

## U.S. Trade Policy at a Crossroads

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If Democrat Kamala Harris and Republican Donald Trump were placed along an axis spanning from protectionism to free trade, would that offer a meaningful way to understand their campaign proposals for trade policy?

At first glance yes. After all, Trump is proposing 60 percent tariffs on China and a 10-20 percent across the board tariff on U.S. imports, a Reciprocal Trade Act matching U.S. tariffs with higher foreign ones, as well as a devaluation of the U.S. dollar to reduce the trade deficit.

Harris, by contrast, has denounced Trump's tariff plans as a "national sales tax" that would cost middle-class families \$4,000 per year. Although as a Senator she voted against the USMCA (the successor to NAFTA) based on concerns about its insufficient environmental standards, she has also proclaimed "I am not a protectionist Democrat" and at the September 10<sup>th</sup> debate in Philadelphia with Trump accused him of "inviting trade wars."

While these distinctions are important, it is also clear that neither candidate favors a return to the traditional kind of U.S. policymaking based on the pursuit of economic efficiency that dominated for more than 60 years after the creation of the GATT and its successor the World Trade Organization.

This positioning is obvious for Trump, who for nearly four decades has criticized trade as a zero-sum game where the United States is being taken advantage of by foreign countries.

While Kamala Harris is not a protectionist, she has not distanced herself from the Biden administration's policies, which have made economic security, climate, and jobs a priority, not liberalization. The Democratic Party platform approved at the convention in August in Chicago laments that "for too long, America's trade policies and approach to the global economy let middle-class jobs move offshore, hollowed out our supply chains...and failed to generate inclusive economic growth." The era of U.S.-led international trade liberalization will not return soon.

If the classic protectionism-free trade spectrum is not helpful in understanding the differences between Harris and Trump, how should their likely impact on international trade be judged?

The key lies in how the two candidates would approach the concept of global economic order.

The combination of new geoeconomic challenges (China's industrial overcapacity, supply chain dependencies), the COVID-19 pandemic, the climate crisis, and the advance of artificial intelligence require a reform of the institutions, agreements, and norms that have long governed global trade. The World Trade Organization has been nearly the sole guarantor of the post-war global economic order, but given its struggles in recent years to update multilateral trade rules how long can it remain so by itself?

With a second Trump term, the risk of increasing global economic disorder is irrefutable, given his record of using leverage to win ad hoc deals, rather than building long-lasting rules for the international economy.

While Kamala Harris has criticized Trump's approach, she has said little about her own international economic policy. The Democratic platform states that "trade with allies and partners on fair terms promotes growth and reinforces alliances," which echoes the Biden administration's emphasis on cooperation (without market opening) with key like-minded economies through mechanisms like the U.S.-EU Trade and Technology Council and the Indo-Pacific Economic Framework.

Yet these efforts are not a replacement for a broad-based strategy for global economic order that lays out where the WTO can be reformed and where perhaps new agreements and institutions will be needed—for instance to ensure that trade policy plays a leading role in combating climate change.

Faced with the global economy's most significant upheavals in eighty years, this kind of forward-leaning, affirmative vision for U.S. trade policy has been missing during the Biden presidency. Would a President Harris be ready to provide it?