TPP: No Big Deal?

Paul Krugman
Larry Summers:

“Some matters that are pushed by elements of the business community have little or nothing to do with the interests of the vast majority of American workers. These include pressuring other countries to change health and safety regulation, to extend and strengthen patent protection and to deregulate financial services. In these areas on grounds of fairness it is reasonable for us to strive for the principle of national treatment — no discrimination against foreign firms — but not to use inherently scarce negotiating power to alter other countries’ basic choices.

“Conversely, it is appropriate in TPP, and our international economic diplomacy more generally, that we use the substantial leverage we possess in areas that do bear directly on middle-class living standards. These include the prevention of inappropriate producer subsidies — including through manipulated exchange rates or distorted state enterprise accounting.”
The contracting spiral of world trade, January 1929–March 1933: Total imports of 75 countries (monthly values in terms of old U.S. gold dollars [millions]).

(in millions of dollars)
US imports in the Great Recession

- January
- February
- March
- April
- May
- June
- July
- August
- September
- October
- November
- December

2008
2009

US imports in the Great Recession
Source: USITC staff compilation from U.S. Dept. of Commerce statistics.
FIGURE ES.1 Tariff rates and estimated welfare gains from liberalization have fallen over the life of the report, 1993–2013.
Thinking about gains from trade:

Global gains from “hyperglobalization”: 4.9 percent

Gains from Single Market Program (EC): 1.8 percent (or maybe $\frac{1}{2}$ that in counterfactual)

TPP surely $<<$ SMP

So likely gains $<<$ 1 percent of GDP

Petri, Plummer and Zhai: 0.5 percent
So why is TPP such a priority? (#1 on USCOC agenda)

Intellectual property: leaked text suggests very strong, even draconian IP regime on copyright, patents, pharma etc.

Three questions:

1. Is this a pro-growth agenda?

2. Is it in US interests?

3. Is it something this administration should prioritize?