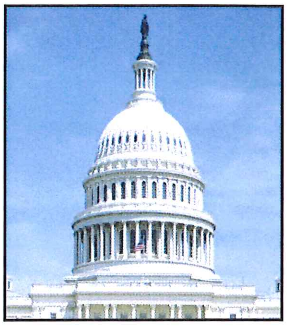

San Antonio Alamo Area Local
Legislative Updates

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TRANS-PACIFIC PARTNERSHIP & CURRENCY MANIPULATION

Trans-Pacific Partnership (TPP) covers the United States and 11 other Pacific Rim countries.
It currently includes three known currency manipulators: Japan Singapore and Malaysia. China, the world's largest currency manipulator, could join the TPP in the future.

Currency manipulation is when your country uses monetary policies that lower the value of your currency relative to other currencies. That makes your exports to other countries cheaper, and your imports from other countries more expensive, creating a trade surplus for you, and forcing other countries into a trade deficit.
The trade deficit is a problem because it means demand within American borders is driving economic activity in other countries instead of here. That arguably makes it the single biggest drag on America's ability to create jobs here at home and reach full employment. The Economic Policy Institute (EPI) has estimated that eliminating currency manipulation could create between 2.3 million and 5.8 million new American jobs.
The Peterson Institute, who supports the TPP, has a long track record of pushing trade deals and dismissing concerns about trade deficits and unemployment. Back in 2000 it published a paper that dismissed as "extravagant" the concerns raised by Rob Scott, from the Economic Policy Institute, that admitting China to the World Trade Organization wouldl cost 817,000 jobs. The actual job loss figure was probably close to three times his projection. The story with China was its decision to deliberately hold down the value of its currency, which allowed it to run massive trade surpluses with the United States and other countries.

The result of currency manipulation, as it occurs after trade agreements, is that it's nearly impossible for the U.S. to get a fair shake in these deals. In fact, if you look at the data from trade deals we've already entered, the strongest correlation you can make is that the more trade deals we sign, the more jobs we lose and the higher our trade deficit grows.
A recent report by the International Monetary Fund demonstrated the power of devaluation of a currency — a 10 percent fall in the value of a nation's currency can increase exports by an average of 1.5 percent of GDP. At that point, the playing field is no longer level, and trade is not free or fair.

Politicians on both sides of the aisle endorse trade agreements because of claims they will reduce or remove tariffs and export subsidies. Of the 18,000 tariffs that would be eliminated on U.S. exports to the countries in the TPP deal,
Public Citizen found that the United States is not currently exporting in more than half of the categories in which these tariffs apply.
Most of the TPP pertains to non-tariff barriers and includes chapters on the environment, labor rights, and intellectual property The TPP agreement must include a chapter on currency manipulation that

establishes enforceable rules and procedures to address currency manipulation. If it does not, TPP will not be worth the paper it is written on.

The long and short is that the TPP offers almost none of the classic benefits associated with free trade, since it does very little in terms of reducing trade barriers.
The winners in the TPP agreement are multinational corporations that offshore investment and jobs to countries with devalued currencies, and the export sector of countries that engage in currency manipulation and the losers are U.S. workers and communities hit with the loss of some 5.8 million jobs as a result of countries that manipulate their currency.
If the TPP dies, it will be an act of populist revolt unprecedented in modern politics — a clear signal to American elites and the global ruling class that they need to go back to the drawing board.