

Opinion – How Much Will Biden's Trade Policy Differ from Trump's?

Written by Sean D. Ehrlich

This PDF is auto-generated for reference only. As such, it may contain some conversion errors and/or missing information. For all formal use please refer to the official version on the website, as linked below.

Opinion – How Much Will Biden's Trade Policy Differ from Trump's?

<https://www.e-ir.info/2021/05/05/opinion-how-much-will-bidens-trade-policy-differ-from-trumps/>

SEAN D. EHRLICH, MAY 5 2021

President Donald Trump upended trade policy in the US, taking a starkly more protectionist approach that included withdrawal and renegotiation of trade agreements and trade wars with China and US allies alike. The new Biden administration raises the possibility of a policy change. Still, there is a wide range of possible trade policies Biden might adopt, and it is not yet apparent which of those possibilities he will choose. As I detail in my book *The Politics of Fair Trade*, Democrats traditionally follow one of three different approaches to trade policy. First, some Democrats, especially those associated with blue-collar workers and labor unions, have often pursued a protectionist trade policy, usually by opposing new trade agreements and occasionally advocating increased trade barriers, especially against China in recent years. Second, other Democrats have pursued a free trade approach, supporting new deals and lowered barriers but usually only when tied to increased compensation for those hurt by increased trade. Finally, and increasingly, Democrats have pursued a fair-trade approach, supporting limits on trade because of genuine concerns about labor and environmental practices in potential trade partner countries. These limits are not meant to protect domestic jobs. They either force improvements in policy in trade partners or limit moral exposure to trade with countries with bad practices.

Which of these three approaches best describes what President Biden's approach to trade will be? I argue that, based on Biden's prior record on trade, his campaign literature, and the early actions of his administration, Biden's trade policy will be between Obama's and Trump's. It will resemble a typical, pre-Trump policy in tone and approach but will be more protectionist than the policy pursued before Trump.

One of the problems in predicting Biden's trade policies is that he has not been consistent throughout his long career. At the start of his tenure in the Senate, Biden was a reliable vote in favor of free trade, consistently voting to grant the President fast-track authority in the 70s and 80s. From the 90s to the 2000s, Biden voted in favor of the Uruguay Round, the Canadian-US free trade agreement, and the North American Free Trade Agreement (NAFTA). Biden also supported extending the Most Favored Nation status to China.

Biden never spoke on the Senate floor about these votes, nor is he quoted in major newspaper stories about the trade agreements. Thus, we cannot be sure why Biden was pro-trade early in his career. Given Biden's longstanding reputation for liberal internationalism, his positions on trade were likely part of this broader view that the US should be active in global affairs, including economic issues.

Biden's support for trade could have been merely partisan, given that most of the votes were supported by Democrats. Biden's partial change reinforces this possibility after George W. Bush became president. The US voted on many free trade agreements (FTA) under Bush, and Biden supported only a few of them. He voted against agreements with Singapore, Chile, Oman, and the Central America Free Trade Agreement. He voted for the agreement with Australia while not objecting to the Morocco and Bahrain agreements. The latter two were approved unanimously in the Senate, while the Australia agreement passed with bipartisan support by 80-16. The agreements Biden voted against were all much closer with significantly less Democratic support. In all cases, Biden voted with the majority of Democrats.

Opinion – How Much Will Biden’s Trade Policy Differ from Trump’s?

Written by Sean D. Ehrlich

President Biden may behave differently from Senator Biden, though, and we can look to his campaign to see how. The first clue from the campaign about Biden’s trade policy is that the discussion about trade on the campaign website is contained in a section titled “Ensure the Future is Made in America.” “Made in America” isn’t explicitly protectionist as it can be about encouraging exports, too. Still, traditionally it is used as a label to enable consumers to favor domestic manufacturers over imports.

Indeed, the centerpiece of the campaign plan is a Buy American initiative: Biden planned on using government purchasing power to increase domestic manufacturing. The government is already supposed to prefer American-made products, but they only need to be 51% made domestically. Biden planned to up this domestic content percentage. He also planned to make it harder for purchasers to get exceptions to the requirement by expanding Buy American into new areas. Similarly, Biden called to use government purchasing as well as research and development money and tax incentives to bring back supply chains to America, especially in pharmaceuticals.

President Biden has already signed an executive order implementing much of this Buy American plan. The order includes creating a new high-level position in the Office of Management and Budget, the “Made in America Director,” who is charged with enforcing the provisions of the Buy American law and the executive order. This likely will increase government purchases of domestic content significantly.

The plan also calls to “Stand Up for America” by pursuing a “pro-American worker” trade policy. Part of this promises to combat violations of trade agreements by China and others, which every president has vowed to do in the last few decades. Additionally, Biden pledges to work with allies to counter China’s trade abuses. Failure to do so was a common criticism of Trump’s approach. Multilateral sanctions are the most effective way to sanction another country, but Trump alienated traditional allies by also putting tariffs on them. Biden is signaling here that he will return to a multilateral approach to trade.

Finally, Biden promised that his trade policy would support unions at home and abroad by enforcing all existing labor provisions in trade agreements and not signing any new deal without these provisions. Since NAFTA, American trade agreements have typically included provisions about trading partners’ labor standards. Still, these are traditionally weak, usually only stating that the country would enforce its labor laws. The Colombia FTA of 2012 contained much stronger and enforceable labor provisions, as did the US-Mexico-Canada Trade Agreement (USMCA) and the Trans-Pacific Partnership (TPP). Biden is likely to continue to pursue these stronger provisions, providing protection for US workers and pursuing fair trade by improving standards abroad.

What’s left out of Biden’s campaign plan is any discussion of the World Trade Organization (WTO) or specific trade agreements Biden plans to negotiate. This likely means that new trade agreements are not high on Biden’s agenda. As to the WTO, Biden is likely to support the organization given his multilateral orientation. However, Biden has already signaled that he won’t break the impasse over the WTO’s appellate process until the process is reformed, so he is not immediately returning to the pre-Trump status quo.

We can also learn about Biden’s trade agenda by examining who he has placed in trade-related positions. Most important is the US Trade Representative, Katherine Tai, who had previously worked in the USTR’s office before becoming the trade counsel for the House Ways and Means Committee. There, she was involved in negotiations between Congressional Democrats and the Trump White House on the replacement NAFTA treaty, USMCA. These negotiations led to USMCA having stronger environmental and labor protections suggesting Tai might have a leftward position on trade and possibly a fair-trade approach. What we don’t know is if Tai sincerely cares about these labor and environmental standards or was merely representing the wishes of Democrats on Ways and Means. Tai is also viewed as an expert on China and signals a continued focus on US-China relations. In her confirmation hearing, she stated that she would ensure that tariffs against China are ‘appropriate,’ suggesting that these tariffs will continue although they may be modified. Tai also said that China needs to honor its commitments in previous trade agreements, including the one signed with President Trump.

Besides appointments, in his first month in office, Biden has taken only a handful of actions on trade, such as releasing his Buy American plan discussed above. For the most part, though, Biden has been content to let Trump’s

Opinion – How Much Will Biden’s Trade Policy Differ from Trump’s?

Written by Sean D. Ehrlich

protectionist trade policies continue until his team is in place and trade policy is thoroughly reviewed. A strong free trader would not be so willing and would likely have reversed Trump’s tariffs immediately. That he did not do so suggests Biden is considering keeping at least some of those tariffs.

All told, Biden’s trade policy is likely to be somewhere in between Obama’s and Trump’s. Obama was towards the free trade end of the Democratic spectrum, pursuing multiple bilateral trade agreements and the multilateral TPP. But Obama was also the first fair trade president: he aggressively included environmental, labor, and human rights protections in the trade agreements he negotiated, and he removed Bangladesh from a preferential market access program due to labor and safety violations in their own country. On the other hand, Trump was the most protectionist president since the Great Depression and expressed no interest in fair trade.

Biden has clearly signaled that he will work with the WTO and US allies on trade which means he will probably not pursue tariffs on Europe or Canada like Trump did. He’s open to the idea of new free trade agreements, although only with conditions. He has expressed no desire to withdraw from existing agreements. It seems clear that his policy will, thus, be less protectionist than Trump’s. On the other hand, he has sent clear signals that he intends to keep at least some tariffs on China, and his Buy American plan will make it harder for foreign manufacturers to sell goods in the US. His insistence on strong labor provisions in trade agreements will likely prevent them from being implemented or protect US industries when they are. If not for Trump, this would be the highest level of support for protectionism from a president since the Great Depression. The lack of chaos on trade policy will surely be welcome, but those hoping Biden would return the country to its prior support for free trade or continue moving the country on a fair-trade path will likely be disappointed.

About the author:

Sean D. Ehrlich is an Associate Professor of Political Science at Florida State University. He studies international and comparative political economy and has previously published the books *Access Points* and *the Politics of Fair Trade*. He can be followed on Twitter at @sean.d.ehrlich