INTERNATIONAL TRADE AND INVESTMENT POLICY

Congress should

- recognize and publicly acknowledge that trade is conducted not by governments but by millions of individuals freely seeking their own benefit and, to this end, that trade barriers are regressive taxes that reduce real incomes and raise living costs;
- recognize and publicly acknowledge that the benefits of trade go beyond cheaper consumer goods and greater exports to include gains for import-using American companies and new foreign direct investment, which together deliver real benefits to workers and households and lead to a more dynamic and prosperous U.S. economy;
- recognize and publicly acknowledge that trade and economic interdependence do not weaken the United States but instead make our companies and workers—including those in high-tech and defense manufacturing—more competitive, make our economy better able to withstand economic shocks, reduce the likelihood of armed conflict here and abroad, and make U.S. neighbors and allies stabler and more prosperous;
- reject calls for new U.S. industrial policies—which have a long history of high costs and failed objectives—and establish a high bar for government intervention to boost "critical" industries or to fix alleged market failures;
- address the China challenge using allies, available trade tools, economic openness, and smarter domestic policies rather than tariffs and investment restrictions;
- conclude the Environmental Goods Agreement to liberalize trade in environmental goods and commit to multilateral agreements that ensure common disciplines on both carbon regulation and related trade measures;

(continued on next page)

(continued)

- reform—if not repeal—the ambiguous and outdated trade laws that empower the executive branch to restrict trade without congressional and public oversight, to the detriment of consumers, import-using domestic industries, and the U.S. economy more broadly;
- eliminate tariffs on imports of intermediate goods—if not on all imported products—to increase the purchasing power of the poorest people and reduce domestic production costs;
- audit the U.S. regulatory, tax, and policy environments to identify redundancies, inefficiencies, and systemic problems that artificially raise the cost of doing business and deter investment in U.S. value-added activity;
- repeal "Buy America" laws and related localization mandates that waste taxpayer dollars and make U.S. firms less prepared to meet the rigors of the global marketplace;
- repeal or reform the Jones Act and other protectionist maritime laws that raise transportation costs and discourage interstate commerce while utterly failing to foster a vibrant maritime industry;
- reengage in free trade agreements, including the Trans-Pacific Partnership (now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership), to achieve both economic and geopolitical benefits; and
- restore the Appellate Body of the World Trade Organization, and reassert American leadership in pursuing multilateral agreements that achieve additional liberalization and address issues of the 21st-century economy.

Why We Trade

Often described as periodic transactions between nations, international trade is actually millions of daily, cross-border economic exchanges that individuals undertake voluntarily for their own benefit. These international exchanges—which differ little from ones made between Americans in different U.S. cities or states—enable us to consume more (in both quantity and variety) and work less, while improving broader economic growth and innovation in the process. “Free trade” simply gets the government (in the form of tariffs, quotas, etc.) out of our way.

Almost 96 percent of the world’s population lives outside U.S. borders. Enlarging markets to integrate more buyers, sellers, innovators, investors, and

workers enables more refined specialization and economies of scale that, in turn, lead to greater wealth and living standards. Just as Americans in domestic markets specialize in certain jobs and use the money we earn to purchase items that require different skills, so should we be able to harness the nation's competitive advantages to achieve similar gains in the international marketplace. And just as making everything at home is costly and wasteful, so is making everything in America. The larger the market, the greater is the potential for specialization, exchange, invention, and economic growth.

Trade's most direct and obvious benefits accrue to consumers, mainly from imports that both provide cheaper, better, or more varied goods and services and promote competition and innovation here at home. The consumer gains from trade are a big reason that Americans today work far fewer hours to own more and better essentials than at any prior time in U.S. history.

Yet trade also benefits companies and workers, even in manufacturing. Companies benefit from imports, either by moving or selling foreign-made items in the United States or by using them to produce other, more sophisticated products. For example, wholesale trade, retail trade, and transportation and warehousing activities contributed $3.1 trillion to the U.S. gross domestic product (GDP) in 2019, much of which would not exist but for global trade. Companies also benefit from foreign direct investment (FDI)—dollars that overseas investors acquired from selling things to Americans—to grow and innovate. Total FDI assets ("stocks") in the U.S. manufacturing sector alone hit $1.8 trillion in 2019, and majority-owned affiliates of all foreign multinational companies contributed $1.1 trillion to U.S. GDP that same year.

The "corporate" gains from trade inevitably translate to gains in American employment—trade directly or indirectly supports more than 40 million jobs in goods- and services-producing industries, and FDI supports about 8 million jobs. New research finds that the small share of American companies directly or indirectly involved in trading goods internationally has accounted for a majority of U.S. jobs created since the Great Recession—jobs that can pay better than those in manufacturing, even for workers without a college degree.

Then there are the "unseen" contributions of trade to the U.S. economy. Trade is a cornerstone of "creative destruction"—the birth, life, and death of firms that breed domestic innovation and increase living standards. Much of this activity may be imperceptible, but it is doubtlessly driven by consumers and capital seeking more productive ends in the global marketplace. Through these invisible mechanisms, international competition has long pushed American companies (e.g., "Big 3" automakers) to improve their products or go out of business, and the money Americans save by buying cheaper, more-basic foreign goods is often spent on, or invested in, domestic companies and their higher-skilled workers. The result of these unseen transactions is not just

"cheaper stuff" but better and once-unimaginable goods, better jobs, better companies, and better lives.

These benefits also reveal some of the costs of restricting trade through tariffs, quotas, import and export restrictions, or other protectionist policies—costs repeatedly found to be borne by American consumers while failing to revive the protected industry at issue. Many tariffs and other trade barriers have declined since the 1940s, but egregious U.S. protectionism persists: "national security" tariffs and export controls; "Buy America" procurement mandates; services restrictions in air transportation and shipping; farm subsidies, as well as quotas and high tariffs on imported sugar and other agricultural goods; tariff "peaks" on consumer goods like clothing, footwear, and pickup trucks; antidumping duties and other "trade remedies" that typically target manufacturing inputs; regulatory protectionism masquerading as health or safety precautions; and restrictions on foreign investment. The list goes on.

Americans would be better off if we simply removed these barriers without regard for what other governments do—something Congress has the constitutional authority to do. That another nation seeks to impoverish its citizens via protectionism is a silly reason for the United States to do the same. Free trade is about the freedom of people to transact as they wish, when they wish, and with whom they wish, without politicians, bureaucrats, and their cronies serving as gatekeepers. That so many trade barriers remain implies that policymakers do not believe Americans are worthy of the freedom to make their own economic choices. We are.

The Economic Benefits of Interdependence

In our globalized economy, expanding the size of the market means not only more customers for U.S. exports but also more competition for U.S. consumers' dollars, more providers of intermediate goods, more opportunities for supply chain collaboration, greater variety, innovation, and so on. When trade barriers are lowered, production can span borders and oceans and be organized in new and more efficient formats. The result is more value creation, greater wealth, and higher living standards.

Globalization means that companies have growing options with respect to where and how they produce. So governments must compete for investment and talent, which both tend to flow to jurisdictions where the rule of law is clear; where there is greater certainty to the business and political climate; where the specter of asset expropriation is negligible; where physical and administrative infrastructure is in good shape; where the local workforce is productive; and where there are limited physical, political, and administrative frictions.

For many tradable goods, global production sharing has become the norm. In 2019—the last year before the onset of the COVID-19 pandemic—about half of the value of U.S. imports was in industrial supplies, other intermediate goods, and capital equipment, purchases that U.S. businesses, not individual consumers, then use to make other, globally competitive downstream products. According to estimates from the United Nations Conference on Trade and Development, intermediate goods represent about half of world trade in goods.

Increasing global interdependence is reflected in a variety of other statistics, as well. For example, only about 50 percent of the value of U.S. imports from China reflects Chinese labor, materials, and overhead. The other half consists of value-added in other countries. When it comes to high-technology products, Chinese value-added is much lower. For instance, only a small percentage of the retail value of an "assembled in China" iPhone accrues to Chinese manufacturers, whereas the vast majority is earned by U.S. companies—including Apple—and their shareholders.

Meanwhile, more than 30 percent of the content value of a "made in South Carolina" Boeing Dreamliner is imported or produced by foreign-owned companies in the United States. American icon General Motors produces and sells more automobiles in China than in the United States; Ford Motor Company has more production and assembly operations outside the United States than within; Chrysler is an Italian company; and more than half of U.S. auto production occurs in foreign nameplate (Honda, Kia, BMW, etc.) factories across the United States.

In fact, nearly $2 trillion of foreign direct investment is in U.S. manufacturing operations—the most foreign investment in any country's manufacturing sector—and more than eight million Americans work for foreign-headquartered companies in the United States.

Finally, open trade and investment policies bolster economic resilience. Diversifying our supply base might make the U.S. economy more vulnerable to external shocks—such as a global pandemic or a foreign conflict—but it also decreases the nation's vulnerability to, and increases its ability to recover from, *domestic* shocks, like the ice storms that shut down the state of Texas in early February 2021; Hurricane Laura, which reduced U.S. fuel and petrochemical production for weeks; the wildfires in California, which forced the closure of production facilities and major transit routes; or the Abbott Laboratories factory closure in Michigan, which left U.S. infant formula shelves bare for much of 2022. In each case, imported alternatives to goods produced in these areas cushioned the economic blow (though the last required emergency federal actions to lower U.S. trade barriers).

Exposing and Refuting the Myths Surrounding Trade

Electoral campaigns are often rife with misinformation about trade, free trade, free trade agreements, and U.S. trade policy. Members of Congress should feel a responsibility to distill fact from fiction and to set the record straight for the American public. A rejection of trade and international cooperation in favor of protectionism and retrenchment would be a costly mistake—as history reminds us. Members of Congress should be aware of the most common trade fallacies and be able to refute them.

Trade Is Not a Zero-Sum Game

Trade does not create "winners" and "losers"—at least not directly. An exchange of goods and services will not take place in a free market unless both parties believe they will benefit ("win") from the transaction, and Americans gain every day by their freedom to exchange goods, services, capital, and other assets in global markets. The vast majority of trade occurs between individuals and companies on these mutually beneficial and inherently fair terms. Indeed, for every import allegedly "dumped" into the United States is a willing and satisfied American consumer on the other end.

To the extent trade does produce "losers," this result is indirect: domestic companies and workers lose sales when their fellow Americans freely choose to purchase from a foreign alternative. However, these "losers" have no legal or moral *right* to the consumers' earnings, and the indirect "losses" they incur are no different economically from the millions that result daily from *any* market competition between two sellers. (The only difference may be that a national border is involved.) These same "losers" also enjoy the consumer and broader economic benefits of an open trade regime.

The Trade Deficit Does Not Reflect Trade Policy Failure

Trade is not a contest between nations to see who can export the most and import the least, and the trade balance is not a trade policy scorecard. Trade statistics are simply the aggregated activity of millions of people engaged in billions of transactions each year—transactions that enable them to acquire goods and services at lower cost while raising their productive capacity to produce things for others. A trade deficit does not represent American "wealth" leaving the country because this conclusion ignores the wealth—goods and services—that American consumers and import-using producers receive in return for their dollars. It also undervalues the benefits of a net inflow of foreign investment—capital that foreigners acquired by selling us things and that is returned to the United States to build factories, finance the borrowing

of the federal government, keep interest rates lower than they otherwise would be, and would not exist but for American import consumption. (It is an iron law of economics that any trade deficit [net outflow of dollars] is matched by an investment surplus [net inflow of dollars].)

The United States has run continual trade deficits since the 1970s, in years of recession as well as robust expansion. Those trade deficits are not a sign of weakness but of robust demand by American consumers and businesses for imports. The United States remains an export powerhouse in manufactured goods, farm commodities, and services—and increasingly oil and natural gas. But the world is even more attracted to U.S. assets, such as Treasury bonds, stocks, and direct investment, which provides a steady inflow of capital that fuels economic growth and job creation.

Far from being a "drag on growth," the data strongly suggest that the trade deficit actually accommodates economic growth by allowing greater levels of domestic investment. That explains why trade deficits tend to grow during economic expansions, propelled by rising domestic demand and even greater foreign preference for U.S. assets.

American Manufacturing Isn't Dying

International trade has not destroyed the U.S. industrial base. The United States ranks second in the world in manufacturing value-added, which on a per-worker basis far exceeds that of China, Germany, or Japan. By any relevant measure—output, revenues, exports, imports, investment, and research and development (R&D) expenditures—the U.S. manufacturing sector is stable or growing, and its inflation-adjusted value-added hit a record high in 2021.

Manufacturing's share of the U.S. economy (GDP) peaked in 1953 at 28.1 percent but has hovered around 11 percent for a decade. However, the sector's real (inflation-adjusted) value-added has increased by more than 20-fold—from $110 billion to $2.3 trillion—over that same period, and its falling share of GDP is a standard story of economic development: as countries get richer, they produce and consume more services relative to manufacturing and agriculture. (U.S. consumers, for example, dedicated half of their spending to goods—50.3 percent—in 1960 but only 33 percent by 2010.) Thus, the "decline" of U.S. manufacturing is really a story of a growing sector simply outpaced by the growth of services—a story shared by other developed nations, including ones like Germany and Japan with persistent trade surpluses and active industrial and labor policies.

Manufacturing employment trends are similarly irrelevant. Manufacturing jobs peaked in 1979, but their subsequent, decades-long decline is again shared by other advanced economies and many emerging markets, such as China. In

fact, China shed almost 18 million industrial jobs between 2012 and 2019 (the last year for which data are available). Thus, the decline in U.S. manufacturing employment mostly reflects broader trends (e.g., productivity gains and changing consumption patterns), not the state of American manufacturing.

Top-line manufacturing data also can mislead about the nation's ability to produce essential goods during a national emergency. For example, manufacturing productivity (our ability to make stuff) increased more between 2000 and 2008, a time of significant U.S. manufacturing job *loss*, than between 2010 and 2018, when job gains "outperformed" those in China, Germany, and Japan. Nondurable goods manufacturing output was lukewarm between 1997 and 2018, but this circumstance was driven by declines in textiles, apparel, paper products, and tobacco, while energy, chemicals, and pharmaceuticals were expanding. U.S. durable goods production also expanded, with particular strength in "essential" (i.e., for supposed national or economic security) goods like aerospace, motor vehicles, and semiconductors. These and other data reveal a flexible and dynamic sector that is generally responsive to market forces—a flexibility that proved critical during the COVID-19 pandemic.

Finally, it is imperative to reiterate that the U.S. manufacturing sector's health depends on economic openness and international engagement. American manufacturers gain from access to cheaper inputs that they can later use to produce more advanced, globally competitive products. They benefit by selling into newly liberalized export markets: the United States is the second-largest merchandise exporter in the world. The sector thrives on foreign direct investment in facilities, such as those owned by foreign nameplate automakers across the country. And all of this activity, in turn, benefits U.S. manufacturing workers: firms engaged in the trade of goods account for 80 percent of U.S. manufacturing employment.

This is not to say, of course, that the disruptions experienced by American manufacturing communities over the past 40 years are insignificant. Yet the U.S. government has unsuccessfully tried to protect or subsidize certain manufacturing industries for years, and many government programs targeting displaced workers—especially "trade adjustment assistance"—have done more harm than good, as participants have been found to have ended up worse off, based on future wages and benefits, than similarly situated nonparticipants. Nevertheless, history shows that adjustment is not only possible but common: most American counties that in the 1970s had a disproportionate share of manufacturing jobs have successfully transitioned away from manufacturing and are today thriving. The contrast between these communities and those still reeling reveals a failure not of U.S. trade policy but of local, state, and federal policies that inhibit necessary adjustment.

Outsourcing Doesn't Hurt the U.S. Economy

Critics of outsourcing see it as a substitute for domestic value-added activity, either by hiring foreign service providers or moving factory production abroad. But in fact, the freedom to invest abroad and to import services enhances the ability of U.S.-based companies to produce products and expand sales, boosting the U.S. economy and job creation.

U.S. companies hire foreign service providers to reduce costs, which enables them to sell their final products at home and abroad at more competitive prices. The savings from foreign-based call centers or information technology services enable U.S. companies to expand their core operations in the United States, creating sustainable jobs at home. The United States is also a major provider of "insourcing" services to foreign clients. In 2021, the United States ran large trade surpluses in such categories as financial, telecommunications, information, and other business services.

U.S. companies invest abroad primarily to sell U.S.-branded goods and services to foreign customers. More than 90 percent of the value of output from foreign affiliates of U.S.-based companies is sold in foreign markets. Establishing affiliates abroad helps U.S. firms market to foreign customers, better design products to meet foreign preferences, provide after-sale customer service, and diversify market-specific risks. And the goods that U.S. multinationals *do* export back to the United States (e.g., iPhones or Amazon streaming devices) often support other jobs here in related services (e.g., software or media).

Trade Doesn't Especially Hurt the "Little Guy"

It is also a myth that trade disproportionately benefits big multinational corporations and high-income individuals.

First, nearly 300,000 small and medium-sized enterprises (SMEs) accounted for almost one-third of total U.S. goods exports in 2020. Yet this figure does not completely capture the role of SMEs in U.S. supply chains and the value of their "indirect exports"—inputs (including services) that contribute to the production of exports by larger firms. Accounting for these "indirect exports" reveals that SMEs provide as much as 40 percent of total exports in value-added. Thanks to increasing digitalization, especially of services, the role of SMEs in trade will likely expand further in the years ahead.

Second, trade barriers increase the costs of goods and services—costs that are harder for small businesses and poorer consumers to absorb or mitigate. Indeed, U.S. tariffs disproportionately harm lower-income families, who tend to concentrate their spending on such tradable sectors as food, clothing, and

footwear, where tariffs tend to be higher. By contrast, large corporations often have market power to strong-arm foreign suppliers or pass on higher trade costs to their customers, or they have teams of lawyers, accountants, and logistics professionals to exploit loopholes, lobby for exclusions, or find and qualify new suppliers. Their smaller competitors don't stand a chance.

China Does Not Undermine the Case for Free Trade

Economists have long recognized that the case for free trade is a unilateral one. Lifting trade restrictions benefits Americans even if foreign trade partners do not reciprocate. When the British unilaterally repealed the Corn Laws in the 19th century, British citizens and the domestic economy benefited. More than a century later, developing economies in Asia unilaterally liberalized trade after seeing its benefits for the developed West. Today, the case for unilateral free trade is as strong as it was in those previous periods, even in the face of an ascendant China.

First, liberalized trade with China has generated significant economic benefits. For American consumers, Chinese import competition has been found to produce $410,000 for every U.S. job supposedly lost—or the equivalent of giving every American $260 in extra spending per year for the rest of their lives. These benefits disproportionately help the poor and middle class, whose consumption tilts toward tradable goods sold by large retailers. American businesses and workers also benefited: low-cost inputs help manufacturers and service providers (e.g., in construction) increase output, hire more workers, and offer better wages; and increased trade volumes benefit supporting industries in retail, transportation, and warehousing. Finally, heightened competition invisibly boosts our economy's dynamism and fuels "creative destruction" and innovation.

At the same time, China does pose legitimate challenges to the United States and the rest of the rules-based trading system. Government-directed investment and cyber espionage, currency and banking interventionism, heavily subsidized state-owned enterprises, and other aspects of China's "state capitalist" model can distort global markets and harm American companies and workers. Human rights abuses, diplomatic hostilities, and extraterritorial ambitions raise additional serious concerns.

Despite these very real challenges, however, recent U.S. responses have been misguided. Today, tariffs cover about two-thirds of U.S. imports from China, and the average tariff is close to 20 percent, up from about 3 percent before the trade wars began. Countless academic studies have shown that the tariffs imposed a significant toll on American consumers—both families and firms—while failing to alter Beijing's troubling practices. The Federal Reserve Bank

of New York, for example, estimates that the tariffs cost about $830 per year for the typical American household and caused American firms to lose approximately $1.7 trillion in market capitalization. Moody's found that the trade war destroyed about 300,000 American jobs. Chinese retaliation hurt American exporters, especially farmers, and pushed the U.S. government to dole out tens of billions of dollars in taxpayer-funded "emergency" relief. And overbroad U.S. restrictions on exports of semiconductor equipment to China exacerbated the global chip shortage that crippled American automakers and other U.S. manufacturing supply chains in 2021–22.

Meanwhile, China has not complied with its commitments under the "Phase One" agreement ceasefire and has doubled down on self-sufficiency, distortive industrial policy, and nationalism more generally. Even worse, recent reports show that Chinese citizens and companies have become more amenable to Beijing's nationalism in response to U.S. tariffs and sanctions. Beyond trade, the government's hard-line stances on human rights, Hong Kong, the South China Sea, and other issues have deteriorated further.

The failure of unilateralism does not mean that the U.S. government should do nothing about China. Given Beijing's decent record of World Trade Organization (WTO) dispute settlement compliance and its receptivity to multilateral pressure, the United States should partner with like-minded countries to discipline Chinese trade practices through the WTO system (negotiations and disputes). By rejoining the Trans-Pacific Partnership (TPP), now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the United States can counterbalance China's economic gravity in the Asia-Pacific region and promulgate new trade rules to address aspects of Chinese state capitalism that might escape WTO scrutiny. And finally, the United States must get its own house in order, embracing market-oriented reforms to tax, trade, immigration, regulation, and labor policies that boost U.S. companies' global competitiveness. Taking these actions can exert pressure on China to raise its commercial standards while minimizing damage to American families and firms and avoiding unintended consequences.

Protectionism Can't Save Struggling U.S. Industries

After decades of bipartisan support for trade liberalization, American politicians are once again advocating trade restrictions to increase jobs, revitalize industry, and promote economy-wide prosperity. They ignore, however, the arsenal of academic work and contemporaneous articles showing that protectionism not only imposes immense economic costs on American consumers but also routinely fails to achieve its intended economic objectives. In fact, even during the so-called golden era of U.S. tariffs and industrial prosperity—

the period between the Civil War and the Great Depression—protectionism *inhibited* industrial and broader economic growth (except in the American lobbying industry, which got its start advocating tariffs).

As trade liberalization expanded during the 20th century, incumbent businesses sought protection from import competition through opaque "nontariff" barriers. For example, new "trade remedies" laws (antidumping, especially) made it easier for the government to hide high import taxes beneath layers of bureaucratic arcana. These measures' harms, however, remain significant: studies of the steel, softwood lumber, paper, tires, and other sectors uniformly reveal significant costs (annually costing U.S. consumers hundreds of thousands of dollars per job allegedly protected) *and* a domestic industry that, even after years of import protection, remains dependent on government assistance. Recent tariff impositions have been no different.

Protectionism's inefficacy is easily explained. Manufacturing employment and output trends are primarily driven by broad, macroeconomic factors, not by trade policy. Insulated from market competition, moreover, U.S. firms lack incentives to invest in productivity- and competitiveness-enhancing technologies or new, cutting-edge products. These firms also raise prices, eventually dampening domestic demand for their products (and thus crimping their future output). They also devote windfall profits to executive pay and lobbying for more protection, which is far cheaper than competing. It's therefore no surprise that steel makers, shipbuilders, and other U.S. companies enjoying *decades* of government assistance continue to experience declining output, uncompetitive pricing, negative employment trends, *and* strong political engagement to maintain import protection.

Trade, Resiliency, and National Security

There is little to indicate that openness to international trade and investment has harmed national security or made the United States less resilient. As noted before, greater trade and investment may increase the U.S. economy's exposure to external supply and demand shocks, but it can also reduce its vulnerability to—and improve its recovery from—domestic shocks. The COVID-19 pandemic prompted some to question global supply chains on "resiliency" grounds, but analyses have shown that supply chain "renationalization" would not have boosted economic performance, that manufacturers using imported inputs fared better when their home markets were hit by COVID-19, and that inventory management and supply chain diversification—not repatriation—were usually the best approach.

Furthermore, free-market policies would boost resiliency by strengthening the U.S. economy, expanding domestic industrial capacity, and helping manu-

facturers adapt in the face of economic shocks. Such policies include eliminating tariffs on industrial inputs and curtailing presidential tariff powers (to provide greater investment certainty); expanding the national technology and industrial base, which encourages defense-related trade, investment, and R&D collaboration, to include allies (and innovative manufacturing nations) such as Finland, Germany, Japan, the Netherlands, Singapore, South Korea, Sweden, or Switzerland; eliminating Buy America procurement requirements that raise costs and limit supplies in national stockpiles; and reforming tax, immigration, and regulatory policies that reduce American manufacturers' productive capacity and global competitiveness. Protectionist policies, by contrast, undermine resiliency by weakening a country's economy *and* manufacturing sector and by inhibiting adjustment when shocks occur. Thanks to U.S. trade barriers, almost 98 percent of all infant formula consumed domestically in 2021 was made in America—and a single Michigan factory closure caused more than *six months* of empty store shelves in 2022.

Finally, global trade bolsters national security by discouraging armed conflict. U.S. and foreign policymakers who founded the institutions underpinning the multilateral trading system—the WTO and its predecessor, the General Agreement on Tariffs and Trade—were energized not by the prospect of increased trade but by the desire to avoid another world war. The system—by providing for greater economic interdependence and an avenue for the peaceful resolution of commercial disputes—has largely succeeded in achieving this goal. Academic research finds that countries that trade more are less likely to engage in armed conflict, and the broad and immediate public and private response to Russia's invasion of Ukraine shows the power of economic interconnectedness to deter and punish rogue actors.

Trade and the Environment

Free trade also can play a major role in improving the environment. First, trade boosts economic growth, and wealthier countries tend to be greener. A globalized economy means more competition, more providers of intermediate goods, more opportunities for supply chain collaboration, greater variety, and more innovation. This creates value and wealth that, over time, improves the efficiency and cleanliness of production processes—often in response to investor or citizen demands. Thus, for example, the "environmental Kuznets curve" shows an inverted-U relationship between pollution and economic development: countries initially pollute more as they industrialize but become greener after reaching a certain level of growth because of clean technology diffusion and a shift toward services. The United States, moreover, is today experiencing

"dematerialization," whereby the economy continues to grow but consumes fewer raw materials.

Second, free trade can encourage the production, dissemination, and use of clean technologies by lowering prices and expanding supplies of both finished goods and their inputs. Today, many countries—including the United States—impose restrictions on imports of clean energy (e.g., hydroelectric power), "environmental goods" (e.g., solar panels and wind turbines), or their materials (e.g., steel, critical minerals, and polysilicon). The United States should eliminate these barriers and encourage others to do so through the now-stalled Environmental Goods Agreement at the WTO. It should also ensure that future U.S. trade agreements fully liberalize, without exception, trade in environmental goods and services and exempt such items from future U.S. "trade remedies" (antidumping, countervailing duty, and safeguards measures). Doing so would not only improve the environment but also reestablish the United States as a leader in trade and environmental policy.

Policymakers are considering whether to implement trade measures to mitigate "carbon leakage" (when a business relocates production to a country with lax climate regulations). One such proposal is a carbon border adjustment mechanism (CBAM), under which a nation applies its domestic carbon price (via a tax or fee) to imports from other countries. A CBAM could be viable in both economic principles and WTO rules *if* it is nondiscriminatory and ensures that taxes or fees applied to an imported good are equivalent to those applied to domestic like products. It does, however, raise serious practical concerns about design (how to measure a product's carbon intensity), scope (how to determine covered products and countries), politicization (how to prevent a CBAM from becoming another antidumping law, which is widely abused), and unintended consequences. If a CBAM is not paired with a domestic carbon price or if a domestic industry wins an exemption from any such price, the CBAM would simply be WTO-inconsistent protectionism and sure to elicit foreign retaliation, likely worsening the environment. The best course of action, therefore, is for the United States to pursue a multilateral agreement ensuring common disciplines on both carbon regulation and related trade measures.

Industrial Policy Remains Misguided

In the wake of the COVID-19 pandemic, rising U.S.-Chinese tensions, and the Russian invasion of Ukraine, American policymakers have once again embraced "industrial policy" to fix perceived market failures. By their account, almost every major modern marvel is an "industrial policy success."

However, few such innovations are the result of real U.S. industrial policy, which both advocates and critics historically understand to mean targeted and

directed government interventions intended to achieve specific, market-beating industrial and commercial outcomes within national borders. Instead, successes almost always lack government targeting, direction, or commercialization intent (e.g., basic research or defense procurement) or were already being developed when state funding arrived. That a university researcher on a small federal grant stumbled on an innovation in an unrelated field does not "industrial policy" make.

By contrast, real "industrial policy" has a long and ignominious history in the United States, owing to four typical obstacles. First, industrial policy efforts struggle to surmount what F. A. Hayek described as the "knowledge problem." Government attempts to identify "critical technologies" in the 1990s, for example, failed in part because the state could not predict which technologies would be most valuable in the future or foresee how the marketplace would develop. Semiconductor and supercomputer protectionism picked the right industries but the wrong products and companies. Numerous other initiatives suffered the same fate.

Second, even if U.S. planners pick the right industries or products, politics thwarts policy implementation—just as "public choice theory" predicts. Supercomputer policy in the 1990s, for example, supported politically powerful Cray and ignored other American market entrants that offered different and arguably better products. Energy technology demonstration projects funded by the 2009 American Recovery and Reinvestment Act were dominated by unpromising (and now failed) clean coal and carbon capture projects, accounting for about five of every six dollars allocated, due in large part to the political influence of coal and ethanol producers and President Barack Obama's affection for his home state of Illinois. Contemporaneous green energy loans have been tied to lobbying expenditures and campaign contributions, not scientific merit. During the pandemic, Defense Production Act subsidies went to politically favored industries that had no connection to COVID-19, while vaccine supplies were imperiled by failures at Maryland vaccine manufacturer Emergent BioSolutions—a longtime government contractor that lobbied heavily yet consistently underperformed.

Politics also routinely causes American industrial policies to suffer from a lack of discipline. Unlike private transactions whose success or failure is determined by the market, government industrial policies often live or die based on political considerations. As a result, the Jones Act, ethanol mandates, U.S. antidumping law, government technology projects, and other programs end up wasting billions of dollars and crowding out more meritorious investment yet endure long after failure has been established. Legislators and bureaucrats sometimes even respond to these mistakes not with reform but with more funding or favoritism.

Third, industrial policies are often undermined by other government policies that have distorted the market at issue. Substantial American Recovery and Reinvestment Act funding for carbon capture, for example, was diverted to ethanol—a subsidized energy product with few if any environmental benefits but substantial political backing. Federal loan guarantee applicants' compliance with the Davis-Bacon Act (mandating high wages and favoring politically connected labor unions), Buy America rules (mandating domestic content), and the National Environmental Policy Act (requiring government review and approval of projects "significantly affecting" the environment) increased project costs, duration, and paperwork—and scuttled some projects altogether. Recent policies to boost U.S. spending on infrastructure and technology were once again larded with Davis-Bacon and Buy America rules, and bipartisan efforts to expand the domestic supply of COVID-19 rapid tests were foiled by byzantine, protectionist U.S. Food and Drug Administration regulations.

Fourth, industrial policies have "unseen" costs far beyond their "seen" budgetary overruns. They include indirect costs paid by others (e.g., consumers of tariffed goods), deadweight loss for the economy as a whole, opportunity costs (i.e., soaking up resources that could be better spent elsewhere), unintended consequences, moral hazard and adverse selection, and uncertainty inherent in a system dependent on politics, not the market. Government bailouts of General Motors and Chrysler, for example, were deemed an industrial policy "success" because they only "cost" taxpayers about $10 billion, yet this ignores the immense unseen costs that the bailout imposed on the economy.

Industrial policy advocates' responses to these criticisms are routinely deficient. Beyond the overbroad list of alleged successes, for example, rosy projections of direct economic benefits for recipient companies are rarely combined with empirical assessments of whether the U.S. economy would be better off because of the oft-claimed but usually unproven positive externalities, market-beating R&D spillovers, or faster economic growth. Furthermore, little consideration is given to whether an industrial policy success would have occurred in a market without the supporting program at issue. In this regard, the success of the Pfizer-BioNTech vaccine (which famously refused upfront government involvement) contrasts favorably to the failures of the most interventionist vaccine production alternative, federal contractor Emergent BioSolutions.

Finally, there is little reason to believe that the industrial policy experiences of other countries, particularly China, justify U.S. industrial policy. Leaving aside that differences in national cultures, economies, and politics limit the extent to which other countries' experiences can inform our own, the "successes" of countries like China, Japan, Singapore, South Korea, and Taiwan are routinely exaggerated. In reality, those nations' impressive economic growth was, at best, mostly disconnected from industrial policy and, at worst, actually

slowed by it. Meanwhile, any legitimate successes abroad are more than offset by countless failures in Europe, India, Latin America, the UK, and—of course—the United States.

In sum, industrial policy—properly defined—has an extensive and underwhelming history in the United States, featuring high costs, failed objectives, and political manipulation. Not every U.S. industrial policy effort has ended in disaster, but facts here and abroad demand that we rigorously question any new government efforts to boost "critical" industries and workers and thereby fix alleged market failures. Unfortunately, such skepticism is rarely applied.

Recommendations for Congressional Action

Reform U.S. Trade Laws

Although the U.S. Constitution grants Congress plenary authority to regulate international commerce, much of that power has since been delegated to the executive branch, with troubling results. President Donald Trump, for example, used vague, Cold War–era statutes (Section 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974) to impose tariffs on almost 17 percent of U.S. imports on dubious grounds and with no congressional oversight. Congress must remove some of this authority, ideally by repealing the laws at issue or by requiring an express vote of approval before any tariffs are imposed.

If these reforms are not possible, Congress should amend Section 232 to narrow "national security" to defense-related goods, to move investigations away from the Commerce Department to the Defense Department or the U.S. International Trade Commission, and to ensure transparency and due process. In amending Section 301, meanwhile, Congress should expressly require that the Office of the United States Trade Representative (USTR) first pursue WTO (or applicable trade agreement) dispute settlement, specify when the USTR may implement a unilateral action, and limit the USTR's discretion in defining an "unfair" foreign trade action. Both laws should also require that all unilateral actions taken thereunder are subject to judicial review and a hard sunset.

Antidumping and countervailing duty (AD and CVD) proceedings are governed by more detailed laws and regulations but are also increasingly subject to abuse by the Commerce Department and the International Trade Commission. As of mid-2022, over 650 AD and CVD orders were in place—almost double the total in 2016. The increasing success rate of petitions is the result of congressional amendments that grant broad methodological and procedural discretion to the Commerce Department, thus allowing it to disregard record evidence and inflate final duty rates.

These laws today amount to little more than an avenue for the government to protect U.S. incumbents at the expense of American consumers, mainly other domestic manufacturers that use imported inputs. Yet the statutes forbid the agencies from considering the impact of duties on the broader "public interest," even in times of emergency, or to apply "lesser duties" when doing so would mitigate injury suffered by the petitioning domestic industry. Congress should revise the law to limit agency discretion and abuse, especially regarding the calculation of "dumping," the use of record evidence, and the application of "lesser duties"; to require an analysis of prospective duties' economic impact; to reject the imposition of duties where estimated costs exceed a certain threshold; and to suspend or terminate measures against the public interest (e.g., during emergencies).

Enact Fundamental Tariff Reform

Some of the highest U.S. tariffs—averaging about 11 percent—are applied to food, clothing, footwear, and construction materials, making necessities more expensive and disproportionately harming the poorest Americans. Astonishingly, tariffs are usually lower on luxury products (leather shoes, cashmere sweaters, etc.) than on cheaper mass-market alternatives and are particularly burdensome for parents who must regularly buy new clothes for their children. The unilateral removal of tariffs on basic consumer necessities would help lift people out of poverty, benefiting society at large.

Congress sometimes exercises its trade powers by suspending tariffs on certain industrial inputs through "miscellaneous tariff bills," or MTBs. Covered products tend to be intermediate goods that are uncontroversial and not made in the United States, such as chemicals, electronic components, and mechanical parts. However, these bills are temporary, cannot reduce tariff revenues by more than $500,000 per product, and impose a considerable and complex bureaucratic process on petitioning companies. Recognizing that downstream import-consuming industries account for a greater share of U.S. GDP, employ more workers, pay more taxes, and are more innovative than protected upstream firms, Congress should eliminate import duties on intermediate goods or, if that's politically impossible, expand and simplify the MTB process.

Congress should also enact tariff reform to achieve climate goals. Since negotiations stalled on the WTO Environmental Goods Agreement, which would have removed or reduced tariffs on clean technologies like wind turbines, Congress should exempt such goods from tariffs *and* current and future trade remedies, such as the "Section 201" safeguard tariffs on solar products.

Congress also sometimes passes preference programs like the Generalized System of Preferences (GSP), which allows duty-free imports for certain prod-

ucts from poor countries. The program provides opportunities for producers in developing countries to sell more to the U.S. market than they otherwise could and offers more options to American consumers. However, the GSP exempts many products that these developing countries tend to have a comparative advantage in, such as textiles—yet another result of successful lobbying. Congress should consider radically changing the GSP to allow free trade flows between the beneficiaries and the United States on a nondiscriminatory basis. Congress should go a step further and consider how to make such programs permanent.

Require an Audit of U.S. Regulatory, Tax, and Policy Environments

In the global competition to attract investment from the world's best companies, the United States has enormous advantages and has thus long been the premier global destination for foreign direct investment. In recent years, however, the United States has slipped in several important areas, causing its share of global FDI to decline from 39 percent in 1999 to 26 percent in 2019.

Congress should formally recognize that the United States is competing with the rest of the world to attract investment in domestic value-added economic activities and that success in this regard requires smarter domestic policies. As a starting point in this process, Congress should require a comprehensive audit of the U.S. regulatory, tax, and policy environments to identify redundancies, inefficiencies, and systemic problems that artificially raise the cost of doing business and deter global investment in U.S. value-added activity.

Foreign direct investment is a verdict about the efficacy of a country's institutions, policies, and potential. Given the importance of FDI to economic growth, understanding its determinants and crafting policy accordingly are matters of good governance and common sense. As former Sen. Bob Corker (R-TN) put it, "If we want the U.S. to be the very best place in the world to do business, we need to take a close look at what we're doing right, what we're doing wrong, and how we can eliminate barriers that diminish investment in the U.S."

Repeal Buy America Laws and Related Localization Mandates

For decades, the federal government has been hamstrung by laws requiring the purchase of U.S. products and services in federal contracts. Although the Buy American Act of 1933 is a leading example of such measures, other similar legislation includes the Berry and Kissell Amendments for the purchase of goods by the Department of Defense and the Department of Homeland Security, as well as preference laws requiring government-impelled cargo to be trans-

ported on U.S.-flagged ships—far costlier than foreign alternatives. Such laws increase project costs, invite reciprocal retaliatory measures from U.S. trading partners, and increase the federal government's difficulty of carrying out its assigned duties.

That local content mandates continue to be attractive to many in Congress is likely due to fallacious notions that they bolster the health of U.S. firms or that dollars going to foreign businesses represent an economic loss. However, favoring U.S. products coddles American suppliers and makes them less prepared to face the rigors of the global marketplace. It's no surprise, then, that preferred industries, such as steel, textiles, footwear, and others continue to struggle after decades of procurement protection. Furthermore, foreign businesses that receive government contracts use the dollars earned to buy American products or invest in the United States. Such exchange between countries to mutual advantage is the very essence of trade.

Federal procurement mandates should therefore be repealed, excepting only those goods and services with a direct and obvious national security imperative (e.g., weapons systems). Otherwise, the federal government should have all options at its disposal when making purchases to ensure that maximum value is attained and that unintended consequences are avoided. Failure to do so means higher taxes, reduced expenditures elsewhere, increased borrowing and debt, lower economic growth, or some troubling combination thereof.

Repeal the Jones Act and Other U.S. Maritime Protectionism

The 1920 Jones Act restricts domestic waterborne transportation to vessels that are U.S.-flagged, U.S.-built, and at least 75 percent U.S.-crewed and -owned. Under Jones Act protectionism, the competitiveness of U.S. commercial shipbuilding has degraded to the point where U.S.-built ships cost four to five times as much as those built abroad. The predictable result of such high prices has been little demand for new commercial ships, with an average of just three delivered per year since 2000. In 2021, U.S. shipyards delivered zero commercial ships.

High capital costs along with operating expenses approximately three times higher than foreign-flagged vessels make for expensive shipping that disincentivizes intra-U.S. commerce. Although these pains are particularly acute and obvious for noncontiguous U.S. states and territories, such as Alaska, Hawaii, and Puerto Rico, they are also felt nationwide. The expense of using Jones Act tankers, for example, has been cited as a factor behind American companies buying crude oil, petroleum products, and liquefied natural gas (LNG) from Russia and other foreign countries, instead of from U.S. suppliers. Indeed,

there are a total of *zero* Jones Act–compliant LNG tankers available to transport abundant American natural gas.

Expensive domestic shipping reverberates throughout the U.S. economy. It means higher demand for trucking and rail, leading to higher costs for these transportation modes, as well as increased congestion, more wear and tear on highways, and added emissions. The Jones Act has thus been a contributor to pandemic-era supply chain problems. The law also harms U.S. exporters, because U.S. trading partners reduce market access as retaliation for the U.S. refusal to allow the use of foreign shipping services or foreign-built vessels in domestic trade.

Other protectionist U.S. maritime laws are similarly problematic:

- The Foreign Dredge Act of 1906, which restricts dredging services to U.S.-built and U.S.-registered vessels, closes off the U.S. dredging market to far more efficient foreign firms and increases the cost of maintaining waterways and deepening ports. It thus prevents U.S. ports from accommodating the increasingly large container ships engaged in international trade, and it decreases U.S. supply chain efficiency.
- The Passenger Vessel Services Act (PVSA) of 1886 restricts the transport of passengers between U.S. ports to U.S.-built and U.S.-flagged vessels and all but destroyed our interstate cruise industry. Today, only one large cruise ship (with capacity exceeding 800 passengers) is operating under the U.S. flag. That lone ship, the Hawaii-based *Pride of America*, was delivered by a German shipyard and required a special congressional waiver to operate under the PVSA. In fact, no U.S. shipyard has delivered a large cruise ship since 1958.

Congress should repeal the Jones Act, the Foreign Dredge Act, and the Passenger Vessel Services Act immediately.

Reengage in Trade Agreements

Since the end of World War II, the United States has worked to lower trade barriers through reciprocal trade agreement negotiations with other countries. Though slower and messier than unilateral liberalization, these efforts are more politically palatable and have paid significant economic and geopolitical dividends.

In recent years, however, U.S. policymakers have abandoned market-liberalizing trade deals and the "trade promotion authority" needed to negotiate and implement them. The Trump administration unwisely withdrew from the TPP in January 2017. It then dedicated substantial resources to renegotiating the North American Free Trade Agreement—in a more protectionist direction—

with Canada and Mexico, both members of TPP's successor, the CPTPP. In fact, the last comprehensive trade liberalization agreements involving the United States—with Colombia, Korea, and Panama—were implemented a decade ago.

Others have not been so timid. As noted, the CPTPP entered into force shortly after the United States departed. The European Union has implemented five new trade agreements over the same period, and the newly "Brexited" United Kingdom has also inked several. The Beijing-led Regional Comprehensive Economic Partnership and the 54-nation African Continental Free Trade Area each went into effect at the beginning of 2022, and notoriously difficult India concluded a free trade agreement with Australia shortly thereafter. The list goes on (and on).

An atrophying liberalization agenda will hurt the United States. Over the long run, we can expect a less competitive and dynamic U.S. economy. American firms shielded from foreign competition will be less efficient and innovative; they and other U.S. companies will lose market share to their peers in countries with more robust trade agreements; American consumers will suffer higher prices and fewer choices. Likewise, by sitting on the trade agreement sidelines, the United States will lose a pillar of its "soft power" foreign policy and be unable to set standards for commerce in the 21st century. China and others will fill the vacuum.

Given these realities, the United States should quickly work to reauthorize Trade Promotion Authority and rejoin the TPP/CPTPP. Doing so not only would benefit the U.S. economy but also would help counterbalance China's economic gravity in the Asia-Pacific region and troubling commercial and diplomatic practices. Deepening economic ties with Europe—through both the stalled Transatlantic Trade and Investment Partnership and the U.S.-UK free trade agreement—should also be reconsidered, perhaps especially given recent Russian belligerence. Bilateral or regional deals with developing economies in Africa and Latin America could also promote U.S. economic and geopolitical interests, particularly given China's embrace of these regions for critical raw materials.

In the alternative, the United States can continue to sit on the sidelines and watch the rest of the world pass it by.

Revitalize the World Trade Organization

The strength and survival of the rules-based multilateral trading system under the auspices of the WTO is a U.S. economic and foreign policy imperative. Membership in the WTO system has boosted annual U.S. GDP growth by about $87 billion in the 25 years since the WTO's establishment—*more than*

any other country. The WTO, and its predecessor, the General Agreement on Tariffs and Trade, have also long been a pillar of U.S. security policy and the liberal international order.

Although most world trade continues to abide by WTO rules, the system itself has slipped from the center of global trade governance. Members have repeatedly failed to negotiate further trade liberalization, to fully engage on 21st-century trade issues like digital trade and environmental technologies, or to conclude an agreement on trade in medical goods during the COVID-19 pandemic. Furthermore, the centerpiece of the WTO—its hitherto highly successful international dispute settlement system—lacks an operational Appellate Body (and is thus hobbled) because of U.S. refusal to seat new judges.

The 12th Ministerial Conference of the WTO in Geneva in June 2022 provided modest momentum to the organization. WTO members agreed to continue a moratorium on tariffs on electronic commerce, thus preventing the proliferation of taxes on purchases of everything from streaming films to e-books to financial transactions. They concluded a waiver of certain intellectual property rights for COVID-19 vaccines, thus setting the stage for a needed and broader focus on global vaccine distribution and production. They agreed to prevent domestic food export restrictions from applying to humanitarian efforts by the World Food Programme to address the world food crisis. And they concluded only the second multilateral agreement by the WTO since its establishment in 1995, and the first since 2013, with the signing of an accord to discipline some of the fisheries subsidies that contribute to rapidly declining fish stocks worldwide.

Each of these agreements falls short of what is truly needed. Yet they do provide modest momentum to the WTO as it strives to return to the center stage of world trade. Further negotiations continue in each of these areas. In addition, negotiations are continuing on a number of issues that have long been under consideration but did not make it to the final agenda in Geneva: eliminating tariffs on environmental goods, creating WTO rules on digital trade, identifying ways to limit plastics pollution from trade, and reducing the subsidies and other measures that distort agricultural trade. Additional issues, old and new alike, are also awaiting WTO action now that WTO members have proved anew—to the world and, importantly, to themselves—that they can conclude multilateral agreements.

The United States played a leading role in creating and building the WTO-based multilateral trading system, for Americans' sake *and* for the sake of all those who live in the 163 other WTO member countries. Renewed and active American leadership is desperately needed to fix the WTO's problems and help restore it to the center of world trade, to the immense benefit of American businesses, workers, and consumers. The United States should therefore imme-

diately reengage at the WTO, and—as an act of good faith and an effort to jump-start new negotiations—lift its hold on new Appellate Body members *and* indicate that its own sacred cows (especially agricultural subsidies and trade remedies) are on the table if other members' are too. Such efforts would not right the WTO's ship overnight but would go a long way to setting it back in the right direction.

Suggested Readings

Bacchus, James. "Biden and Trade at Year One: The Reign of Polite Protectionism." Cato Institute Policy Analysis no. 926, April 26, 2022.

———. "Trade Is Good for Your Health." Cato Institute Policy Analysis no. 918, June 30, 2021.

Bacchus, James, and Inu Manak. "Free Trade in Environmental Goods Will Increase Access to Green Tech." Cato Institute Free Trade Bulletin no. 80, June 8, 2021.

Barattieri, Alessandro, and Matteo Cacciatore. "American Protectionism and Construction Materials Costs." Cato Institute Briefing Paper no. 133, February 9, 2022.

Fitzgerald, Timothy. "Environmental Costs of the Jones Act." Cato Institute Policy Analysis no. 886, March 2, 2020.

Grabow, Colin. "The Progressive Case for Jones Act Reform." Cato Institute, September 7, 2021.

———. "Rust Buckets: How the Jones Act Undermines U.S. Shipbuilding and National Security." Cato Institute Policy Analysis no. 882, November 12, 2019.

Grabow, Colin, Inu Manak, and Daniel J. Ikenson. "The Jones Act: A Burden America Can No Longer Bear." Cato Institute Policy Analysis no. 845, June 28, 2018.

Ikenson, Daniel J. "Tariffs by Fiat: The Widening Chasm between U.S. Antidumping and the Rule of Law." Cato Institute Policy Analysis no. 896, July 16, 2020.

Ikenson, Daniel J., and Simon Lester. "The Pandemic Does Not Justify Protectionism or Deglobalization." Cato Institute Pandemics and Policy series, September 15, 2020.

Lester, Simon. "Digital Trade Agreements and Domestic Policy." Cato Institute Free Trade Bulletin no. 79, April 14, 2021.

Lincicome, Scott. "Doomed to Repeat It: The Long History of America's Protectionist Failures." Cato Institute Policy Analysis no. 819, August 22, 2017.

———. "Manufactured Crisis: 'Deindustrialization,' Free Markets, and National Security." Cato Institute Policy Analysis no. 907, January 27, 2021.

———. "The Pandemic Does Not Demand Government Micromanagement of Supply Chains." Cato Institute Pandemics and Policy series, February 24, 2021.

———. "Should the U.S. Government Subsidize Domestic Chip Production?," *Wall Street Journal*, February 27, 2022.

———. "Testing the 'China Shock': Was Normalizing Trade with China a Mistake?," Cato Institute Policy Analysis, no. 895, July 8, 2020.

Lincicome, Scott, and Inu Manak. "Protectionism or National Security? The Use and Abuse of Section 232." Cato Institute Policy Analysis no. 912, March 9, 2021.

Lincicome, Scott, Inu Manak, and Alfredo Carrillo Obregon. "Unfair Trade or Unfair Protection? The Evolution and Abuse of Section 301." Cato Institute Policy Analysis no. 930, June 14, 2022.

Lincicome, Scott, and Alfredo Carrillo Obregon. "The (Updated) Case for Free Trade." Cato Institute Policy Analysis no. 925, April 19, 2022.

Lincicome, Scott, and Huan Zhu. "Questioning Industrial Policy: Why Government Manufacturing Plans Are Ineffective and Unnecessary." Cato Institute White Paper, September 28, 2021.

—Prepared by Scott Lincicome, James Bacchus, Gabriella Beaumont-Smith, Colin Grabow, Daniel Griswold, and Clark Packard