



Op-ed: Protectionism won't make America great

Rich Lowry

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Donald Trump is an optimist. He believes there is nothing wrong with America that autarky can't fix.

Trump's trade speech was a high-octane assault on the American free-trade regime that has been a matter of a bipartisan consensus for decades and a bulwark of the post-World War II international order — not to mention an article of GOP economic orthodoxy.

Trump declared himself in favor of cut-rate AFL-CIO economics, and offers the same simplistic, conspiracy-tinged belief that the American economy is “rigged” as Bernie Sanders does. Indeed, if trade policy is all that mattered, the protectionist Ohio Democrat Sen. Sherrod Brown should be on Trump's VP shortlist as well as Hillary's.

Few protectionists will ever avow, “Yes, I fear and loathe free trade.” They couch their protectionism in opposition to existing free-trade agreements and in the promise of somehow reaching wondrously different and better agreements — after all existing ones are ripped up.

This is the Trump tack. He argues that every trade deal is deeply flawed, but not because there's an inherent problem with free trade, but because in roughly 70 years we have never once produced a competent negotiating team. What are the odds?

The Trump/Sanders story is that the middle class has been devastated by trade, especially in the manufacturing sector.

The truth is, if the metric is employment, U.S. manufacturing was in decline before the advent of the North American Free Trade Agreement or the World Trade Organization. As Scott Lincicome of the Cato Institute points out, the absolute number of manufacturing workers has been dropping since 1979.

The main cause is technology-driven productivity gains that make it possible to do more with fewer workers. The American manufacturing sector is more productive than ever. If Trump really wants to relive the glory days of the old American factory, he'll have to make America less technologically proficient again.

There is no doubt that trade has downsides, but Trump won't acknowledge the significant benefits: Cheap goods are a boon to consumers; domestic manufacturers use imports as inputs in their own products; and, as the U.S. loses less sophisticated operations, it focuses on higher-skilled, more productive manufacturing.

This is the future of a first-world economy where the tide of innovation won't be stopped. Protectionists love to invoke Harley-Davidson in the 1980s as an example of tariffs saving a storied American brand. The motorcycle company did get a temporary respite from competition, but it was fundamentally saved by a retooling of its business.

We hear less often of all those troubled companies that have successfully lobbied for trade protection through the years, only to go out of business anyway. Trump's punitive tariffs would be a festival of special-interest lobbying, with businesses clamoring for protection at the expense of everyone else — whatever jobs were saved by President Barack Obama's tariffs on Chinese tires in 2009 came at an inordinate cost to the rest of the economy.

At the end of the day, protectionism is like gun control: Even if you accept its premises, facts on the ground make it unrealistic to implement.

“U.S. manufacturers,” Lincicome writes, “have evolved over decades to become integral links in a breathtakingly complex global value chain — whereby producers across continents cooperate to produce a single product based on their respective comparative advantages.” It is often hard to disentangle what is American and what is foreign in such recognizably “all-American” products as cars manufactured by the Big Three.

Even researchers who have found a negative impact on U.S. wages and jobs from the initial “shock” after China entered the global economy don't believe the problem was free trade per se. Rather, it was the slow adjustment of the U.S. labor market to new conditions. There are ways to try to address this, but none of them make for compelling demagoguery.

The Trump/Sanders story is too gratifyingly emotive to let facts or logic intrude.