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IN SPEECH, HATCH SAYS ADMINISTRATION'S PARTISAN STRATEGY THREATENS JOB-CREATING TRADE PACTS

WASHINGTON –In a speech today, U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, called the Obama Administration's highly-partisan strategy a threat to the three pending trade agreements with Colombia, Panama and South Korea.

The Administration's decision to insert a domestic spending program, Trade Adjustment Assistance (TAA) in the U.S.-Korea Free Trade Agreement implementing bill violates of long-standing rules governing trade policy, putting a successful vote on the South Korean FTA - the largest trade pact negotiated in more than a decade – at risk. The Senate Finance Committee is scheduled to hold a "mock" markup of the draft implementing bills for the three pending trade agreements and the extension of TAA Thursday afternoon. Hatch spoke at an American Enterprise Institute (AEI) event entitled "Are We Falling Behind on Trade?"

Below are key excerpts of Hatch's speech:

ON FAILED PRESIDENTIAL LEADERSHIP:

"The same failure of leadership on display in the debt limit negotiations is also jeopardizing these free trade agreements. This is now a pattern. For this President, the buck always seems to stop somewhere else. If the President spent less time trying to get his handicap down, and more time trying to get the deficit down, our economy would be in much better shape.

"But the President seems content to sit on the sidelines and hope that he can get to the reelection finish line before citizen outrage over his Administration's incompetence catches him. The same failure of leadership on display in the debt limit negotiations is also jeopardizing these free trade agreements."

ON PARTISAN POLITICS:

"Let me be blunt. The decision to jam TAA into the Korea agreement and then spring a quickie markup on the Finance Committee is a process foul. Moreover, as a matter of substance TAA is a deeply controversial spending program. Between an ugly process and questionable policy, you have some very ticked off Republicans on the Finance Committee."

ON ABUSE OF TPA:

“Tacking it onto the trade agreements is contrary to congressional practice. In the past, it has generally been paired with Fast Track Trade Authority. But what about NAFTA, the TAA proponents will ask. First, setting aside the irony that President Obama cites NAFTA as a model for his trade policy, let’s get the facts straight. NAFTA did include a TAA program. But I would note that NAFTA is the exception that proves the rule. As a general rule, TAA does not get paired with trade agreements. And second, the rub here is that the TAA that Democrats are demanding is a modified version of an expanded TAA from the now infamous 2009 stimulus.”

ON A “SHOTGUN MARKUP”:

“These agreements have been sitting on the shelf for years And now, the afternoon before the Senate adjourns for the July 4 weekend, a shotgun markup of the amendments has been scheduled? Give me a break. Ninety-seven amendments have been filed to the trade agreements, and not just from the Republican side. Many Democrats on the Finance Committee have genuine reservations about these amendments, and have filed important amendments. And we are going to attempt to jam these agreements through committee this afternoon on three days’ notice? I would say that this is bushleague, but that would be unfair to the bushleagues.”

ON DELAYING JOB-CREATING TRADE PACTS:

“The Administration was desperately attempting to find a way to throw more money at a questionable TAA program. Knowing that such a program could not stand on its own accord, President Obama decided to use the trade agreements as leverage for more programs to appease his core constituencies. In so doing, the Administration stopped all momentum behind the agreements, and they did this in the name of more spending.

“I thought that I had seen it all, but the Administration’s efforts at getting these agreements across the finish line is bordering on malpractice. We are approaching a double dip recession and a full-blown fiscal crisis due to out-of-control government spending. Yet the White House has delayed these pro-growth trade agreements so that they could secure more government spending through TAA.”

Below is Hatch’s full speech as prepared for delivery:

Thank you Arthur for that kind introduction.

I am not sure that I am deserving.

When I leave home in the morning, on a day with an event such as this one on my schedule, my wife Elaine tells me not to bowl the crowd over with my intelligence and wit. I always get a bad feeling that she is pulling my leg.

I am honored to be here. For as long as I have had the privilege to serve the people of Utah in the Senate, the American Enterprise Institute has been at the forefront of our nation's most critical policy debates.

Walter Berns and Robert Goldwin reminded Americans of our indebtedness to the Founding Fathers. Irving Kristol paved the way for intelligent conservative critiques of the Great Society.

And today a new generation of AEI scholars is at the forefront of conservative efforts to reform the tax code, bring sanity to our nation's health care system, and address the entitlements that are set to bankrupt the country.

Though Washington, the financial markets, and much of the world are currently focused on the negotiations to reduce deficits and get our spending under control, I am here today to speak about another matter — the benefits of free trade, specifically of the Colombia, Panama, and Korea free trade agreements.

Arthur, the work that you are doing here on trade is invaluable to us on the Hill, and all I can say is keep it up. We need all the help we can get up there. Depending on one's perspective, the timing of this event could not be better. Later today, the Senate Finance Committee is scheduled to proceed to a mock markup of the three pending free trade agreements — Colombia, Panama, and South Korea.

I wish I could say that we had this day all planned out. How prescient to have scheduled an event on the trade agreements for the morning, only to take them up later in the afternoon in the Senate Finance Committee. But suggesting this would overstate our foresight.

The fact is, the markup of these trade agreements was sprung on Republicans in the Senate at the last minute. As I will discuss, these agreements, as acknowledged by Republicans and Democrats alike, have been ready to go for some time. From my perspective, it was crass politics that delayed the submission of these agreements, and it is political considerations that are driving the decision to markup this afternoon.

The Administration's insistence on including an extension of Trade Adjustment Assistance — or TAA — in this debate over the agreements has done nothing but bollix up the process and delay congressional consideration of the agreements.

I am not sure what is more aggravating. The fact that the insistence on including the extraneous TAA extension in the agreements has delayed their consideration, or the fact that unable to find a path forward, the Administration decided instead to jam TAA into the Korea Free Trade Agreement, creating a rushed markup and jeopardizing not only the Korea agreement but the Colombia and Panama agreements as well.

Let me be blunt. The decision to jam TAA into the Korea agreement and then spring a quickie markup on the Finance Committee is a process foul. Moreover, as a matter of substance

TAA is a deeply controversial spending program. Between an ugly process and questionable policy, you have some very ticked off Republicans on the Finance Committee.

But more on that later.

Before discussion of the current process, it is important to remind ourselves of why we are here.

We are here — with three pro-growth trade agreements ready to roll — because of the work of Republicans and Democrats over many years who understand the positive features of free trade.

Let me give you some statistics. They come from the President's own United States Trade Representative. According to the U.S. International Trade Commission, the reduction of Korean tariffs and tariff-rate quotas on goods alone would add \$10 billion to \$12 billion to U.S. GDP. It would increase annual merchandise exports to Korea by \$10 billion. According to the USTR's website, "[i]f approved, the Agreement would be the United States' most commercially significant free trade agreement in more than 16 years."

This agreement was signed on June 30, 2007 — four years ago today.

Today, U.S. industrial goods face an average tariff of 7 percent in Panama. Agricultural goods face an average tariff of 15 percent. If the U.S. – Panama Trade Promotion Agreement were adopted, nearly 56 percent of current trade would immediately receive duty free treatment, and the remaining tariffs would be phased out over ten years. Meanwhile, 87 percent of U.S. consumer and industrial exports would become duty free immediately.

This agreement was signed on June 28, 2007 — four years ago this week.

And what about Colombia? The Colombia Free Trade Agreement was signed on November 22, 2006! Colombia is the third largest economy in Central and South America. It is a friend in the region with whom we already trade significantly. And this agreement would increase U.S. GDP by \$2.5 billion.

To summarize, there is a whole lot of upside to these agreements.

So what is the hold up?

Two of the agreements were signed four years ago. The other agreement is coming up on its fifth anniversary.

All three of the agreements promise nothing but economic growth, more jobs, and deepening friendships with democratic allies.

To be sure, some delay is to be expected. Trade agreements take time to move from the agreement of the signatories to the passing of implementing legislation. But even accounting for the usual delays, the time that it took to submit these agreements is unacceptable.

Let's be frank about this. The Administration understands the economic benefits of these agreements. They would immediately lead to economic growth and more jobs, at a time when both are sorely needed. But because many in the President's base are committed to opposing all trade agreements, the Administration has been flailing around for years trying to thread the needle with their union allies.

Then, after the shellacking President Obama and the Democrats took in November, the President went out of his way to reassure the business community that he and they were simpatico. Assurances were made that he was committed to getting the trade agreements done. After all, these are among the biggest priorities of the business community.

Yet securing passage of agreements that are so noxious to the left and to his labor union allies was a big lift, and it would require a big payoff. As it turns out, that payoff is an extension of the TAA expansion in the 2009 stimulus.

So this is where we are. The Administration knows the agreements are good for businesses, employees, and those looking for work. They know these agreements, if submitted to Congress, would pass. But because of their widespread popularity, the President was forced to answer to ever more parochial interests demanding more and more concessions in exchange for the agreements.

In the process, the President has taken a 75 to 25 issue and turned it into a jump ball. But don't take my word for it.

On January 26, 2011, this is what my colleague Senator Max Baucus, the Chairman of the Senate Finance Committee, had to say about the Colombia and Panama agreements. "Our free trade agreements with Colombia and Panama were signed more than three and a half years ago, so it's extremely disappointing the President did not lay out a timeline for submitting them to Congress. The delay has been costly for our ranchers, farmers and businesses, who are losing business to competitors from countries that have negotiated their own trade agreements with these fast-growing markets. To help Americans export their goods and services and create jobs here at home, it is time to quickly resolve any outstanding issues and send these agreements to Congress as soon as possible."

There has been no sense of urgency from the Administration on these agreements. Their modus operandi has been to conveniently define the problems with each of these agreements and then set out to fix them on their own timetable.

With South Korea, the Administration waited for years before seeking changes to appease coveted union auto workers.

The Administration played with Panama for years, testifying that they needed a trade framework before they could move the agreement. Then, they cited tax transparency and labor law issues as excuses for not moving forward. To Panama's credit, they did everything that was requested of them even though none of the requests were really needed to get the agreement

approved. It is interesting how these issues were magically resolved just as President Obama determined that he needed to show some support for business priorities earlier this year.

The President's commitment to the Colombia agreement has long been questionable, despite the significant social and economic progress being made in that country. But once the President realized that Congress was going to insist on the Colombia agreement, a "action plan on labor rights" suddenly appeared, conveniently paving the way for consideration of the agreement at a time of the Administration's choosing.

Having defined, and then solved, problems with the agreements, the Administration appeared primed to move forward. All of a sudden, the Administration's rhetoric changed dramatically.

The Administration's more recent words on behalf of the Korea agreement leave no room for misinterpretation. It is a critical economic stimulus. Last December, President Obama noted that the South Korea agreement is expected "to increase annual exports of American goods by up to \$11 billion." In that same speech he said, "I look forward to working with Congress and leaders in both parties to approve this pact. Because if there's one thing Democrats and Republicans should be able to agree on, it should be creating jobs and opportunity for our people."

Then in his State of the Union address the President argued that the agreement "will support at least 70,000 jobs." He then he asked Congress to pass the agreement "as soon as possible."

In May, the President stated that a recently announced labor action plan of Colombia "serves as a basis for moving forward on a U.S. – Colombia free trade agreement and that this represents a potential \$1 billion of exports and . . . could mean thousands of jobs for workers here in the United States."

And after meeting with President Martinelli of Panama last month, President Obama said that he is "confident now that a free trade agreement would be good for our country, would create jobs here in the United States, [and] open up new markets with potential for billions of dollars of cross-border trade."

I could not agree more with these assessments. But the Administration has been all hat and no cattle when it comes to these trade agreements. They talk a big game about free trade. But so far, that is all they have given us — talk. Congress has been waiting for action for months.

In early February, I sent a letter to the White House with Senator Baucus, noting the Administration's support for the Korea agreement and urging equal support for Colombia and Panama.

In May, the U.S. Trade Representative, Ambassador Kirk, indicated that all three of the trade agreements were ready for consideration. But months then went by without any meaningful action by the Administration to move these agreements.

And why not?

Here's why.

The Administration was desperately attempting to find a way to throw more money at a questionable TAA program. Knowing that such a program could not stand on its own accord, President Obama decided to use the trade agreements as leverage for more programs to appease his core constituencies. In so doing, the Administration stopped all momentum behind the agreements, and they did this in the name of more spending.

I thought that I had seen it all, but the Administration's efforts at getting these agreements across the finish line is bordering on malpractice. We are approaching a double dip recession and a full-blown fiscal crisis due to out-of-control government spending. Yet the White House has delayed these pro-growth trade agreements so that they could secure more government spending through TAA.

As a matter of both substance and process, TAA should not be a part of these agreements. On the substance, TAA is a dubious and costly set of programs at best. Its record of success remains a mystery. I know that liberal stakeholders important to the President's reelection prospects want this program, but I have yet to see that American taxpayers are getting anything for their money. The fact that the government is shoveling money out the door is not a metric of success.

TAA is pitched as job training for those who lose their jobs due to free trade. Even putting aside the threshold question of where these jobs are that are lost due to free trade, where is the argument that giving some workers who lose their jobs more benefits than others is sound economic policy that improves U.S. competitiveness?

When a clerk at Blockbuster loses his job because of the success of Netflix, nobody argues that we should create a new big spending government program to help displaced Blockbuster employees.

President Reagan did not graduate from an Ivy League college, and he was not the editor of any law review, but the man understood in his guts what makes an economy tick and what types of programs waste precious government resources. This was his assessment of TAA.

"The purpose [of TAA] is to help these workers find jobs in growing sectors of our economy. There's nothing wrong with that, but because these benefits are paid out on top of normal unemployment benefits, we wind up paying greater benefits to those who lose their jobs because of foreign competition than we do to their friends and neighbors who are laid off due to domestic competition. Anyone must agree that this is unfair."

I certainly do, as do most of my constituents, who think the last thing this economy needs is another big spending program.

Yet, this is where the Administration is going to draw its line in the sand? With this unpopular, inefficient, and expensive government program.

Nothing contrasts the governing philosophies of President Reagan and President Obama better than their attitudes about this program.

TAA supporters say the program keeps faith with American workers and helps build support for trade. I think just the opposite is true. Unions and other anti-trade zealots gleefully use TAA data to make the case that trade causes outsourcing and job loss.

After all, the number of trade dislocated workers is certified by the government!

As the program is expanded to include more and more people and entities, including community colleges, firms, farmers, and fisherman, the myth that trade is bad for the American worker finds ready fodder and continues to build. Instead of helping build the case for trade, TAA certifications are used to show that trade is bad. In the end TAA really is just a government subsidy for anti-trade propaganda.

And in the end, despite all of the progressive preening, TAA is about providing special privileges to the few at the expense of the many.

Leaving aside the merits of TAA, at a minimum this is a program that should be allowed to stand or fall on its own.

Tacking it onto the trade agreements is contrary to congressional practice. In the past, it has generally been paired with Fast Track Trade Authority. But what about NAFTA, the TAA proponents will ask. First, setting aside the irony that President Obama cites NAFTA as a model for his trade policy, let's get the facts straight. NAFTA did include a TAA program. But I would note that NAFTA is the exception that proves the rule. As a general rule, TAA does not get paired with trade agreements. And second, the rub here is that the TAA that Democrats are demanding is a modified version of an expanded TAA from the now infamous 2009 stimulus.

The circumstances surrounding the expanded TAA, and the efforts to reauthorize it, are all the evidence we need that this program is lacking in popular support. Congress and the President seem to understand that allowing an up-or-down vote on TAA — allowing a clean vote on this expanded TAA where members of Congress are put on the record as supporting or rejecting billions in increased spending — is a likely loser.

If there is widespread bipartisan support for the expanded TAA, it should be able to stand on its own. It need not be attached to the FTAs. There is nothing stopping Senator Reid from calling up TAA on the floor. I think we all know why he hasn't. And it is because Democrats in the Senate are not confident that the program can stand on its own two feet.

So instead they tack it onto the must-pass Korea Free Trade Agreement, threatening its prospects, as well as those of the Colombia and Panama agreements.

I want to be clear about something here. I do not blame my colleague, the Chairman of the Finance Committee, Max Baucus for this debacle. For sure, we are not happy about the scheduling of today's markup and the decision to jam TAA onto the Korea agreement. But that is a decision that the President and his Administration made.

These agreements have been sitting on the shelf for years And now, the afternoon before the Senate adjourns for the July 4 weekend, a shotgun markup of the amendments has been scheduled? Give me a break. Ninety-seven amendments have been filed to the trade agreements, and not just from the Republican side. Many Democrats on the Finance Committee have genuine reservations about these agreements, and have filed important amendments. And we are going to attempt to jam these agreements through committee this afternoon on three days' notice?

I would say that this is bushleague, but that would be unfair to the bushleagues.

We live in serious times. Sometimes, at moments of crisis, history brings us an unexpected leader who is able to steer a nation through rough waters. Sometimes we are fortunate and get a Washington or a Lincoln or a Churchill or a Reagan.

Sometimes we get a Jimmy Carter.

So far this President is not measuring up to the job before him, and this week represented a new low.

Faced with a full-blown debt crisis, the President went on television yesterday and gave remarks that might rile up his base at MSNBC, but that fell well short of any measure of seriousness.

Facing trillions of dollars in debt, his recommendation was to raise a few billion dollars in taxes on oil companies and the use of corporate jets.

In the spirit of Wimbledon, Americans watching this press conference channeled their inner John McEnroe and screamed, you can't be serious!

At a time when real solutions are called for, he offered up rank demagoguery. The fact that former-Speaker Pelosi applauded this nonsense is all the evidence that we need that the President is not serious about accomplishing the big reforms that citizens and taxpayers are demanding.

And most telling, at that press conference he abdicated any responsibility for finding a way forward.

This is now a pattern. For this President, the buck always seems to stop somewhere else.

If the President spent less time trying to get his handicap down, and more time trying to get the deficit down, our economy would be in much better shape.

But the President seems content to sit on the sidelines and hope that he can get to the reelection finish line before citizen outrage over his Administration's incompetence catches him.

The same failure of leadership on display in the debt limit negotiations is also jeopardizing these free trade agreements.

We know they must be done for the sake of the economy and American jobs. And we know they can be done. They could be done this summer if the President only led, and made clear that they were a priority that needed to go through Congress without any extraneous and controversial spending programs attached.

But he won't do that.

Instead, nearly five months after the President's State of the Union address, where he made the Korea agreement a priority, he is implicitly supporting a path that severely undercuts its prospects.

I am not entirely sure what the diagnosis is here.

Are we dealing with an Administration that is actually hostile or indifferent to these agreements, and therefore cavalierly recommends a process that might sink them? Or are we dealing with a gross failure of leadership?

I suspect that the answer is somewhere in between.

I hope that this works out. I continue to work with Chairman Baucus, and I know that he wants to do the right thing here. Those who support these agreements outside of Congress need to understand that TAA is a poison pill that will not be swallowed. These agreements need to be considered on their own, and so does TAA. The sooner the agreements' advocates communicate this to the White House the better off we will all be.

Though Americans have been waiting far too long for the President to submit these agreements, there is still time, and I am confident that given an up-or-down vote on Colombia, Panama, and Korea, Congress can get them done in fairly short order. But the clock is ticking. Thank you.

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