



As president, Trump would have huge trade powers

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Donald Trump promises to do a lot of things if he is elected president, but there is something different about his pledges to change trade deals.

That's something he could actually do.

Congress, the courts and possibly the federal bureaucracy could constrain many of Trump's plans to reduce taxes and cut regulations, but various laws give presidents wide latitude to change existing trade agreements, according to economic analysts.

A President Trump could, on his own, rework and even withdraw the United States from the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO) and separate trade deals with other countries — moves he says would be designed to revive U.S. manufacturing jobs, but that critics fear would induce a recession-triggering trade war.

"The president's powers are at their maximum as commander-in-chief and in restricting trade," said Gary Hufbauer, a senior fellow with the Peterson Institute for International Economics.

Justin Wolfers, a professor of economics and public policy at the University of Michigan, said a president could not create a new trade agreement without congressional approval, but he can "undo a bunch of stuff that's been done."

Trump pledges to do just that, arguing that trade deals like the NAFTA agreement with Mexico and Canada have stripped the United States of jobs, particularly in manufacturing. He lodges similar complaints about China's membership in the World Trade Organization and trade agreements with countries like South Korea.

"We are living through the greatest job theft in the history of the world," Trump told supporters this week in Henderson, Nev., a suburb of Las Vegas. "Our jobs are being stolen by countries with much smarter leadership than ours."

Trump supporters agree with him, making a link between trade deals and job losses.

Lori Hartzell, 50, an office manager who attended a recent Trump rally in Pennsylvania, said "I grew up with opportunities," but says that now it seems like downsizing, mergers, and foreign ownership have left nothing but temporary jobs.

"The opportunities of a previous America are gone," Hartzell said.

Trump has said he will re-open negotiations with Mexico and Canada, something he has the authority to do, analysts said. If the parties are unable to re-work the deal, Trump said he is prepared to withdraw entirely from NAFTA, something he could also do simply with a six-month notice.

Trump has also vowed to kill, if necessary, the Trans-Pacific Partnership that includes Pacific Rim nations. That proposed agreement is currently pending before Congress, and its fate is uncertain.

It's possible Congress could pass laws to counter unilateral actions on trade by Trump; it's also possible that presidential trade moves could be challenged in court.

Simon Lester, trade policy analyst at the libertarian Cato Institute, said presidents do have "a lot of discretion," but "there are things Congress and the courts can do to restrict him ... It could be a battle."

Over the past century, however, Congress has steadily given presidents more and more power to dictate trade policy unilaterally. Some were war-time measures, while others were designed to prevent individual lawmakers from inserting special favors or exceptions into overall trade agreements.

In addition, Congress would have to muster a two-thirds majority to counter a likely Trump veto of any pro-trade legislation. And litigation is uncertain, analysts said, because the president can cite national security as a rationale for changes in trade policy.

"The courts never — never — overturn a declaration of a national emergency," Hufbauer said.

While economic analysts agree that a President Trump would have wide latitude to alter American trade policy, many dispute his analysis of the trade issue in general.

"Trump essentially blames all of America's economic woes on trade, which is a massive exaggeration and about 98% wrong," said Daniel Drezner, a professor of international politics at The Fletcher School at Tufts University.

For one thing, Trump is assigning too much blame to trade for job losses. Automation is a bigger culprit, said analysts who point out that U.S. manufacturing is producing just as much as it did but doing it with fewer people.

Trade has also lowered the prices of goods and services, leading to lower prices for consumers, and raising living standards for the middle class across the country. While Trump talks about jobs, Wolfers noted that Trump "doesn't talk about getting cheaper stuff."

Another problem with Trump's trade policies, analysts said, is that other countries wouldn't take Trump's actions lying down. They could tax and raise tariffs on U.S. goods, setting off global trade wars that could spiral out of control.

Said Drezner: "If you want to help the global economy move from a slump to a full-blown depression, Donald Trump's trade policy is a good place to start."

Trump says he supports trade, but wants better deals. Claiming he would use executive power on trade, Trump told his backers in Nevada he would prefer nation-to-nation trade agreements rather than "complicated" multi-national deals like NAFTA.

"One, one, one, one, one," Trump said. "And if they don't treat us right, we send them a letter of default."