



Didn't Republicans Used to Believe in Free Trade?

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While U.S. politics have witnessed any number of distressing trends in recent years, one of the more disturbing is the decline in support among Republicans for free trade. The rise of Donald Trump, who regularly blamed American economic ills on China and trade deals such as the North American Free Trade Agreement (NAFTA) during the 2016 presidential campaign, is one obvious symptom of this development. Laura Ingraham's new book, *Billionaire at the Barricades*, and its relentless cheerleading for trade protectionism is perhaps another. Making the speculative argument that Trump is following a populist political trail first blazed by Ronald Reagan, Ingraham uses the book to catalog the alleged damage wrought by "globalists" and the trade liberalizing agreements they support.

This narrative, however, faces an early and glaring problem—namely that Reagan was in many ways one of the very free trade-supporting globalists targeted by her repeated barbs. Indeed, those familiar with Reagan's views on trade quickly notice a sharp divergence between the radio and television talk show host's views and those of the former president. Describing NAFTA as both a "nightmare" and "disaster," Ingraham overlooks the fact that Reagan launched his presidential campaign in 1979 by expressing his desire for a "North American accord" and spoke of a "dream" in which commerce among the United States, Canada, and Mexico would "flow more freely across their present borders than they do today." No idle rhetoric, Reagan made a concrete step toward the realization of this vision by signing a free trade agreement with Canada in 1987 that was later used as the basis for NAFTA in the early 1990s.

Other examples of this ideological parting of ways between Ingraham and Reagan abound. In contrast to her repeated citing of the trade deficit as evidence of economic weakness, Reagan regularly downplayed such concerns in both prepared remarks and off-the-cuff statements. While Ingraham shrugs off accusations of protectionism by asking, "Since when is it bad to 'protect' our nation and its workers?" Reagan considered the term one of opprobrium that he equated with "destructionism." And although Ingraham writes of the World Trade Organization with obvious disdain, left unsaid is that the organization's 1995 establishment can be directly traced to the General Agreement on Tariffs and Trade's Uruguay Round of talks which U.S. negotiators joined in 1986 at Reagan's behest.

With a likely eye toward squaring this circle, the book highlights a 1988 Cato Institute report blasting Reagan's trade record as evidence of his protectionist bona fides. As Scott Lincicome and I have noted, however, historical context—including a desire to head off even

more dramatic moves from a protectionist Congress, the need to secure votes from a heavily Democratic House of Representatives for his broader economic agenda, and a substantially different international trading environment—does much to explain the use of such measures. Taking the longer view, these examples of protectionism barely detract from an enduring trade legacy found in NAFTA and the WTO. Although someone writing in 1988 could not have known the fruits Reagan’s efforts would later bear, Ingraham has no such excuse.

A failure to note the clear lineage from Reagan is not the only example of Ingraham offering an incomplete storyline regarding NAFTA. After highlighting prophecies of doom from contemporaneous critics such as Ross “giant sucking sound” Perot and Pat “part of a skeletal structure for world government” Buchanan, Ingraham cites predictable analysis from the left-wing Economic Policy Institute (EPI)—whose opposition to both NAFTA and free trade is well-established—as evidence their hyperbolic warnings proved “painfully prescient.”

While Ingraham takes comfort in support for her NAFTA-bashing from the other side of the ideological spectrum, the rest of the economics profession is unconvinced. Indeed, a 2012 poll of 41 economists, including some of the field’s most distinguished names, found *not a single one* willing to disagree with the statement that U.S. citizens have, on average, been better off with NAFTA than with the trade rules that preceded it. Present-day threats of withdrawal from the agreement, meanwhile, have placed in sharp relief the many costs such a move would impose and the benefits NAFTA provides.

In addition to NAFTA, Ingraham portrays China and its WTO accession as another bogeyman that has wreaked havoc on the U.S. economy. For evidence, she once again dips her pail into the EPI well, citing the labor-funded organization’s claim that as many as 3.2 million jobs were lost due to trade with China. Even the more reputable 2016 paper from economists David Autor, David Dorn, and Gordon Hanson estimating 2.4 million job losses as a result of the bilateral trade relationship cited by Ingraham for good measure has been subject to a variety of criticism. That U.S. unemployment is currently at a 17-year low and flirting with a sub-4 percent rate even as trade with China reaches for new heights is unsurprisingly not remarked upon.

Ingraham—no dullard, armed with both a University of Virginia law degree and high-powered D.C. law firm background—also relies upon data that are incomplete or lacking in context. She notes, for example, that from 2001 to 2011 manufacturing employment decreased from 17.1 million to 11.8 million. Unmentioned is that this decline in manufacturing employment began in 1979, when jobs peaked at 19.4 million, and that this phenomenon is seen in developed countries around the world. Manufacturing employment, meanwhile, has increased by more than 650,000 jobs since 2011 and the sector’s output is now approaching all-time highs.

Head-scratching numbers and spurious correlations also feature as part of the scaremongering. After noting the U.S. trade-in-goods deficit with China more than quadrupled from \$84 billion in 2000 to \$367 billion by 2015 (bilateral trade in services is not mentioned—hardly a shock given the United States posted a \$37.4 billion surplus in 2016), Ingraham offers a few unrelated statistics. The first is that from 1999 to 2014 the U.S. share of world GDP has declined from 25.78 percent to 22.43 percent, while China’s GDP increased from \$1.1 trillion to \$11 trillion during roughly the same period. If China’s growth came at the expense of the United States, that might be a problem worth noting. However, it didn’t. U.S. GDP grew by approximately \$9 trillion over the same period. Moreover, the declining U.S. share of total global GDP is to be expected in a world in which the United States accounts for 5 percent (and shrinking) of global

population and many other countries' economies have been growing on account of smarter policies. This rising global prosperity is to a great extent attributable to the open trade and investment policies advocated by U.S. leaders over the years—including Ronald Reagan—and is a trend to embrace, as prosperity abroad provides lucrative markets for U.S. exports and new products for American consumers.

Strangely noted in the same paragraph is the increase in the U.S. national debt from \$5.7 trillion in 1999 to \$20 trillion today. Unless Ingraham possesses evidence that China somehow forced the United States into a series of expensive military campaigns since 2001, or was a more important determinant than our aging population in the explosive increase in entitlement spending, her conflation of the trade deficit and national debt appears either astonishingly ignorant or deceitful. Given Ingraham's sharp mind, one may lean towards the latter explanation.

Ingraham's ahistorical portrayal of Ronald Reagan as a committed protectionist, common cause with left-leaning groups such as the EPI, and repeated use of misleading statistics should serve as flashing warning signs to readers of her book. The vision she peddles of a world in which increased tariffs and new obstacles to international trade are the way forward is at odds with modern conservative philosophy, mainstream economic opinion, and possibly even President Trump whose trade protectionism has thus far consisted of more bark than bite. Such policies may hold a superficial appeal but have a clear historical record of failure. It's time for the Republican dalliance with protectionism to end.

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