

NATIONAL REVIEW

Was Trump's Campaign Rhetoric on Trade for Real?

We're about to find out.

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During his campaign, President-elect Donald Trump made some very confrontational statements on trade. He called the Trans-Pacific Partnership (TPP) the “rape of our country.” He suggested renegotiating, or even withdrawing from, the North American Free Trade Agreement (NAFTA). And he accused China and Mexico, among others, of “cheating” the U.S. in trade.

At the same time, some of his proposals merely reflect current U.S. trade policy. For example, he said he would “instruct the U.S. Trade Representative to bring trade cases against China, both in this country and at the WTO,” which is already a core part of what the U.S. Trade Representative has been doing for well over a decade.

This dichotomy raises an interesting question about Trump's administration: Will his actual trade policies match his most aggressive campaign rhetoric?

The first place to look for clues will be the people he hires for top trade positions in places such as the U.S. Trade Representative's office and the National Economic Council. The advisers Trump seems to listen to on trade at the moment have only a limited background in the field. If he wants to implement the general policies he and these advisers seem to favor, he will need help from more experienced officials who understand the details of trade policy and trade negotiations. The specific people he chooses could tell us a lot about which direction U.S. trade policy might go over the next four years.

On the substance of Trump's trade policy, there are a number of domestic and international issues to watch. Domestically, the president has some discretion in setting the trade-policy agenda. Trump could direct the Department of Commerce to adopt stricter methodologies in anti-dumping cases or direct the Treasury Department to designate China as a currency manipulator. He could also go further and use the provisions of Section 232 of the Trade Expansion Act of 1962 to provide a national-security justification for import barriers. But his discretion has its limits: Congress and/or the courts could provide a check on any new import barriers he tries to impose.

Internationally, trade policy is closely tied to foreign policy when the U.S. government negotiates trade and investment agreements with various countries. Trump has spoken critically about many existing trade agreements and the recently concluded, but not yet ratified, TPP. He and his advisers have suggested that bilateral trade deals offer a better way forward, which raises two questions:

First, with whom would a Trump administration be negotiating these bilateral deals? There has been some talk about a deal with the U.K., which might be looking for trading partners owing to Brexit. But Trump has accused many other countries of “cheating,” and it is not clear whether he intends to avoid trade with these countries altogether or merely swing new deals that correct that cheating. There may also be a general reluctance among his advisers to trade with low-wage countries.

Second, what would be in these bilateral agreements? Trump and his advisers have frequently mentioned longstanding trade issues such as currency manipulation and distortions they claim are caused by foreign governments’ value-added taxes. But economists do not agree on whether these issues are even problematic, much less on how to solve them. And convincing our trading partners to agree to any potential solution would be a challenge.

And those are just the questions raised by future deals. Trump has talked a lot about “renegotiating” existing deals such as NAFTA, or withdrawing from them if their terms cannot be changed in a satisfactory way. But those deals cover a wide range of policy questions, and it is not even clear at this point which parts of them he wants changed. It is difficult to guess at his intentions in the absence of anything concrete.

So there is a great deal of uncertainty as to how Trump will proceed as president, in trade as in many other policy realms. At this point, all we can do is look for clues in the people he hires for key trade-policy positions and wait for those people to set an agenda. Realistically, it may be many months or even a year before we find out anything substantial about the shape of the Trump administration’s trade policy.

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