

# THE WALL STREET JOURNAL

## America Needs the WTO

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July 12, 2018

**President Trump's assault on the organization could harm U.S. workers even more than his tariffs have.**

In addition to all else President Trump has been doing lately to sow chaos in the international trading system, he is reportedly considering pulling the U.S. out of the World Trade Organization. Bent on preserving slim Republican congressional majorities in November's elections, the president may hope that a loud goodbye to the WTO would reassure and revitalize his protectionist political base.

Any WTO member can withdraw with six months' notice. Mr. Trump may attempt to withdraw the U.S. unilaterally, as he did with the Paris climate accords—although courts might find that such a move requires congressional approval. Mr. Trump could also propose legislation, like the type that has been leaked to the press, expanding his existing discretionary authority to ignore WTO treaty obligations. Whether Congress would pass such legislation is another matter.

But let's say Mr. Trump managed to get his way and pull the U.S. out of the WTO. The consequences for the world and U.S. economies would be immense. Among them: diminished trade growth, costly market and supply-chain disruptions, and the destruction of jobs and profits, especially in import- and export-dependent U.S. industries. The resulting trade barriers would compel some American companies either to downsize or move offshore. The global economic spiral set in motion by Mr. Trump's reckless trade actions on steel, aluminum, Canada, Mexico, China, and Europe would accelerate.

If his trade brinkmanship so far is any indication, the president seems willing to risk these dire results. But he may not be aware that losing the benefits of membership in the WTO would harm American businesses and workers even more than his recent trade actions are harming them.

WTO membership provides goods and services produced in the U.S. with protection against discrimination in foreign markets. Nondiscrimination rules are the heart of the WTO trading system, which currently applies in 164 countries and to 98% of all global commerce. Should Mr. Trump cancel America's membership, every WTO member would be free under international

law to discriminate against American goods and services however they wished unless they had a free-trade agreement with the U.S.

Moreover, all WTO members are required to grant one another lower tariffs at WTO-agreed rates. Should the U.S. pull out, American exporters would have to pay significantly higher tariffs almost everywhere in the world. These higher tariffs would boomerang back through global supply chains to diminish the competitiveness of U.S. producers by increasing their end prices.

Because tariffs are taxes, Mr. Trump is already imposing a hidden tax increase in the form of higher prices on American businesses and workers by provoking trade partners into retaliating against his unilateral and illegal tariffs on steel and aluminum with their own unilateral and illegal tariffs. If the U.S. left the WTO, this disguised tax increase would be vastly higher. Whatever boost the average American might have received from the tax cuts enacted last year would vanish as prices soared.

By abandoning the WTO, the U.S. would also lose access to its dispute-resolution process, thereby abandoning its only recourse under international law for countering unfair trade practices. This even though the most recent Economic Report of the President tells us that “the United States has won 85.7 percent of the cases it has initiated before the WTO since 1995.” That report is signed by President Trump. Nevertheless, he relentlessly disparages the WTO as rigged against the U.S.

Rather than relying on the international rule of law, the president is attempting to bully other countries into accepting his terms through tariffs and intimidation. Mr. Trump’s trade bullying isn’t worthy of our country. Moreover, it won’t work. When the U.S. represented nearly half of global production in the wake of World War II, it had the power to bend other countries to its will because they sorely needed U.S. investment and goods. Today the world economy is shaped much differently. The U.S. represents less than a quarter of the world economy, and trade relationships are more fluid and diverse. Mr. Trump and his boosters are vastly overestimating America’s global economic leverage.

Pushing other countries around either won’t work at all or it won’t work for long. Some of our trading partners have started to push back against Mr. Trump’s lawless tariffs. Others will surely follow. If Mr. Trump compounds his protectionist crusade by abandoning the WTO, Americans will soon remember why we created the rule-based trading system in the first place.

Instead of waging war on the WTO, the U.S. should help modernize it by making it more effective in addressing digital trade, services, subsidies, sustainability and intellectual property. Internationally agreed rules for international trade—and a process for resolving disputes about those rules—are an indispensable pillar of national prosperity. This is true for all countries, but especially a trading country the size of the U.S.

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