

## Meet America's prophet of protectionism

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Robert Lighthizer has spent his life fighting for U.S. economic nationalism, whether it's grain or steel. Now, it's NAFTA negotiators for Canada and Mexico who are experiencing up close the man who may well determine if one of the world's most lucrative free-trade zones lives or dies. On the first day of talks to overhaul the North American free-trade agreement, Robert Lighthizer swiftly dispensed with pleasantries.

At a Washington hotel ballroom on Aug. 16 – in front of hundreds of negotiators, business leaders and reporters – the United States Trade Representative declared the deal had "fundamentally failed many, many Americans," accused Canada and Mexico of profiting at the expense of the United States and served notice that he would demand tough, new protectionist measures.

Canadian officials were blindsided.

They had believed President Donald Trump's campaign trail bluster would be kept out of the negotiating room. And many had assumed the U.S. could be satisfied with a few small changes that fundamentally did not hurt the open market between the three countries. Publicly, the Canadians would play down the episode – "trade negotiations often have moments of heated rhetoric," was a much-repeated talking-point – but insiders confide they were taken aback by the broadside.

Those who know Mr. Lighthizer say they should not have been surprised.

The lanky, 70-year-old lawyer with a shock of wavy red hair has spent his entire adult life fighting for the cause of economic nationalism.

As a top trade official in the Reagan administration, he cut deals to keep foreign steel out of the United States. In 30 years of private practice, he battled for American companies seeking punitive duties on imports. And even as unabashed embrace of open markets became an article of faith in his Republican Party, Mr. Lighthizer proudly held himself apart. In his view, free-trade boosters are naive idealists and he is the clear-eyed pragmatist who sees the country's trading partners as the cheats they really are, and is willing to deal with them harshly.

His speech that August morning set the tone for what was to come. Over the past two months, he has demanded a 50 per cent U.S. content requirement in all vehicles made in Canada and Mexico, severe restrictions on the amount of American government procurement Canadian and Mexican firms can bid on and a gutting of NAFTA's dispute settlement mechanisms. When the other two countries refused to acquiesce, Mr. Lighthizer publicly berated them at the end of the fourth round of negotiations in Washington last week.

"Frankly, I am surprised and disappointed by the resistance to change from our negotiating partners," he said as he stood on stage just a metre away from Canadian Foreign Minister Chrystia Freeland and Mexican Economy Minister Ildefonso Guajardo. "Countries are reluctant to give up unfair advantage."

In a subsequent press conference, he unloaded on American companies worried about his plan to scrap NAFTA provisions meant to protect cross-border investors.

"Why is it a good policy for the United States government to encourage investment in Mexico?" Mr. Lighthizer said. "Buy your own political risk insurance."

The talks are deadlocked, with a vast gulf separating the Trump administration from Canada, Mexico and the U.S. business community. And at the centre is Mr. Lighthizer who, more than anyone other than the President himself, will decide if one of the world's most lucrative free-trade zones lives or dies.

Canadian officials who have dealt with him over the past two months describe a man every bit as tough behind the scenes as he has been in public. In negotiations, Mr. Lighthizer's team has made clear that he expects Canada and Mexico to make all the concessions, while the U.S. will not give anything up, said sources with knowledge of the talks.

But, despite his flinty approach to negotiations, the people, who on condition of anonymity agreed to discuss confidential closed-door meetings, say he is genial and funny even as he takes a hard line at the bargaining table. They also express a certain begrudging admiration for his intense focus and wonk-like command of detail on trade policy.

And while he and Ms. Freeland have sparred in public, the sources say the two have built a good working relationship in private. They shared a one-on-one dinner in early August in Washington ahead of the start of talks, said one source.

They have also dined, along with members of their staffs, with Mexican counterpart Mr. Guajardo at every negotiating round. The trio has even started an informal book club, swapping tomes on Winston Churchill, the American Civil War and the unravelling of the international order before the First World War.

Sure of his convictions, with a mischievous side

This picture of Mr. Lighthizer certainly matches his reputation around Washington, where friends, former colleagues and adversaries describe him as a tough negotiator sure of his convictions, but with a mischievous side and a penchant for cracking dirty jokes.

In one oft-recounted anecdote from his steel negotiations with Japan during the Reagan years, Mr. Lighthizer expressed disapproval with one of the other side's proposals by folding the document into a paper airplane and throwing it at a Japanese negotiator. He also has a healthy self-regard. People who have visited his home over the years recall being greeted by an oil painting of their host hanging in a place of prominence.

And those who have crossed paths with him – both as colleagues and opponents – say Mr. Lighthizer evinces a black-and-white view of trading relations. To him, other countries are the U.S.'s adversaries. And while he is pragmatic enough to make deals, they say, this is purely transactional – he will never back down because he is convinced of the other side's correctness. He faced down the dominant orthodoxy of the Washington trade establishment with the zeal of a true believer; he is not about to roll over because another country tells him he's wrong. "His view of trade, he's had his whole adult life. Most of the time, he was a voice in the wilderness among the free traders," his older brother, James Lighthizer, says in an interview. "But he's always steadfastly, if not stubbornly, stuck to what I would call 'fair trade.'" Now, near the end of his career, Robert Lighthizer finds himself in an improbable situation: A Republican won the presidency by running on the same principles Mr. Lighthizer has long fought for, and he suddenly has the chance to reshape American trade policy.

"He's highly nationalistic. He's well-matched with the President. They're kindred spirits," says Charles Blum, a former diplomat who worked with Mr. Lighthizer in the Reagan administration. "He tells people he has a mandate to turn trade upside-down."

Mr. Lighthizer also finds himself in a crucible. People with knowledge of the negotiations say he appears to sincerely want a deal – as evidenced by his decision last week to scrap an end-of-year deadline and give negotiators until late March to keep talking – but it is far from clear he can reach one. A new pact would have to be agreed to by Canada and Mexico, but still be sufficiently tough to pass muster with Mr. Trump.

"Lighthizer's in a two-way negotiation," says William Krist, a former trade negotiator. "He's got to get something he can take back to Trump and say 'You can take this to your base.'" By the time NAFTA talks are through, Mr. Lighthizer could succeed in changing the course of international commerce for the world's wealthiest country. Or, he could be the man who blew up America's most important trade deal.

Born Oct. 11, 1947, the younger son of physician Orville

James Lighthizer and Michaelene (Micki) Bogan, a stay-at-home mother, Robert Emmet Lighthizer grew up at 3830 Edgewater Dr., a red brick and white clapboard house across the street from Lake Erie in the industrial town of Ashtabula, Ohio.

His brother, Jim, remembers theirs as a "typical Midwestern upbringing" in postwar America: They built tree forts, fished, swam and played at being Daniel Boone. Bob was strong-willed from the start, frequently barking orders at the other children.

One boyhood friend, David Lucas, told the local newspaper of a time he and the Lighthizers were flying paper airplanes from the roof of a garage. Bob, he said, convinced him to jump down to retrieve the planes, spraining his ankle in the process. "He was known to be a good communicator even then," the Star Beacon quoted him as saying.

In his teens, Mr. Lighthizer attended preparatory school in suburban Cleveland, took out a GQ subscription and became fastidious about his appearance. Both Lighthizer brothers ultimately decamped Ohio for Washington and took law degrees at Georgetown University.

One of Mr. Lighthizer's defining characteristics – both as a kid in Ashtabula and later in university – was his refusal to concede an argument.

"We were two boys, so we fought all the time," Jim says. "He was always a very good debater, could carry an argument, but he didn't back down from his position. He's pretty aggressive and he's tough. He is fearless. So if anybody thinks they can push over and intimidate him, they're just crazy as hell."

While Jim pursued a political career in Maryland, culminating with a stint as the state's secretary of transportation, Bob first worked in private practice at Covington & Burling LLP before landing a job on Capitol Hill as an aide to Bob Dole in 1978.

As chair of the powerful Senate finance committee at the time, Mr. Dole played a leading role steering Ronald Reagan's first tax cut package through Congress in 1981. Mr. Lighthizer caught the White House's attention.

In 1983, Mr. Reagan tapped Mr. Lighthizer as deputy United States trade representative. On one of his early assignments, former colleagues recalled, he used a hardball style to land a deal to export more U.S. grain to the Soviet Union: After several rounds of talks, he calculated what it was costing the Treasury to send his delegation to Moscow and told the Soviets he would not be wasting so much money on another session without an agreement. It worked. His central achievement was on steel. The United States blamed a flood of imports for hurting the domestic industry, and Mr. Reagan faced pressure from the Democrats in an election year to clamp down. So, the president dispatched Mr. Lighthizer to cut deals with steel-producing countries: Washington would not impose tariffs if other countries would agree to strict quotas on the amount of steel they exported to the U.S.

Colleagues remember the psychological techniques he used – both on his negotiating partners and his own staff.

Mr. Lighthizer, for instance, told his subordinates that the target quotas for steel were half what they really were, in order to ensure his negotiating team took a suitably hard line in talks, recalls Mr. Krist, who worked with him at the time.

"He's a very good negotiator, he's a good strategic thinker."

Mr. Blum, another former colleague, remembers how after Mr. Reagan cruised to re-election in 1984, Mr. Lighthizer feared other countries would assume the administration had lost its resolve to drive a hard bargain now that it no longer faced any ballot box pressure.

So Mr. Lighthizer arranged to have himself photographed personally briefing the president, leaning in close to one another over a narrow coffee table.

Then, he made sure the image ran in a steel industry trade publication – a subtle but unmistakable signal that Mr. Reagan fully intended to keep pressing.

"At 9.30 a.m. the day the photo ran, the Japanese called up and said 'When can we come in and make a deal?'" Mr. Blum says. "It was a stark visual message to the world and it worked within a matter of hours."

Deal-making at an exhausting pace

Not all of Mr. Lighthizer's tactics were quite so effective. One person who witnessed his attempts at bargaining table humour – including his paper airplane stunt with Japan – recalls that those on the other side were generally unimpressed.

"That didn't help. I think he was trying to be funny, but it was offensive to the Japanese," says the source, who added that Mr. Lighthizer's subordinates often had to smooth things over with their negotiating partners after he left the room.

"He doesn't make deals because he sees merit in the other guy's position. He never felt they were legitimate. He was contemptuous of the Japanese. Bob was really contemptuous of them. He was inflexible and demanding."

Still, Mr. Lighthizer managed to land deals with eight countries, including heavyweights Japan and South Korea, to restrict steel exports. It was deal-making at an exhausting pace: In the seven-month process, Mr. Blum recalls, Mr. Lighthizer's steam took just two days off.

With these victories under his belt, Mr. Lighthizer left the government in 1985 for private practice at Skadden, Arps, Slate, Meagher & Flom. His top client was United States Steel Corp. and he effectively did for them what he had done for Mr. Reagan: Fighting foreign imports. He brought a string of trade cases accusing other countries of unfairly subsidizing their industries and persuaded the U.S. government to slap tariffs on them.

In 1992 alone, Mr. Lighthizer and another lawyer filed cases against no fewer than 47 companies in 21 countries as some of the previous deals he had negotiated in the Reagan administration expired. The fight was so huge that he joked about all the work he had created for other lobbyists battling him: "This is a fat pig, and they all want a slice of it," he told The New York Times then.

Lewis Leibowitz, an auto industry lawyer who often crossed swords with Mr. Lighthizer in those days, says his erstwhile courtroom opponent had no trouble portraying other nations as bad guys. "Instead of being negotiating partners, these countries were the enemy. He never hesitated to paint his adversaries as people who needed to be stopped. He used some harsh language," he says.

In private, however, he recalls Mr. Lighthizer as unfailingly cordial: "When the spotlight was turned off, he was always candid and friendly."

Not that Mr. Lighthizer's nationalism precluded him from helping other countries' interests. He represented Brazil's Sugar and Alcohol Institute in an ethanol dispute and China's Chamber of Commerce for Machinery and Electronics in a case on the manufacture of fans.

Mr. Lighthizer's work for Brazil would later be used by the Democrats to delay his confirmation as U.S. trade representative to extract concessions from the Republicans on unrelated legislation. Mr. Lighthizer remained loyal to Mr. Dole, serving as policy adviser and treasurer of his 1996 presidential campaign, during which the media touted him as a possible future White House chief of staff.

And he cultivated the figure of a lone prophet for protectionism even as the world, and his own political party, moved determinately in the opposite direction.

In 2008, Mr. Lighthizer took aim at GOP presidential nominee John McCain in a New York Times op-ed, criticizing the Arizona senator's support for free trade. In 2011, when Mr. Trump mused about making a presidential run – and saw himself attacked by fellow Republicans as a dangerous protectionist – Mr. Lighthizer defended him in The Washington Times. On both occasions, he argued that economic nationalism was fully compatible with conservatism, from Alexander Hamilton to Abraham Lincoln to Ronald Reagan. If the Gipper had supported limiting foreign steel imports, didn't that make protectionism consistent with GOP orthodoxy?

Not that Mr. Lighthizer characterized such views as protectionism. Rather, he presented them as "pragmatism" that understood "the realities of everyday life."

"Modern free traders, on the other hand, embrace their ideal with a passion that makes Robespierre seem prudent," he wrote in the 2008 op-ed. "They embrace unbridled free trade, even as it helps China become a superpower."

After Mr. Trump won last year, one of his economic advisers, former steel executive Dan DiMicco, brought Mr. Lighthizer on to the transition team. Mr. DiMicco knew Mr. Lighthizer from their days fighting steel imports and saw in him someone who combined economic nationalism with the deep experience necessary to implement an agenda.

"Bob Lighthizer is a free-trader. The problem is, there is no such thing as free trade in the world. It's a nice phrase to use, kind of like 'world peace': We all strive for it, but we know that the reality is that the world is not at peace," he says. "There's no such thing as free trade, it's all managed trade, and we have done a lousy job of managing it."

Unlikely to compromise

One day last winter, Mr. Trump summoned Mr. Lighthizer to Mar-a-Lago, a 10-minute drive south of Mr. Lighthizer's Palm Beach condo. Over the course of a 40-minute meeting, Mr. Trump never actually asked Mr. Lighthizer if he wanted to be his trade czar. The President simply assumed Mr. Lighthizer was in.

"He was clearly the guy: I mean, there's nobody else in the country who, because of his views and his experience, that's even close to him," Jim Lighthizer says of his brother.

It's certainly true that, within the world of Washington trade policy, Mr. Lighthizer and his fellow protectionists in the White House stand apart.

Dan Ikenson, a trade expert at the libertarian Cato Institute, contends Mr. Lighthizer's concept of the world is somewhere between impractical and entitled.

"Their view is: 'The U.S. is good and benevolent and we've done so much for people since the Second World War, the world owes us,'" he says. "It's like, 'All animals are equal but some are more equal than others.'"

And Mr. Ikenson argues there is a stark difference between the Reagan era and today: Before the age of the World Trade Organization, which came into being in 1995, there was no recourse for handling trade cheating other than slapping duties on imports. Now, however, there are ways to deal with disputes that don't involve risking a trade war. In Mr. Ikenson's view, the U.S. economy survived "in spite of" the protectionist policies of the 1980s, not because of them. As Trumpian economics have alienated capitalist purists, however, they have attracted allies in unusual quarters.

Leo Gerard, international president of the United Steelworkers, sings Mr. Lighthizer's praises when asked about working with him during the steel wars of years past.

"I've known him to be smart, strategic ... a fighter for industrial jobs," he says. "He wants to do the right thing here. He understands that if Canada and the United States can't do a deal that is good for workers in Canada, the United States and Mexico, the deal won't fly."

Outside work, Mr. Lighthizer's life revolves around reading – he prefers biographies and tomes on U.S. history – playing golf and exercising. He divides his time between homes in Washington and Palm Beach. He's close with his two grown children, Claire and Robert, three grandchildren and his brother. Mr. Lighthizer's wife, Cathy, died in 2014.

And Mr. Lighthizer has long been passionate about basketball, rooting for his alma mater's Georgetown Hoyas. During the steel negotiations of the 1980s, recalls one of his then subordinates, he was so loath to miss a game that he would often knock off for the evening to go watch while his team kept working.

Nearly everyone who knows Mr. Lighthizer cites his wisecracking – though few are willing to repeat an example of a specific joke. "Most of them, you couldn't print in a family newspaper," his brother says. "They are, shall we say, bawdy."

A sanitized version of Mr. Lighthizer's quipster persona has shown up for his sessions with journalists during NAFTA talks. At the third round in Ottawa, when a reporter asked about "red lines" in negotiations, he replied that the only such line he cared about was the subway route that connects suburban Maryland to downtown D.C.: "Red lines to me are what runs to Rockville from Farragut Square." During the fourth round in Washington, describing what would happen if he concluded a trade agreement Mr. Trump was unhappy with, Mr. Lighthizer said it would be "a quicker way to lose your job than chartering an airplane" – a pointed reference to former health secretary Tom Price, who had to resign after he was caught billing taxpayers for private flights.

So far, Mr. Lighthizer has lived up to his hardline reputation at the bargaining table. And if past is prologue, he is unlikely to compromise without extracting significant concessions from the other two countries.

Or, perhaps, shredding NAFTA altogether.

"He's got a strong personality and he's pretty intense and he's fearless," Jim Lighthizer says. "Getting him to back down takes a whole lot."