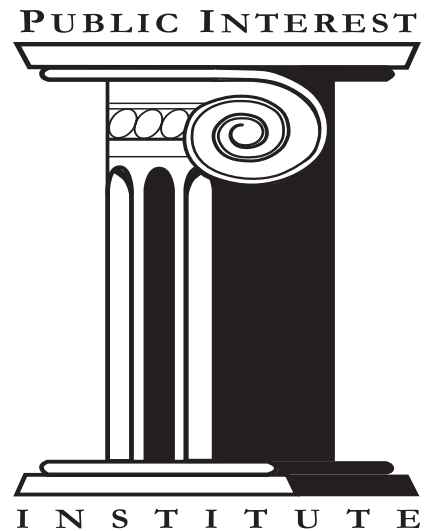


LIMITS



On Power and the Use of Coercion

Look to Calvin Coolidge Concerning Trade Policy

by John R. Hendrickson

Candidates running for President, the Congress, and the American people are currently debating the Trans-Pacific Partnership (TPP), which is the largest free-trade agreement under consideration since the North American Free Trade Agreement (NAFTA). The TPP agreement under consideration consists of several nations within the Pacific (Asia) region of the globe. The TPP agreement is “5,554 pages long, twice that of Obamacare, and nearly three feet high.”¹

Within the Republican Party and the conservative movement TPP has caused a division. On one side of the debate are the supporters of TPP such as the Speaker of the House Paul Ryan (R-WI) and *The Wall*

Street Journal, who consistently criticize Republicans who do not support TPP and more liberalized immigration as “no-growth Republicans.”² This was also reinforced by noted supply-side economists Larry Kudlow, Arthur Laffer, and Stephen Moore in an op-ed in *Investor’s Business Daily* arguing that free trade is a pillar of economic growth.³

On the other side of the debate are a few conservatives who are suspicious and concerned about TPP. Senator Jeff Sessions (R-AL) is bringing up important questions in regard to TPP and Fast-Track. When Congress was debating — and later approved — granting President Barack Obama “Fast-Track” authority Senator Sessions issued a *Critical Alert*:

Top Five Concerns With Trade Promotion Authority, which raises critical questions in regard to TPP.⁴ Since the text of the TPP agreement has been released Senator Sessions stated that “the text of the TPP confirms our fears...”⁵ This is especially true in formation of the Trans-Pacific Partnership Commission, which will act as a governing body, and the numerous regulations that may not be in the best interest for the American economy or our sovereignty.⁶

The several Republicans running for the presidential nomination are also divided on this issue. The majority of the contenders are in support, but as *The Wall Street Journal* reports, Donald Trump “is

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leading a wing of anti-trade candidates that includes social conservatives Rick Santorum and Mike Huckabee," and Senator Ted Cruz (R-TX) has also expressed some caution to the TPP agreement.⁷ In fact *The Wall Street Journal* featured an op-ed article comparing Donald Trump to the protectionist President Herbert Hoover.⁸

This brings us to President Calvin Coolidge and how he would respond to today's debate over TPP. Within the conservative movement no one questions the conservative and limited-government qualifications of Coolidge, and while he is remembered for his budget and tax reductions, it is often forgotten that he was a supporter of economic protectionism.

President Coolidge, just as with past Republicans, was for the most part a defender of the protective tariff. The Republican Party, with its philosophical origins dating back to the Federalist economic policies of Alexander Hamilton and the Whig economic policies of Henry Clay, supported the policy of protectionism. During a 1924 speech to a group of labor leaders, President Coolidge outlined two fundamental aspects of a successful American economy. The first policy he outlined was

"restrictive immigration," and the second policy was "a tariff for protection."⁹

Coolidge even campaigned on the slogan of the "Full Dinner Pail," which was a slogan utilized by President William McKinley to represent that the policy of economic protectionism of the home-market was a benefit to the middle-class and the nation as a whole. In 1927 Coolidge argued that "without the influence of a protective tariff it would never have been possible for our country to reach its present stage of diversified development with its liberal rate of wages, its unprecedented distribution of wealth, and its high standards of living."¹⁰ Coolidge was correct because the economy, which recovered from a severe depression at the start of the decade, had one of the best periods of economic growth in our history thanks to the economic policies of Presidents Warren G. Harding and Calvin Coolidge — and a major part of that economic policy was protectionism.

Calvin Coolidge was not an ideologue, but rather believed in a conservative philosophy. In other words, he did not worship at the altar of free markets. Coolidge understood that it was important to place the good of the nation above ideology.

Today's Republican Party can learn a lesson from Coolidge and other Republicans who understood the benefit of looking out for American interests.

Free-trade deals have often backfired on the United States, and they have resulted in our national manufacturing sector being hollowed out, which is also a threat to national security. In addition, we have lost over five million manufacturing jobs and experienced large trade deficits. Other countries also do not practice free trade as they undervalue their currencies or utilize value-added taxes. This is especially true with China and Japan. As Patrick J. Buchanan stated:

When we look back to NAFTA, GATT, the WTO, MFN and PNTR for China, the Korean-U.S. free trade deal, CAFTA with Central America — almost all have led to soaring trade deficits and jobs lost to nations with whom we signed the agreements.¹¹

I think Calvin Coolidge would agree with Buchanan when he wrote, "What the nation needs is not only a rejection of fast-track, but also a trade policy that puts country before corporate profit, workers before Wall Street, and

America first."¹²

Many in today's Republican Party and the conservative and libertarian movements would say that economic protectionism and limiting immigration are not only backward, but would lead to no economic growth. But I think history is on the side of Alexander Hamilton, Warren G. Harding, and Calvin Coolidge, who understood what type of economic policies would lead to both economic growth and good wages to grow a strong and vibrant middle-class. This is something that we desperately need today.

Endnotes:

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¹²Ibid.

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Happy New Year
from all of us at
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Thank you for your generous support in 2015 and we look forward to your continual support in 2016 to help us advance the principles of free markets and limited government.

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