



Lighthizer pick is bad news for free-traders

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After making trade a central plank of his presidential campaign, President-elect Trump's selection for the next United States trade representative was critical for setting the tone on trade policy in the early days of the new administration as a leading indicator of how serious Trump is about dramatically changing trade policy. On Tuesday, the palace intrigue in trade policy circles was put to rest with Trump's selection of Robert Lighthizer to run USTR.

Lighthizer's experience makes him well-qualified for the post: He served as deputy USTR during the Reagan administration, as well as chief of staff for the Senate Finance Committee, which has jurisdiction over trade agreements. His work since the Reagan administration, however, is troubling for many free traders.

Lighthizer is a partner at Skadden, Arps, Slate, Meagher and Flom, a prominent law firm with an active trade remedies and enforcement practice, where he filed countless anti-dumping and countervailing duty petitions on behalf of United States companies seeking protection from foreign competition. Specifically, Lighthizer has been a long-time lawyer and lobbyist for U.S. Steel, the largest domestic steel manufacturer. On Nov. 14, 2016, just a week before he was named to Trump's USTR transition team, Lighthizer filed an anti-dumping petition on behalf of U.S. Steel, seeking protection from carbon and alloy pipes imported from Romania.

Why are Lighthizer's connections to the domestic steel industry so important to understand? They suggest that the Trump administration could prioritize domestic steel manufacturers over downstream users of steel. As the Cato Institute's Dan Pearson has highlighted, U.S. steel mills employ around 100,000 workers, while downstream manufacturers using primary metals, including steel, employ about 6.5 million Americans.

Favoring domestic steel through protectionist enforcement would make these downstream manufacturers less competitive because of high-price inputs. As Pearson noted, "If only 2 percent of those workers (130,000) lose their jobs, more people would be unemployed due to steel import duties than are now employed in the entire U.S. steel mill workforce."

Even more worrisome, this could be an indication that the administration will pursue enforcement actions rather than exploring new opportunities to reduce tariffs domestically and abroad. Trade liberalization is essential for American prosperity and we hope it will be a high priority for Trump and his deputies. Still, Lighthizer's nomination for USTR is a potentially ominous sign that Trump's misguided trade rhetoric on the campaign trail was not bluster.