ohio]), but others are willing to support FTAs or preferences when their conditions are met (e.g., Rep. Sander Levin [Democrat-Michigan]).</p>