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Trade is the Republican Party's last stand

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The tussle over tariffs is the most significant political battle taking place in the United States right now — much broader than a dispute over steel and aluminum imports. It is the Republican Party's last stand against a total takeover by President Trump. Having ceded ground to Trump on personal character, immigration, entitlement reform and more, Republican leaders have chosen to draw the line at free trade. If they get rolled on this, Trump will have completed the transformation of the party.

In recent weeks, Trump seems to have remembered that he is a populist or at least is playing one on TV. After campaigning as the tribune of the forgotten working class, he handed over his presidency to the establishment wing of the Republican Party, which proceeded to attack Obamacare, roll back regulations, and pass a huge tax cut for companies and wealthy Americans. But perhaps to shore up his base before the midterm elections, or because he does actually believe some of his own rhetoric, he is now moving hard on tariffs — and immigration.

As is often the case, Trump is more in line with his party's base than most of its leaders. A recent Quinnipiac University poll found that voters, like the Republican establishment, overwhelmingly oppose Trump's tariffs. But most Republican voters support them. In fact, over the past decade, Republican support for free trade has dropped a staggering 21 points (while Democratic support has risen by 14). This is one of the sharpest reversals on major public policy in recent history.

The new Republican Party is coming into view. It is a party skeptical about free markets. It is important to remember that it is not really possible to be in favor of capitalism and against free trade. From Adam Smith to Milton Friedman, every great theorist of capitalism has recognized that free trade is at the heart of what makes capitalism work. And they have all pointed out that tariffs are precisely the kind of government intervention — with the state choosing which industries to favor, which companies to reward — that produces inefficiency and corruption. But Republicans are now comfortable with government intervention, as long as it's for the right people.

The GOP has also developed a contempt for experts and expert analysis. In 1980, with liberalism ideologically smug and dominant, Sen. Daniel Patrick Moynihan (D-N.Y.) remarked that “the GOP has become a party of ideas.” Today, the Republican Party is led intellectually not by the likes of William F. Buckley Jr. and Irving Kristol, but by Sean Hannity and Rush Limbaugh.

Consider that Trump's tariffs are opposed by a remarkable array of scholarly institutions across the political spectrum, including the conservative Heritage Foundation the libertarian Cato Institute, the center-left Brookings Institution and the left-wing Center for Economic and Policy Research. The White House barely offers serious arguments, instead providing a bogus justification for the tariffs — national security — even though China and Russia supply only a small portion of these goods to the United States.

Despite research showing that previous protectionist policies have failed, that the steel industry has lost more jobs due to efficiency and automation than to trade, and that preserving one job in the steel or automobile industries through tariffs costs consumers a whopping \$1.5 million, administration supporters no longer even offer a response. The data is simply dismissed as partisan spin or fake news.

Finally, the GOP is becoming hostile to foreigners and foreign countries. Under President Ronald Reagan, Republicans stood for a generous immigration policy, strong alliances and faith in the advancement of democracy around the world. Today, even traditional allies such as the Europeans are increasingly viewed with suspicion. It is bizarre to have chosen tariffs that mostly threaten U.S. allies such as Canada, the European Union, South Korea and Mexico. Trade does produce disruptions, severe ones in recent decades. The most sensible, cost-effective way to deal with them would be to provide subsidies to workers who lose their jobs because of trade, and invest in large-scale retraining efforts. But that doesn't quite have the same bite as attacking foreigners or stoking trade conflict.

Having transformed the party's views on issues as diverse as immigration, fiscal discipline, foreign policy and law enforcement, if Trump wins the battle over trade with his party, he will have won the war. The Republican Party will be history. And given his long-demonstrated preferences in this regard, who knows — he will probably want to rename it the Trump Party.