



An End to Protectionism

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“Trade deal.” These two words are sour on the ears of Libertarians whenever politicians bandy them about. By implying that market participants can’t negotiate contracts with foreign parties on their own, politicians subtly suggest that the right to freely transact is a privilege the government grants us. More aptly named “managed trade,” trade deals are nowadays disguised forms of protectionism that typically serve special interests in Washington and reinforce the government’s control of the economy.

Libertarians believe in free international trade: commerce between nations unhindered by tariffs, quotas or regulation. Within the realm of economic thought, there is positive agreement that unencumbered international trade is best for the welfare of the world’s citizens. Even Paul Krugman, a visible leftist economist said, “If there were an Economist’s Creed, it would surely contain the affirmations ‘I understand the Principle of Comparative Advantage’ and ‘I advocate Free Trade.’”

The Trans-Pacific Partnership (TPP) is the most consequential issue of this election for trade. So should libertarians support or oppose it?

In practice, a trade deal has rarely brought access to a foreign market that the government didn’t already limit or forbid. However, access is access. So, despite the odious hubris of politicians to deign to permit our international commerce, this agreement could reduce some economic barriers to trade.

On the other hand, the TPP does contain large amounts of new regulation. The TPP would impose more regulations on e-commerce, customs, borders, labor, state-owned enterprises, the environment and investment. Despite the TPP’s benefits, there are also Libertarians who view the TPP as “too much about global governance and too little about market liberalization,” as Daniel Ikenson of the Cato Institute points out.

It seems as though a consistent Libertarian has no clear option on the TPP. The best suggestion might be to examine the TPP in terms of net-liberalization of trade. Does the TPP make it easier for Americans to buy and sell from the signatories, which include Japan, Australia, Canada, New Zealand, Singapore and Chile? Yes and no. On the one hand, there are far more regulations. On the other hand the explicit level of tariffs may recede. Ikenson and his colleagues have done some analysis and believe that the TPP may result in a “net-freeing” of markets which, presuming a pragmatic mindset, is positive.

This conclusion seems to matter very little. Clinton, Trump and even Libertarian Gary Johnson all oppose the TPP. So acting on your belief in the TPP will require working through your Congressman. Good luck with that.