

And the Loser Is . . .

Cato's first Protectionist Madness tournament recognizes the worst policies

Each spring, much of the country is glued to their TVs and their brackets as the NCAA college basketball playoff series known as March Madness is underway. Cato decided to get in on the fun with a different kind of madness.

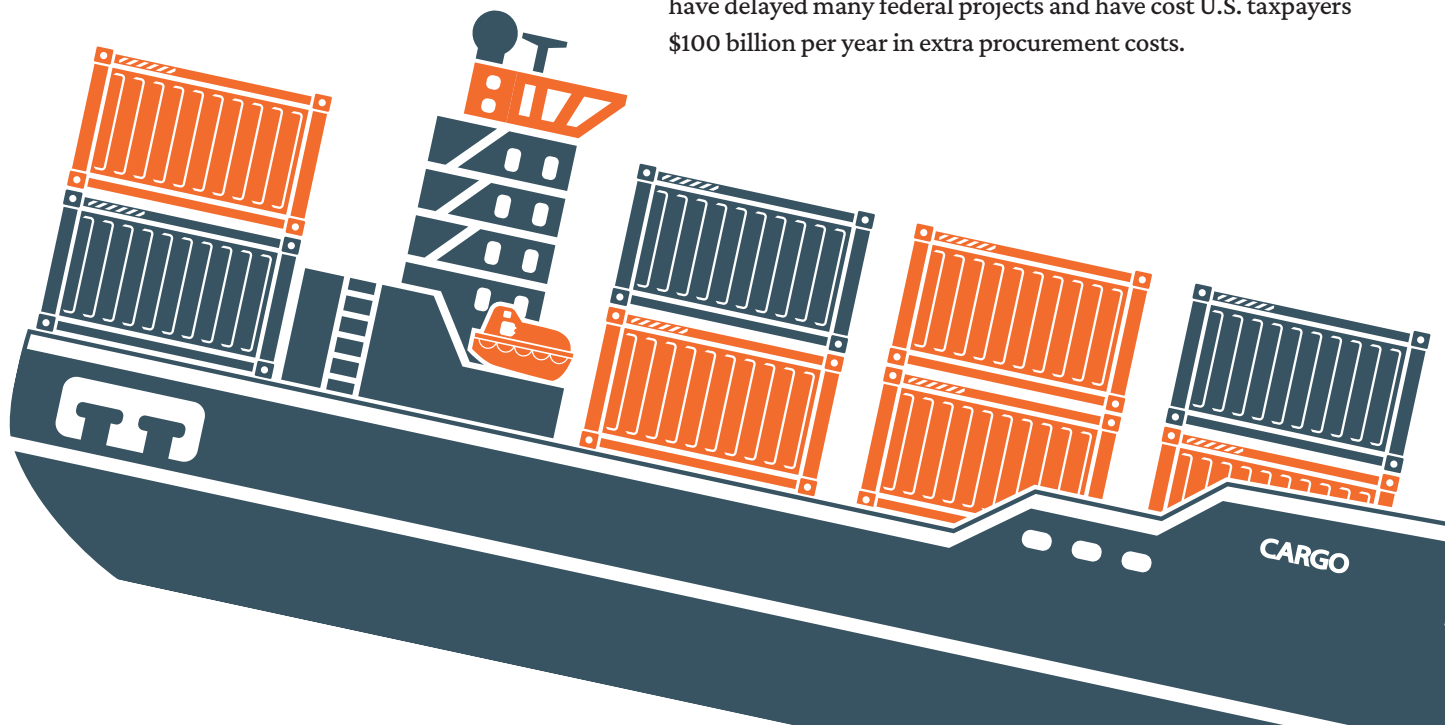
Cato's 2023 Protectionist Madness bracket put 32 harmful U.S. trade policies in a single-elimination tournament to let the public decide which was the worst of the worst. After seven rounds of voting, 31 matchups, and almost 26,000 votes, we've crowned our first ever Protectionist Madness champion:

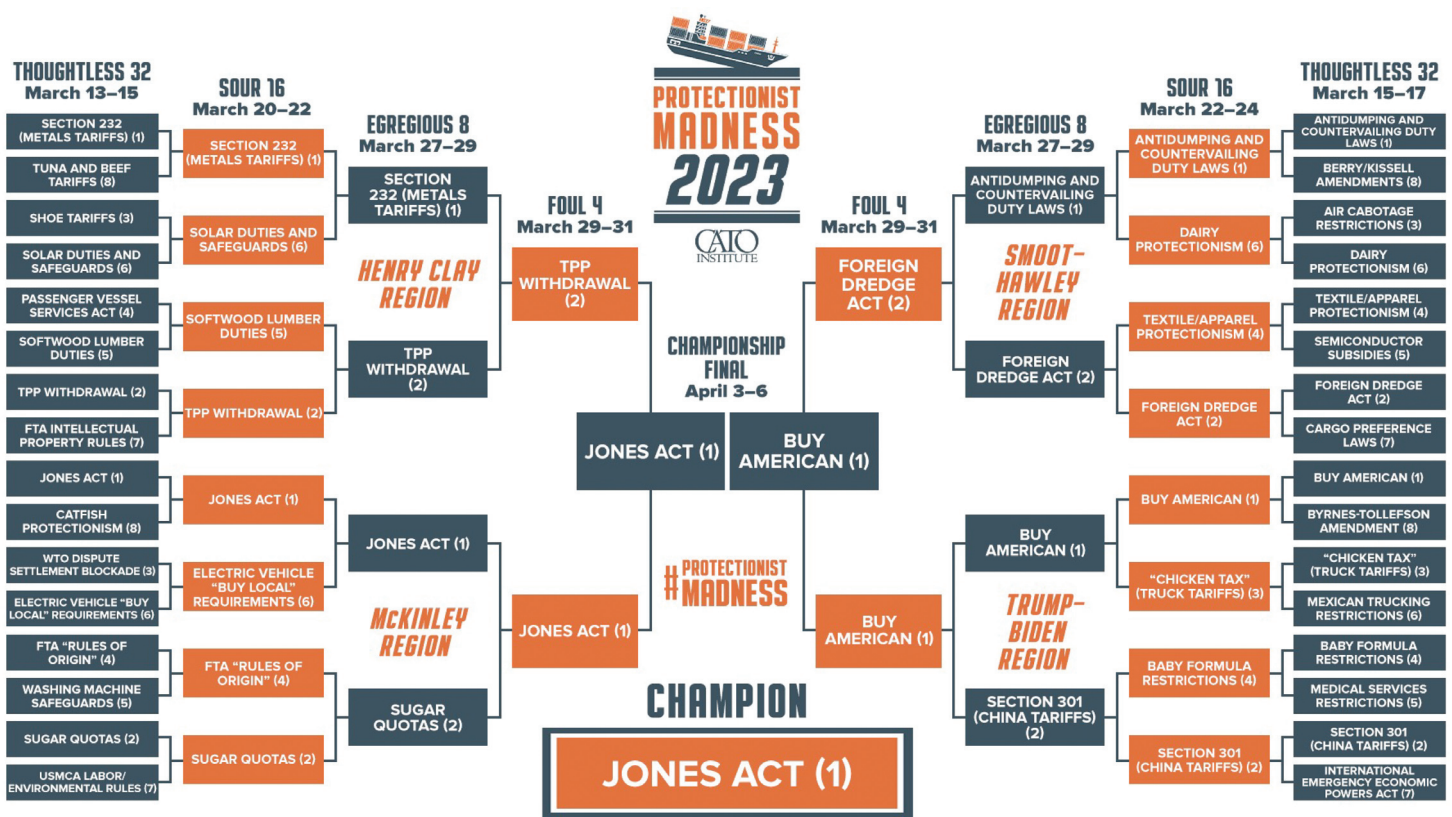
The Jones Act.

Anyone who has been reading Cato scholarship knows that this distinguished dishonor is more than deserved. This 1920 law restricts the transportation of goods between domestic ports to vessels that are U.S.-built, U.S.-flagged, and mostly U.S.-owned and -crewed. Very few ships fit these criteria (only 90 oceangoing cargo ships comply with the Jones Act), and they are significantly more expensive to build and crew than international ships. The results are high shipping rates within the United States, generation of more traffic and

air pollution, and prevention of effective emergency response. We saw the consequences unfold before our eyes last year as Puerto Rico struggled to recover from Hurricane Fiona. Reports show that repealing the Jones Act could increase U.S. economic output by up to \$135 billion.

Contrary to what some believe, the United States is not a libertarian bastion of free trade. The federal government restricts foreign trade and investment in various ways that harm American workers, farmers, trading partners, and the economy overall—and this has bred extensive political dysfunction. Cato's Protectionist Madness tournament educated participants on many policies that Americans may be aware of and other policies that likely most don't even know exist. The championship matchup pitted the Jones Act against the worthy opponent of Buy American laws, which require federally funded projects to use U.S.-made materials, driving up taxpayer costs, increasing delays, blocking access to the world's most innovative products, and aggravating U.S. trading partners. These laws (which go back to the 1930s) and similar restrictions have delayed many federal projects and have cost U.S. taxpayers \$100 billion per year in extra procurement costs.





We split 32 bad U.S. trade policies across four separate regions, and seeded each region's trade measures from 1 to 8 (the number in parentheses), based on their odds of winning the whole thing.

Plenty of candidates that didn't make the championship match were eminently deserving of criticism. The Trans-Pacific Partnership (TPP) withdrawal went strong for three rounds before succumbing to the Jones Act. The Bush and Obama administrations negotiated the TPP with 11 other nations, including Japan, Vietnam, Malaysia, and New Zealand, to expand trade, boost economic growth, and offset some of China's growing influence in the Asia-Pacific region. The Trump administration's ill-advised 2017 decision to withdraw from the agreement diminished U.S. influence in a critical region while harming American consumers and exporters (who now face higher trade barriers from the TPP parties that subsequently finalized the deal).

According to one recent estimate, TPP would have produced a \$31 billion net gain to the U.S. economy by 2030; withdrawal will instead generate a \$2 billion net loss.

The baby formula crisis captivated Americans for several months in 2022, though the temporary policy changes that provided relief may have left many thinking this problem was solved. Widespread

shortages of baby formula were exacerbated by U.S. policies that make the importation of baby formula both expensive and difficult. The U.S.-Mexico-Canada Agreement signed in 2018 imposes restrictions on Canadian formula exports to the United States. In addition the Food and Drug Administration requires both U.S. and foreign businesses to complete an onerous process to be approved to sell formula in the United States, and the agency maintains a "red list" of products from certain countries that must be automatically seized at the border if imported. These trade barriers blocked imports from safe trading partners such as Germany and New Zealand. Baby formula restrictions may have only made it to the "Sour Sixteen" round; however, as tariffs on formula imports returned in January 2023, the negative effects of these regulations will be with us for the foreseeable future.

Cato's Protectionist Madness tournament was an engaging way to highlight 32 problematic policies, while underscoring just how much protectionism still exists in the supposedly "unfettered" U.S. economy. ■

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