

FT Swamp Notes **US trade**

America's no-good Tai-Lighthizer consensus

Bipartisanship is not a good thing in itself. We should not mistake process for substance



'Protectionism very rarely achieves what it sets out to do. Its unintended consequences are enormous' © 2018 Getty Images

Edward Luce YESTERDAY

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It is common to lament the death of bipartisanship in America. We should be careful what we wish for. The one area in which Democrats and Republicans are now largely of one mind — aversion to trade deals of any kind — makes me wish for partisan division. More on America's current point of consensus in a moment.

Let us just remind ourselves of previous ones. The most egregious was the conspiracy of silence that held from reconstruction after the US civil war until the Kennedy-Johnson era of the 1960s. Southern Democrats and Republicans kept America's version of apartheid going for nearly a century. Many of the great reforms of the Franklin Roosevelt era could only be passed because African Americans were cut out.

For example, Social Security excluded agricultural and domestic workers.

Keeping America out of the second world war was also a cross-party affair until Japan attacked Pearl Harbor in 1941. The Iraq war of 2003 had the backing of both parties, as did the “global war on terror”. All of these, and lesser sins, such as George W Bush’s No Child Left Behind Act, which enshrined “teaching-to-the-test”, came with the blessing of critical majorities in both parties.

I don’t want to annoy Swampians. Many of you will be wondering why I have omitted impressive joint endeavours, such as the era of massive public investment launched by Eisenhower after Sputnik, immigration reform of the Reagan era, or indeed the cross-party majority that brought the age of racial segregation to an end. My point is that bipartisan consensus is not a good thing in itself. We should not mistake process for substance.

Policies should be evaluated on their substance. By that measure, protectionism very rarely achieves what it sets out to do. Its unintended consequences are enormous. The overlap between Donald Trump’s trade representative, Robert Lighthizer, and Biden’s USTR, Katherine Tai, puts America’s future in parlous hands. This is the lowest common denominator. Liberals want to see a more progressive tax system and higher public investment in people and communities. Republicans simply want tax cuts. These incompatible visions of the social contract have resulted in a long-standing fiscal stalemate that has left America’s deindustrialised regions feeling abandoned and enraged. The one point of agreement between Trumpian Republicans and Democrats is that foreigners are to blame.

If you want a solid appraisal of what Lighthizer believes, do read my former colleague, [Edward Alden’s fine essay in Foreign Policy](#). Lighthizer, who is a hot tip to be the next Treasury secretary if Trump wins in November, believes that the US trade deficit is a measure of the degree to which America is being ripped off. As Alden points out, deficits are a function of America’s high consumption and low savings rates, a mirror image of China’s economy (and Germany’s). These imbalances should be addressed by a combination of domestic action and external pressure. Lighthizer instead proposes a return to the 1930s with a mixture of currency and tariff wars that would do nothing for the left-behind US worker. Progressives, such as Katherine Tai, do support more fiscal redistribution. But their chief dispute is also with the rest of the world. America, they say, has for too long suffered from a neoliberal consensus that privileged the interests of multinationals over those of labour and the environment.

I have written before about the misuse and overuse of the word “neoliberal”. What I would point Swampians towards is the Nordic and Germanic social democratic model

would point Scandinavians towards is the Nordic and Germanic social democratic model in which free trade is consistent with a strong system of social protection for workers. This includes public healthcare, decent public pensions, affordable housing, and investment in worker training — all public goods in which the US falls short. It is no less unfair to dismiss that as “neoliberal” than it would be to describe the Tai-Lighthizer consensus as “neo-fascist”. I expect the latter from Trumpians, such as Lighthizer, and his now jailed former colleague, Peter Navarro. But I am continually disappointed by America’s left. They learn neither from history, nor from other countries that are today managing the complexities of globalisation far better.

Either way, America is now in the grip of a dangerous bipartisan consensus that threatens to return the world to the trade and currency wars of the 20th century. Alan, you have forgotten more about trade than I ever learned. So I’ll turn this over to you. I did not expand on America’s China challenge, which is real and thorny. What is the best that can be said of the Tai-Lighthizer worldview?

Recommended reading

Speaking of which, my column this week looks at [“the economic consequences of Mr Trump”](#). I evaluate Trump’s specific plans for the global economy. My colleague Martin Wolf had a complementary column on the [folly of the pro-Trump plutocrats](#).

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Elsewhere, do read Anne Applebaum in the Atlantic on the [“tabloidisation of everything”](#). Last week, I put the best gloss on my former colleague Will Lewis’s role at the Washington Post. Anne offers a useful counterpoint.

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Finally, I still can’t quite digest that Benjamin Netanyahu is again set to address the joint houses of the US Congress later this month. Capitol Hill is honouring a man who deserves to be ejected from power, and probably a spell in jail. A group of senior Israelis — including a former Mossad chief, a former prime minister, a Nobel winning scientist and the country’s most famous novelist — [plead with Congress not to reward a bad actor](#) who is doing such harm to their country. This is the kind of multi-party consensus to which I can sign up.

Alan Beattie responds

Hello Ed. Yep, I'm with you. A bad idea is still bad even if two people hold it. As it happens, someone [recently asked Tai](#) about her differences with Lighthizer. Apart from her being "younger and better-looking" (Tai's words), it seemed mainly to come down to different rhetoric and the Biden administration's allegedly more internationally collaborative approach, though Tai's inflexible style has won her scarcely more friends among supposed US allies than Lighthizer's more obviously abrasive one. They both believe the global trading system is rigged against the US and want tariffs to protect specific favoured industries, especially autos and steel.

It's a very DC strain of thinking that transcends liberal-conservative ideology and rewards specific narrow groups under the name of redistribution. Lighthizer and Tai are both lawyers, not economists. Both have spent decades as DC insiders. Both think you can fix trade deficits with trade policy, not macroeconomics. (If you think current account deficits reflect an open trade regime you probably need to explain why protectionist countries like India can run deficits for decades, but I digress.) And both support interventions that systematically favour powerful corporate and labour union elites. It's not surprising they sound the same.

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