

## Oren Cass vs. Public-Choice Economics

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A lot of economic thought concerns the ways that markets can go awry: how the pursuit of profit by firms and individuals might not maximize social welfare, and how outcomes can best be improved in such cases. The field of “public choice” economics strives to subject government action to a parallel analysis. It suggests that government officials, elected and unelected, may have incentives that don’t line up with the public good, and considers the ways these misalignments can warp government policy. Politicians can benefit from implementing policies that inflict net harm on an economy, for example, if the gross benefits are concentrated on and visible to the beneficiaries while the gross costs are diffused and hidden from the losers.

Oren Cass has written [an essay](#) arguing that some on the Right — he calls them, here as elsewhere, “market fundamentalists” — have overread the insights of public choice in a way that makes them too enthusiastic about markets and too hostile to government. Among his targets are Michael Strain and me. We wrote an essay for National Review that made five points relevant to Cass’s argument:

- (1) President Trump’s tariffs have not benefited the U.S. economy.
- (2) Their failure is unsurprising given that their design has had more to do with interest-group politics than any reasonable assessment of the country’s needs.
- (3) We should be open to the possibility that a better-designed set of tariffs or subsidies for selected U.S. industries would yield better results.
- (4) We have reason, though, to be skeptical of such proposals.
- (5) A superior strategy for responding to Chinese economic abuses would be to strengthen our economic ties to other countries rather than impose tariffs.

Cass does not dispute points one through three, and even lends some support to them. His main objection is to point four. His basic counterargument\* is that free-trade agreements, like the ones we advocate in our fifth point, are also susceptible to the distorting effects of interest-group lobbying. We provide, Cass writes, no reason for thinking that moving in a protectionist direction deserves more skepticism than moving in a free-trading one.

Presumptive free-traders have had no trouble conceding that trade agreements in the real world typically include features that benefit parochial interests rather than the public as a whole. Whether a proposed trade agreement advances the national interest will depend on an informed assessment of its specifics. Thus Senator Pat Toomey (R., Penn.) thought that some of the provisions in Trump’s refurbished NAFTA were better than the ones in the original and others were worse, voting against the changes based on his judgment that the bad outweighed the good. The trade-policy analysts at the Cato Institute, market fundamentalists if anyone deserves the label, went through the Trans-Pacific Partnership [with microscopes](#).

Proposals to alter trade policy, whether by liberalizing trade or restricting it, have to be evaluated on their merits. We are nonetheless entitled to be more skeptical of proposals for restriction than ones for liberalization, and to think that a shift toward restriction is likely — not guaranteed, but very likely — to have generally negative consequences. The economic theory favoring free trade is well-developed, and we have extensive historical evidence (a small bit of it reviewed by Strain and me in our article) that trade enriches and protectionism impoverishes.

Protectionist policies also create more opportunities for interest-group manipulation. Trump's trade policies have created a lobbying boom as companies have sought to tax their competitors and win exemptions for themselves. That's in keeping with a long history. Moreover, when trade agreements involve cronyism, it tends to be mostly because of their protectionist components.

Trump's tariffs have also been harmful to national income, wealth, and labor markets. Cass doesn't dispute any of that. What he disputes is that we can draw any lessons from this experience. Remind me, please, which side is supposed to be the "fundamentalist" one?

\*At one point, Cass claims that Strain and I treat the status quo as ideal and all departures from it as presumptively bad. We don't, in truth, make that argument, even implicitly, and this claim of Cass contradicts his later claim that we treat proposals to liberalize trade as presumptively good. So I'm going to treat this as a minor rhetorical slip on Cass's part.