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Is Romney a free trader? Or Trump's rubber stamp?

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In recent weeks President Trump has invoked his power to impose tariffs on national security grounds to launch a trade war with several U.S. allies. In response to the reckless abuse of this authority, a number of senators are attempting to apply a much-needed course correction by demanding that such tariffs be subject to congressional authority. The effort to pass such a bill, however, appears to face an uphill climb, underscoring the need for senators who grasp the importance of free trade.

While Mitt Romney has not weighed in on this dispute between Congress and the executive branch, previous rhetoric from the candidate suggests an unsettling alignment with the White House's overall trade stance.

During the launch of his campaign Romney stated that Utah had a lot to teach the politicians in Washington, with the former Massachusetts governor and 2012 Republican presidential nominee crowing that the Beehive State “exports more abroad than it imports” — something he said that those in the nation's capital had “backwards.”

This message is mistaken in several respects, not least of which is the implication that his mercantilist views constitute a fresh approach in Washington. Such thinking certainly mirrors that of Trump, who regularly blasts bilateral U.S. trade deficits with various countries and claims that the overall trade imbalance “hurt[s] the economy very badly.”

Regrettably, too many U.S. political leaders misinterpret the trade account as an income statement, mistaking exports for earnings and imports for spending. The story of international trade, however, is much more complex.

Rather than driving Americans into debt, dollars sent abroad to purchase imports and foreign assets return to the United States as purchases of U.S. goods, services, and assets. China, blasted by Romney during the 2012 presidential campaign as a trade bogeyman, serves as a useful example.

The third-largest market for U.S. exports, China uses the dollars received from American imports to purchase vast amounts of goods, from Boeing airplanes to soybeans to over \$54 billion worth of services in 2016 alone. Dollars also find their way back from China through a variety of other means including foreign direct investment.

This dynamic is repeated across the range of U.S. trading partners, with foreigners consuming over \$2.2 trillion of U.S. goods and services and injecting over \$373 billion worth of

FDI into the United States in 2016 alone. Beyond the jobs provided by exports, such investment is estimated to provide employment for 6.8 million U.S. workers including over 42,000 Utahns.

That trade deficits and imports do not detract from the economy is also evidenced by the lack of a correlation between the trade balance and economic performance. The current economic expansion, for example, has correlated with an expanding trade deficit. In contrast, the trade gap dramatically tightened during the country's last recession as the sputtering economy led to a severe drop in U.S. demand for imports.

While on the campaign trail, Romney should consider visiting auto parts manufacturer Autoliv. Employing over four thousand Utahns, the Sweden-headquartered company's ability to invest millions in Utah is in large part made possible by the dollars it has obtained through Americans' purchase of its products. The company's ability to stay competitive, meanwhile, is no doubt bolstered by the approximately \$600 million worth of intermediate goods it imports produce its finished products.

If Romney truly wishes to distinguish himself from the rest of the political pack he should start by discarding his misguided rhetoric and touting the virtues of international trade in all its dimensions — imports as well as exports.

The last thing Washington needs is another politician who subscribes to discredited theories about trade and sees salvation in the imposition of new tariffs. Of such legislators the nation's capital is already running a large surplus.

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