



## Biden's attack on free trade needs hearty GOP rebuke

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It's no surprise President Joe Biden is pursuing policies that use the feds to manage trade rather than allowing the marketplace to operate in a free and efficient manner. He's a tool of the unions, which are about "protecting" existing jobs and boosting members' wages (and their dues).

Unions therefore fight against innovation. I often discuss the concept of "creative disruption." As Investopedia defines it, "Creative destruction is the dismantling of long-standing practices in order to make way for innovation and is seen as a driving force of capitalism."

If you believe in capitalism – and freedom, for that matter – you can't also try to lock in the economy. If you support innovation and economic growth, you have to accept disruption. If I have an idea for a better mousetrap, that necessarily threatens businesses and workers who make the current ones.

That's why corporations and unions spend so much time on political action. They want government to put its thumb on the scales and "protect" their industries. That squelches economic activity, deprives consumers of better goods and limits the creation of new jobs. It deprives entrepreneurs of the fruits of their creativity, but the "seen" trumps the "unseen" in the political arena. Politicians see jobs that exist, but don't see the ones never created because of their policies.

We all know how California unions lobbied for the passage of Assembly Bill 5, which tried to outlaw most contracting work. The unions are angry that tech companies have developed new work models that give workers flexibility. Unions lose their power – and the dues they collect – when new economic ideas circumvent the old 9-5 factory and cubicle model. AB 5 caused so much economic disruption and so many job losses that the Legislature (and voters) exempted 100-plus industries.

Because of his ideological blinders, President Joe Biden has nonetheless tried to impose similar anti-contractor laws at the federal level through regulatory fiat. He also has promoted the FAST Act, which embraces a European sectoral-bargaining model for fast-food restaurants – i.e., it places a union-dominated government panel in charge of setting working conditions and wages in an entire industry. Big surprise that it's modeled on California legislation.

Less known, the administration is doing the union's bidding when it comes to our nation's trade policies. This is from the New York Times in April: "Since President Biden came into office two years ago, the United States has declined to pursue new comprehensive free-trade agreements with other countries, arguing that most Americans have turned against the kind of pacts that promote global commerce but that also help to send factory jobs overseas."

That policy, which provides tax credits to U.S. electric vehicle and battery manufacturers, is angering other nations. In response, as the article notes, the president has created a "complicated work around" that involves signing individual trade agreements with complaining countries. Free-trade agreements are problematic in that they include all sorts of complicated regulations, but they're fine to the degree that they promote more-open trade.

The best solution is to open the doors to trade (perhaps with some limits involving the protection of intellectual property), rather than have bureaucrats manage it, but that would mean angering politically powerful domestic industries and unions even if it would make the rest of us richer and freer.

Reason's Eric Boehm has explained that Biden's trade war with China has become extremely expansive, as the administration "targets exports and investments in any technology the U.S. government deems vital to national security – a category that may be nearly limitless, given the government's propensity for stretching the limits of that term." Essentially, the president is viewing trade through a "military lens." It's an excuse to protect domestic manufacturers and unions.

The Republican Party used to be the party of free trade, but in its current "national conservative" iteration isn't much different than the Democratic Party on these issues. Donald Trump likewise promoted a trade war with China and strongly supported tariffs. His steel tariffs may have protected some steel jobs, but, as the Cato Institute found, "caused higher steel prices that in turn hurt other U.S. manufacturers, resulting in approximately 75,000 fewer manufacturing jobs than would have otherwise existed in the absence of the tariffs."

Why is free trade a good thing?

Here's Ronald Reagan from 1988 radio address where he took on growing Democratic calls for protectionism: "We should beware of the demagogues who are ready to declare a trade war against our friends – weakening our economy, our national security, and the entire free world – all while cynically waving the American flag. The expansion of the international economy is not a foreign invasion; it is an American triumph, one we worked hard to achieve, and something central to our vision of a peaceful and prosperous world of freedom."

The current president should listen to that address – and so should his Republican challengers.