Fast Track Authority and International Trade Negotiations*†

Paola Conconi
Université Libre de Bruxelles (ECARES) and CEPR

Giovanni Facchini
University of Essex, Universitá di Milano, LdA, CEPR and CES-Ifo

Maurizio Zanardi
University of Tilburg and CentER

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Abstract

Fast Track Authority (FTA) is the institutional procedure in the United States whereby Congress grants to the President the power to negotiate international trade agreements. Under FTA, the President submits a negotiated trade deal to the Congress for approval or rejection, no amendments are allowed. In this paper, we examine the determinants of Congress’ decision to grant or not FTA to the President, as well as the implications of this institutional choice for international trade negotiations. We describe a simple two-country trade model in which import-competing and export industries are unevenly distributed across constituencies. In this setting, we show that representatives of constituencies with higher stakes in the export sectors will tend to vote in favor of FTA, while representatives of districts with higher stakes in import-competing sectors will tend to vote against. Our analysis of the determinants of all Congressional FTA voting decisions between 1974 and 2002 provides strong empirical support for this voting behavior. We also show that lack of FTA impedes trade liberalization and tends to skew trade policy outcomes in favor of the United States. This can explain why foreign countries are reluctant to negotiate trade agreements with the United States in the absence of FTA.

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†Correspondence should be addressed to Paola Conconi, European Center for Advanced Research in Economics and Statistics (ECARES), Université Libre de Bruxelles, Avenue F. D. Roosevelt 50, CP 114, 1050 Brussels, Belgium; E-mail: pconconi@ulb.ac.be