

Warren's trade plan is bad politics and worse policy

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Donald Trump's trade policies are a real drag on U.S. economic growth. Don't just take my word on it — economic papers confirm that Trump's escalating series of trade wars have exacted an escalating cost on the American economy.

One of the interesting questions is whether Trump's antediluvian trade policies will cause him to lose votes in 2020.

Polling data also suggests that Trump's brand of protectionism is not a winning formula. The 2018 Chicago Council on Global Affairs data is pretty clear on Democrats being big fans of trade, and I'm reasonably confident that the 2019 data will show that to be the case as well. This finding even extends to the Rust Belt states that are allegedly hotbeds of protectionism. According to Vice News' Cameron Joseph, Michigan residents are not exactly disciples of David Ricardo but they have tired of Trump's trade wars. He linked to a Detroit Regional Chamber of Commerce statewide poll that suggested Trump's tariffs are not exactly a vote-getter:

- By a margin of 40.8%-32.3%, Michigan voters believe tariffs on cars made in foreign countries hurt Michigan's automotive industry (14.7% no effect, 12.2% no response).
- By a margin of 47.3%-22.2%, Michigan voters believe tariffs on Chinese imports hurt Michigan farmers (14.2% no effect, 16.3% no response).
- By a margin of 47%-23.5%, Michigan voters believe tariffs on foreign made products hurt consumers like themselves (21.7% no effect, 7.8% no response).

So, to sum up: even voters in Rust Belt swing states are turned off by protectionism, and it's hurting the economy anyway. Surely the Democratic Party nominee will seize this issue with both hands and run on a smart trade policy platform, right?

Not if the nominee is Elizabeth Warren.

I have mixed feelings about the senior senator from Massachusetts. She has a compelling biography. Her foreign policy worldview is ... OK but not great. Her proposals to revitalize the State Department are awesome.

On Monday, however, Warren released her new approach to trade. It's a great plan — if you don't like the benefits of trade and want to see it restricted as severely as possible. If you think freer trade is good for the economy and good for foreign policy, then it's the mother of all dumpster fires.

If I was inclined to bend over backward to be fair, Warren's theory of trade policy is consistent with her larger theory of corporate power playing too large a role in public policy. And she has a leg to stand on here with trade policy. Corporate interests have privileged access to trade negotiations in a way that unions, environmentalists, and other stakeholders do not. Warren's proposal to "ensure that there are more representatives from labor, environmental, and consumer groups than from corporations and trade groups on every existing advisory committee" is interesting, particularly for empowering consumers. Her point about not pushing for even more stringent intellectual property rights is a solid one.

And ... that's the sum of my praise for Warren's trade policy. When Politico's Alex Thompson and Adam Behsudi wrote, "Elizabeth Warren released a trade plan Monday that's closer to Donald Trump's agenda than Barack Obama's," they weren't kidding. Warren's criteria for negotiating with a trade partner — a range of labor, environmental, tax, energy, and other standards — are so stringent that Warren acknowledges the United States currently does not meet them. Thompson and Behsudi note that "the requirements would apply not only to new trade deals but to existing treaties that Warren pledges to renegotiate." This means that Warren's trade policy would actually be more protectionist in its effects than Trump's, something that I did not think was possible.

Warren's theory of the case is that the U.S. will promote labor rights and environmental stringency by demanding national compliance with high standards before agreeing to trade with them. This ignores the more incentive-compatible alternative of trading with them at a less stringent set of standards and then having trading partners prefer even higher standards as their economies grow.

Warren's suggestions to reform the trade negotiation process sound noble but would sabotage any set of negotiations.

The Cato Institute's Simon Lester reviewed Warren's proposals and concluded that, "there would probably not be any trade deals in a Warren administration, while there would be various proposals to add new protectionism to U.S. domestic trade policy." That is overly optimistic; the increased levels of protectionism could be quite severe. And, just as with Trump, the rest of the world will likely respond by bypassing the United States and trading more with each other.

Democrats shouldn't have to do this. A sensible trade policy that incorporates labor and environmental standards would be good policy and good politics, appealing to Democrats and independents alike. Not even the Rust Belt is eager for Warren-level kinds of protectionism. If she gets the nomination with this plan, however, then there will be no debate about trade in the general election. That is because in its effects, Elizabeth Warren's trade policy is even more protectionist and unilateralist than Donald Trump's.

Elizabeth Warren has put forward a terrible, horrible, no good, very bad trade program. Other Democratic candidates would be wise to avoid this garbage fire and come up with something more sensible.