



The pandemic as an excuse for protectionism

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“The COVID-19 pandemic is driving the world economy to retreat from global economic integration,” writes trade economist and historian Douglas Irwin in a new analysis. But as he goes on to explain, the global pandemic is an accelerant rather than the spark. The world trade-to-GDP ratio actually started to decline in 2008 during the Great Recession, with trade tensions between China and the US a more recent hindrance.

And now there’s coronavirus, which has led to more questions about the wisdom of deep economic interdependence. It’s claimed by “Buy American” proponents, for instance, that supply chains have been overdone, especially when it comes to critical medicines and protective health gear. Yet that may not actually be true, except in some narrow cases. Even then, calls for supply-chain repatriation seem to be a distraction from unpleasant questions about an overall lack of pre-pandemic stockpiling.

An empty shipping dock is seen, as the global outbreak of the coronavirus disease (COVID-19) continues, in the Port of Los Angeles, California, U.S., April 16, 2020. REUTERS/Lucy Nicholson

Of course, some globalization criticisms aren’t directly related to the pandemic. Sen. Josh Hawley, a Missouri Republican, wants to “abolish” the World Trade Organization as a first step to reforming the global economic system. But as Cato Institute trade specialist Simon Lester points out, Hawley seems to want a replacement system that looks a lot like the Pacific trade deal that President Trump abandoned.

Then there’s the reality that although some protectionists like to claim the WTO is rigged against the US, this simply isn’t true. My AEI colleague Claude Barfield notes in a recent post, for instance, that the US had challenged Chinese practices 23 times through 2018 and won in 20 instances, with three pending.

Where’s this all going? Nowhere good, if past experience is an accurate guide.

Irwin:

As Adam Smith pointed out in his *Wealth of Nations* long ago: “The very bad policy of one country may thus render it in some measure dangerous and imprudent to establish what would otherwise be the best policy in another.” ... The absence of a coordinated and cooperative response could accelerate destructive beggar-thy-neighbour policies not seen since the 1930s. ... An inward turn would not spell the end of globalisation, only a partial reversal. But undoing the resulting damage is likely to prove difficult.