

Democrats for Freer Trade?

President Trump has worked a realignment on the politics of free trade. The Republican Party, once a bastion of free-traders, has taken a sharp turn toward protectionism and tariffs. After the 2020 elections, where does that leave the Democrats?

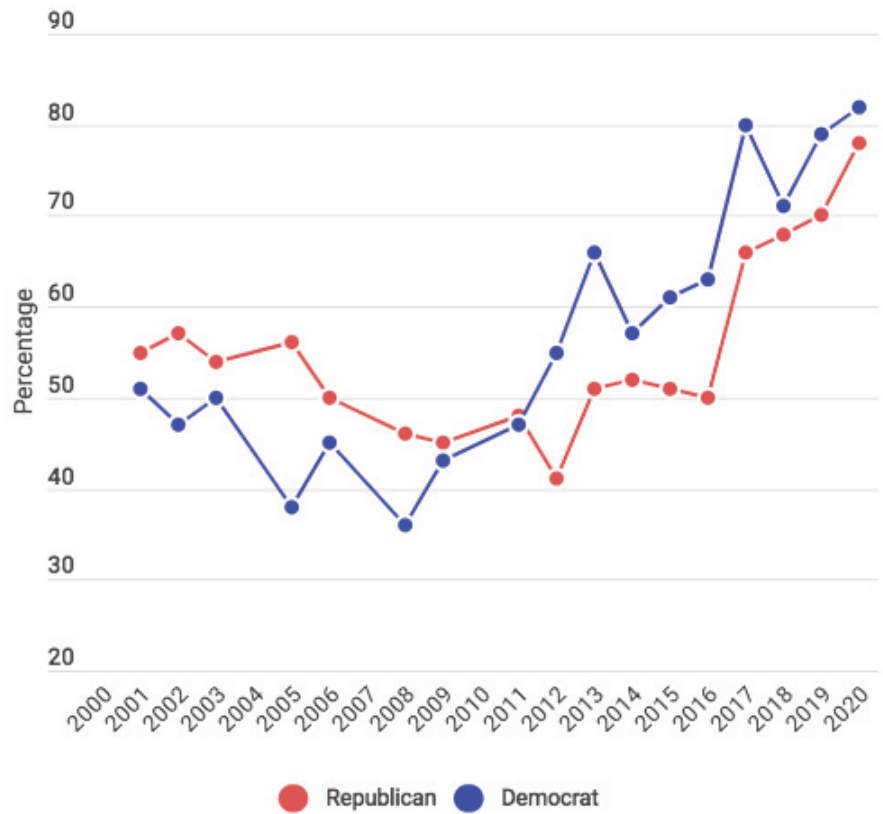
In a new policy analysis, Cato adjunct scholar James Bacchus—himself a former Democratic congressman as well as former chief judge of the World Trade Organization’s Appellate Body—lays out the possibilities. “Democrats and Trade 2021: A Pro-Trade Policy for the Democratic Party” (Policy Analysis no. 900) lays out the case for Democrats to avoid what he calls “the trap of trying to compete with Donald Trump in skepticism about trade.”

“Instead,” Bacchus explains, “Democrats should set out the positive case for trade liberalization and the rule of law in international trade.”

And there is evidence that Democratic voters are also moving in a more pro-free trade direction. Simon Lester, associate director of the Herbert A. Stiefel Center for Trade Policy Studies, noted this trend in a Cato blog post coauthored with research associate Huan Zhu: “Recent polling shows that all voters have become more pro-trade in the past several years, but Democrats have moved in this direction a bit faster.” Some of this may indicate partisan backlash to Trump, but it’s possible this shift in attitudes will continue under a Biden administration. The era of Democrats as the party of protectionism might already be coming to a close.

Lester also authored a recent Free Trade Bulletin examining the possibility of a Biden administration and what policies it might pursue on trade, along with some recommendations. (“Trade Policy under a Biden Administration: An Overview of the Issues and Some Practical

Percentage of Americans who think trade is an opportunity for economic growth (Gallup)



Suggestions,” Free Trade Bulletin no. 76). Writing before the election, Lester examined seven points that Biden will face, including the possibility of implementing improvements to the new United States-Mexico-Canada Agreement (USMCA). Lester also reviewed of possible picks for key positions in the administration with influence over trade policy.

What would a more pro-trade Democratic Party look like, and what policies could it adopt? For one thing, Congress should reclaim its constitutional prerogatives over trade policy, ending decades of excessive delegation to the executive branch to set trade policy. This would include rolling back some of the authorities the Trump administration has abused, often under questionable pretexts, to en-

gage in trade wars and worsen relationships with key allies. In addition, Democrats must not abandon their traditional posture as champions of the working class, which has been among the hardest hit by Trump’s trade disruptions. An immediate starting point is resetting checks and balances. Using a variety of statutory authorities, many ostensibly intended for national security, the Trump administration has pursued protectionist policies that likely never would have passed Congress. Although some delegation is a practical necessity, bipartisan bills have already been introduced that would constrain the president’s options and provide fewer opportunities for abuse and more say for Congress.

Of course, what one president can do

unilaterally, his successors can undo unilaterally. Joe Biden could immediately undo the tariffs imposed by Trump, a course Bacchus encourages. In addition to the disruption of American jobs and manufacturing the tariffs caused, their cost has been almost entirely passed on to American consumers in the form of higher prices. The tariffs that Trump imposed have also prompted retaliatory tariffs that have further harmed American exports.

Democrats can also affirm their commitment to internationalism and the rule of law in international trade through strengthening the World Trade Organization (WTO) and revitalizing multilateral trade negotiations that have been repudi-

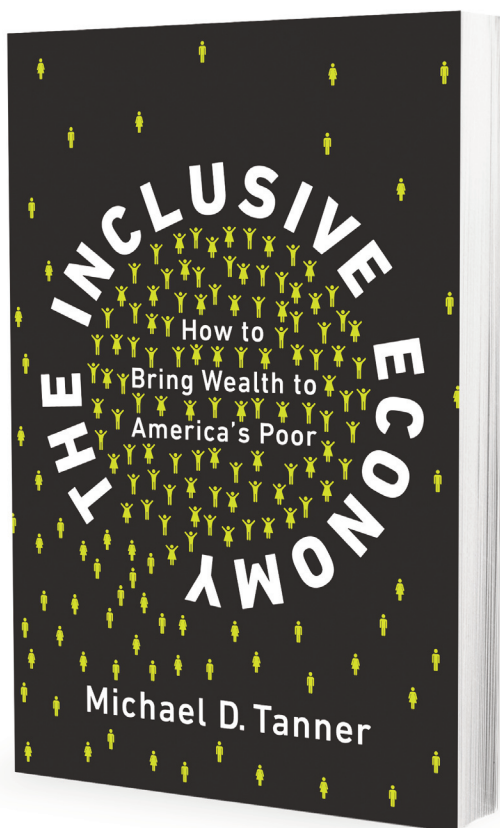
ated under Trump. As Bacchus observes, “Democrats are often supporters of multilateral solutions through international cooperation everywhere except in international trade.” That inconsistency can be removed through a Democratic embrace of the very policies and institutions Trump has turned against. International cooperation built a global system of free trade after World War II that has helped lift billions out of poverty.

A particular concern has been the WTO’s Appellate Body, on which Bacchus once served. The international legal tribunal is responsible for enforcing many of the pro-trade rules embodied in the WTO’s treaties. However, the Trump ad-

ministration has refused to consent to the appointment of new judges. Currently the Appellate Body has only one active judge, below the minimum of three required to conduct business. This makes many of the key provisions of international trade law unenforceable and replaces legal procedures with strong-arm tactics and bilateral escalations.

In conclusion, Bacchus offers this recommendation: “Whether or not Democrats win the presidency and control of the Congress in 2021, they should adopt a pro-trade agenda that centers on renewing support for trade as a policy that can benefit all Americans.” ■

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