

Opinions

We need to get back to a pro-trade consensus. But it'll take a fight.



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President Trump's trade policy has been controversial for any number of reasons, but it has made **Americans think seriously about trade for the first time in a generation.** The president believes that much of our trade has been unfair — that other countries have taken advantage of us. He does not remind Americans that trade has become an essential element of our prosperity, accounting for **more than 27 percent** of our economic output and supporting **1 in 5 U.S. jobs**.

Today, the trading system is under attack from two directions. On one hand, we face assertive economies such as China that have a limited and largely mercantilist stake in the

system and have chosen to press forward through a program of state-directed capitalism. **At home, many Americans feel the policies that promised to advance their economic interests have failed them.** Polls show Americans understand that trade can be a positive force, but at the same time, they worry that their personal situations have not improved. **Only the top 20 percent of U.S. households** have fully recovered from the 2007 to 2009 recession. Progressives see trade agreements benefiting large companies rather than workers, while conservatives are reluctant to cede sovereignty through international agreements. Both left and right are firing at the center instead of trying to build consensus.

The United States seems to be losing both these arguments.

Internationally, we have rested on our record instead of defending the rules we created and challenging those who reject the rules and the values that underlie them. Congress has failed to legislate — and the executive branch has failed to effectively administer — programs that would provide new opportunities for workers displaced by trade or technology. When the answer to China's challenge is containment rather than competition, it demonstrates a loss of confidence in our ability to compete and win when engaging with the world.

The chief arrow in the president's quiver has been tariffs, but they are not an effective weapon. In the short term, they are a tax on U.S. consumers. The New York Federal Reserve Bank estimates that, to date, the administration's tariff policy has cost the median earner **\$831 per year**, nearly offsetting the **\$930 per year benefit** from the 2017 tax cut. In the long term, tariffs raise costs for U.S. businesses and consumers, eroding our competitive advantage.

We should instead play to our strengths. First, we must recognize our success in creating and leading the global system that has been good for us as well as the world, maintaining peace and stability, and creating economic opportunity. Our willingness to lead was founded on our economic strength: the most productive workers and the best technology and world-class companies working together in a favorable policy environment to promote growth and prosperity here at home and around the world.

If we withdraw from the world or alienate our friends and allies, we lose our ability to shape the international environment. Healthy, growing economies throughout the world benefit the United States, directly through expanded trade and indirectly by promoting peace and stability according to mutually agreed rules. The United States needs to continue to guide the system as **95 percent of the world's population** and **80 percent of its purchasing power** lie outside our borders. Engagement is essential to our survival; trade is an integral part of our engagement.

How do we reestablish a pro-trade consensus here at home while responding more effectively to the global economic landscape? We have to fight for it. We have the advantage of strong domestic economic growth, but we need more. Internationally, we must maintain our support for a rules-based trading system, avoid a cycle of competitive currency devaluations and pursue additional multilateral agreements that set rules for the new economy. In the United States, we must revitalize our culture of innovation and take back our leadership in research and development. We also must protect our intellectual property, which sustains our economy and strengthens our national security; and we must ensure that current and future American workers are prepared for a world where work will require more agility and new skills.

Several presidential administrations, including the current one, have found that withdrawing from the world threatens our growth. The United States must recommit itself to continued economic engagement with the rest of the world, not isolation and trade wars. The **Center for Strategic and International Studies** is launching a new Commission on Affirming American Leadership. As co-chairs of this effort, we look forward to exploring these issues and charting a path forward for our nation. The time is right.