

Opinion: Biden wants more price-reducing ‘competition.’ Except in this one circumstance.

By Catherine Rampell

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Competition is good except when it comes from abroad, apparently.

That’s the message from the Biden White House, which promises to tackle inflation by promoting “competition” but doesn’t apply this pledge to its own trade policy. Biden has kept most of Donald Trump’s barriers to foreign competition — and those Biden has undone have been largely replaced with different trade restrictions.

Again and again, the Biden administration has said it hears consumers’ frustration over inflation and is working to bring prices down — including through a “whole-of-government effort to promote competition in the American economy.”

“Capitalism without competition is not capitalism; it’s exploitation,” Biden said on Friday. “So, I’m going to continue to do everything in my power to work with the Congress to make our capitalist system work better, to provide more competition, and lower prices for American consumers.”

As evidence of their inflation-fighting efforts, administration officials have touted probes into allegedly anticompetitive behavior in meat processing and petroleum, among other industries. These antitrust interventions appear unlikely to reduce inflation much, particularly in the near term. That’s because, among other things, traditional trust-busting efforts can take years to work their way through the legal system — and, even then, often fail.

Lifting trade barriers, on the other hand, can almost immediately increase competition and reduce prices. That’s because tariffs, quotas and the like explicitly shield U.S. firms from competing with foreign rivals, including lower-cost ones. That raises prices for downstream purchasers.

When he ran for office, Biden appeared to recognize this. Like many Democrats, he criticized Trump’s trade wars as misguided and costly for U.S. consumers.

Biden’s campaign website argued that Trump’s trade wars with allies and foes alike had cost hundreds of thousands of U.S. jobs. In a 2019 speech, Biden said: “President Trump may think he’s being tough on China. All that he’s delivered as a consequence of that is American farmers, manufacturers and consumers losing and paying more.”

Biden was on solid ground then about price effects.

Several high-profile studies conducted during the Trump presidency found that the costs of his tariffs were almost entirely passed along to American customers. Some products Trump singled out for protectionism remain ridiculously expensive today: Modules used in U.S. solar projects, for example, are 55 percent more expensive than those used in Europe because of multiple layers of tariffs, according to the research firm Wood Mackenzie. Benchmark steel prices are 60 percent higher in the United States than in Europe.

Trump's tariffs on \$350 billion worth of Chinese goods, for example, remain in place. So do his global tariffs on washing machines. Biden has rolled back *some* of Trump's steel and aluminum tariffs — but he has replaced those tariffs with different trade restrictions, which also keep competition low and prices artificially high.

Opinion: Trump's reckless tariffs remain intact. Biden's failure to reverse them has real consequences.

The latest such swap involved a deal with Japan, announced on Monday. Under the agreement, some Japanese steel will be allowed into the United States duty-free — but the allowable amount is well below historical averages.

“In a time of absurdly high demand, it's not going to be the price relief American consumers really need,” said the Cato Institute's Scott Lincicome.

A few days earlier, Biden announced a four-year extension of Trump's tariffs on solar imports. Thanks to some modifications, they're not quite as restrictive as they had been.

But why Biden extended these tariffs at all, effectively inviting retaliation from other countries, is puzzling.

After all, maintaining solar tariffs conflicts with not only Biden's rhetoric on competition but also his stated goals on climate. Same with some other Biden-endorsed “Made in America” requirements for electric vehicle and charging-station initiatives. If climate change is an existential crisis, why impose restrictions that push up prices for clean-energy technologies?

Of course, presidents can pursue multiple objectives at once, and sometimes those objectives trade off (so to speak) against one another. However painful inflation might be, we might not want to make consumer goods cheaper at the expense of our commitment to Uyghurs' human rights, for example.

But it's hard to tell what the primary objectives are for many of Biden's trade restrictions — particularly ones that *don't* involve a country committing genocide but, rather, democratic allies in Europe, Japan, South Korea and elsewhere.

The goal doesn't seem to be fighting climate change. Or maximizing American jobs, when you consider that downstream firms that use steel or inputs made from it employ about 80 times more workers than does the steel industry. Many more jobs are jeopardized than protected by trade

measures that keep U.S. steel prices artificially high. Likewise, the U.S. solar industry has said that it lost thousands of jobs because of tariffs that raised the cost of inputs.

As is often the case with U.S. trade policy, the end result is to reduce competition for a handful of politically connected American firms — whatever the cost for pinched American consumers.