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End of an Error

The Future of Trade Policy After the Midterms

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Introduction

In the Biblical Book of Daniel, the mysterious writing on the wall conveys an ominous message to Babylon's King Belshazzar:

"God has numbered the days of your kingdom and brought it to an end; you have been weighed in the balance and found wanting; your kingdom is divided and given to [others]."[1]

The public's message to Mr. Trump in last month's election was just about as blunt — especially with respect to the trade wars he made his signature economic policy. Two years into the first U.S. general tariff increase since Herbert Hoover's in 1930, American family budgets are stressed and workers' real wages are down, farm and factory competitiveness have eroded, and America's worldwide power and reputation are diminished. The "reindustrialization" and "new golden age" promised as compensation are nowhere in sight. Having weighed Mr. Trump's policies in the balance and found them wanting, voters have given much of his power to others.

The new Congress taking office in January can respond to the voters' central hope — a more affordable life for families, lower costs for farmers and manufacturers — by ending his tariff experiment and laying the foundation for something better under the next president.

Shutting down the tariff program would be relatively easy, at least in principle. Since Mr. Trump and his team imposed it through a mix of anti-Constitutional decrees at home and economic coercion abroad, rather than legitimate and durable law, their tariff wall is legally flimsy and their arrangements with foreign governments ephemeral. The incoming Congress, and the next president if necessary, can scrap it without regret. In so doing, they can remove some inflationary pressure on the U.S. economy and begin rebuilding relationships with America's neighbors and allies.

The more difficult challenge is to find the right replacement. That is a longer-term project, entailing intellectual debate and consensus-building at home, skeptical reassessment of the past decade's experiments in leftish "post-neoliberalism" and far-right "national conservatism," and consultation with America's friends abroad. But the new Congress can achieve a lot on its own, and lay a foundation for a better program emerging from the 2028 presidential campaign. It should rest on three pillars:

- Repair the Constitutional damage and restore the separation of powers;
- Ease the cost of living for families and cancel the cost premium on American industry.
- Design an aspirational policy aiming at a better future, not reviving an idealized past.

TRUMP TARIFFS: AN INTRODUCTION

As a point of departure, we can start by reviewing the Trump administration's tariff program and its effects.

1. The Decrees

On taking office in January 2025, Mr. Trump made two fateful choices. The first was to abandon a campaign promise to "defeat inflation and quickly bring down all prices" and raise tariff rates instead.[2] The second was to bypass Congress, which under the Constitution has authority over tariffs and taxation, and rule by decree rather than seeking a new tariff law. Since then, his administration has produced a stream of over 50 executive orders, proclamations, *Federal Register* notices, and other decrees meant to overwrite and replace the actual, congressionally authorized "Harmonized Tariff Schedule."[3] The decrees fall into three basic groups:

1. Global and country-by-country tariff increases: Most extensive are a set of "global" and country-by-country tariffs, applied to about half of America's roughly $3.2 trillion in annual goods imports. (The main exemptions are for energy products and some information technology goods, including many of those used in data center construction.) The first version used the 1977 International Emergency Economic Powers Act (IEEPA), claiming that the U.S. trade balance was an "international

emergency," to impose a 10% worldwide rate and country-by-country rates ranging up to 50%. After the Supreme Court ruled in February 2026 that the IEEPA tariffs were illegal, the administration replaced them with a worldwide 10% tariff under "Section 122" of U.S. trade law, based on an at least equally shaky claim that the U.S. faced an imminent "balance of payments crisis." Having lost an initial court challenge, this round of tariffs expired in July under the terms of the law.

The current iteration of this set of tariffs uses "Section 301" of U.S. trade law, a 1974 statute meant to give administrations negotiating leverage when trying to reduce foreign barriers to American exports. Trump has imposed them based on a pretextual claim that all major countries are failing to fight trade in goods produced with forced labor. The duties again mirror the "IEEPA" formula of 2025, with 10% to 12.5% rates on goods from almost all major U.S. trading partners — the European Union, China, Canada and Mexico, Japan, the U.K., Vietnam, Brazil, South Africa, Korea, Thailand, Israel, Turkey, Malaysia, Australia, New Zealand, etc. However, total country-by-country rates are likely to range from 15% to 30% for our largest trading partners, thanks to a second, still unpublished set of "Section 301" tariffs, which the administration has said are justified because six economies have "structural excess capacity" in manufacturing. Tacked on most recently, using "Section 338" of the trade code, is a 50% tariff on Canadian dairy products, sports equipment, beer and wine, motorcycles and some other products, based on an allegation that our neighbor is discriminating against U.S. goods.

2. "National security" product tariffs: Second is a set of "national security" tariffs imposed under "Section 232" of the U.S. trade code, based on claims that certain imports are having an unwelcome impact on (very vaguely defined) national security concerns. These range from 10% to 50% and cover about a third of U.S. goods imports. They apply to imported wood, steel, and aluminum; thousands of manufactured goods made of metal (e.g., screws and bolts, irrigation equipment, coffins, tin cans, coat-hangers); a few copper products; most autos and auto parts; and an array of other goods. As an index of their impact, Commerce Department reports show the cost of steel in the U.S. up from an average of $758 per ton in January 2025 to $1,208 per ton by midsummer 2026 — nearly double the prices in Europe and Japan and almost three times the $490 per ton world average.

3. "China" tariffs: The third group is duties of 25% and 7.5% covering about half of goods from China, which were imposed in 2018 during the first Trump administration. These apply to about 10% of U.S. imports.

As of November 2026, these decrees have raised the United States' trade-weighted tariff rate from an average of 1.5% under the Harmonized Tariff Schedule in the mid-2010s, and 2.3% in 2024, to 11.0% in autumn 2026 (per Yale BudgetLab's most recent analysis).[4]

2. Their Impact

Critics, from center-right economists to AFL-CIO officials, have very reasonably described this approach as "chaotic."[5] New decrees have appeared on average every two weeks, whether to replace old ones struck down in court, amplify or scale back earlier tariffs, or threaten a particular foreign country.

But the chaos is a surface issue, not a core problem. Though some important decrees are in the midst of court challenges, the administration has managed to bootstrap a new, extra-legal tariff system which is actually fairly close to the 2024 Trump-Vance campaign's concept of a 10% worldwide tariff and a 60% tariff rate on Chinese goods. As a result, actual tariff collection spiked from $76 billion in 2024 to $265 billion in 2025 and will likely be about the same this year. (The 2025 total includes illegally collected IEEPA tariffs, which the administration is now repaying. It may have to do the same with revenues from this year's "Section 301" tariffs.)

Most assessments of the tariffs' impact have focused on consumers. That is very reasonable: New York Fed staff economists conclude that "by February 2026, tariffs had contributed 2.9 percentage points to goods price inflation, and without them goods prices would have fallen slightly."[6] The Yale Budget Lab calculates that the tariffs currently cost American families $1,077 each, with the relative burden highest for low-income households.[7]

Mr. Trump and his top economic officials — mostly hedge fund managers, real estate speculators, and law-firm partners — have responded by telling waitresses and security guards to make do with less: nobody needs an affordable toaster, working-class families shouldn't buy so many TV sets, two dolls are plenty for a little girl.[8] It's easy to see why hourly-wage voters found this so grating.

But American industry has been impacted at least as heavily as families. Most U.S. imports, after all, are business inputs rather than consumer goods. Census reports show that even under a very broad definition — food and agriculture, retail products from toys and clothes to appliances and TV sets, plus the automotive industry — consumer goods totaled 42% of U.S. imports in 2025.[9] The rest were

business inputs, with especially major buyers including construction firms (wood, metals, tiles, insulation); farmers (irrigation equipment, fertilizer, barbed wire, tractor parts, energy); and manufacturers (a nearly infinite variety of goods, from lighting, wiring, and paint to semiconductors, metals, auto parts, etc.).

Tariffs fall very heavily on these industries as well as on retail and restaurants, and lightly on services- and investment-centered industries such as securities trading, law, telecommunications, and real estate. The disparate impact appears in data: since 2024 we see farm incomes down 5% and farm bankruptcies nearly doubling, while manufacturing employs 20,000 fewer workers and has contracted relative to other industries, with the GDP share down from 9.8% to 9.5%.

The collapse of Del Monte's Modesto peach cannery this summer is a vivid illustration of this in microcosm.[10] The cannery, tracing its history to 1906, was the main buyer of California's Central Valley peaches and pears until this year. With American consumers incrementally shifting away from canned fruit in favor of fresh, it was growing less profitable. But the Trump administration's decisions to impose 50% tariffs on steel and tin cans dealt a final blow: When Del Monte declared bankruptcy, the company was unable to find a buyer for the cannery and chose to close it, eliminating 600 jobs. With the closure, $500 million worth of peach and pear contracts vaporized; farmers spent the summer ripping 420,000 peach trees out of the ground in a scramble to find new cash crops or sell off their land.

So a manufacturing shock to a metal-using industry; then a shock to agriculture. Nor, at least in the long term, does this support the American steel industry. Fewer canneries mean fewer can-makers, and fewer buyers of metal. And as these and other metal-users have made similar though less traumatic adjustments to artificially high metal prices, U.S. use of steel has dropped by about 10 million tons a year since the first Trump administration's steel and aluminum tariffs went on in 2018.

THE RESPONSE

In sum: The Trump administration imposed a large and sudden tax increase, did so by decree rather than legitimate, congressionally debated law, penalized wage-earning families more than their wealthy neighbors, and hit the industrial economy harder than the services economy. These policies were unpopular at the start — polling typically found about 40% of Americans approving and 55% to 60% opposed early in 2025 — and have steadily bled support since.[11] By late summer

2026, opposition often reached 70%, as groups initially open to the administration's experiments soured on them, including self-identified Republicans, rural families, and Americans without college degrees. All this culminated in November's sweeping electoral rebuke.

As the January 3 opening of the new Congress approaches, Americans rightly associate the tariff increases with higher prices and damage to industry. They see no sign of any offsetting industrial boom; rather, farming is in crisis and manufacturing sagging. The new Congress needs no one so learned as the Biblical Daniel to interpret voters' message: "Stop it."

How might they act on this?

1. Repair the Constitution and Restore the Separation of Powers

Their first task, and really the most important one, is to repair the damage Mr. Trump's tariff program has done to the Constitution, and restore the appropriate separation of powers by reclaiming Congress' power over tariff rates.

Mr. Trump at times refers to 19th- and early 20th-century protectionists such as William McKinley, Warren Harding, and Herbert Hoover as policy role models. But he is not their legitimate heir. Whatever one thinks of their economic ideas, each of these individuals fully respected the Constitution's assignment of the taxation power to Congress. When they wanted higher tariffs, they asked Congress to pass a protectionist tariff law and accepted the result.

Trump, in contrast, has done something alien to American tradition. Rather than seek constitutionally legitimate (if economically ill-advised) legislation, he has exhumed a set of old laws passed long ago — IEEPA and "Sections" 122, 232, 301, and 338 — for wholly different purposes and used them as the foundation for general tariff hikes and rule by decree. IEEPA, for instance, was designed as a device to address emergencies like the outbreak of wars or pandemics. "Section 122" is an early-1970s tool meant for sudden financial crises, such as a dollar crash; "Section 338" is a never-used feature of the Smoot-Hawley Tariff intended to address tariff discrimination against U.S. goods, which was superseded by Roosevelt-era trade negotiating authority bills and "Section 301" in the 1970s as ways to provide negotiating leverage for reduction of foreign trade barriers. None of them were meant as tools presidents could use to nullify Congress' Constitutional authority over

tariff rates. Our pre-inauguration trade policy essay predicted the consequence such an approach would bring:

"The Constitution's Article I, Section 8, gives Congress unambiguous authority over "Taxes, Duties, Imposts, and Excises", and for good reason. No single individual, president or not, should have the power to create his or her own tax system out of nothing. That, at minimum, risks impulsive and ill-considered decisions. Even more seriously, it creates a standing temptation for all future presidents to use tariffs to reward personal friends and supporters, and likewise to punish critics, business rivals, and disaffected states."[12]

The "impulsive and ill-considered decisions" and potential for corruption we envisioned then have fully materialized. Week by week, Mr. Trump and his team have tried to impose $100-billion tax increases by Executive Order, threatened to use tariffs to punish Canada for wildfire smoke drifting south and to interfere in Brazilian judicial proceedings, falsely charged friends from the European Union and the U.K. to Japan and Australia with somehow being "soft" on forced labor, claimed that condensed milk is made of metal and coffins and horseshoes are "national security" products, and taken foreign gifts of gold clocks in exchange for lower tariffs.[13] Looking ahead, without systemic change, Mr. Trump's legacy will continue to warp policy even in wholly ethical administrations: Every interest group seeking special favors will know a friendly president can make Congress a backwater; and every future president will be aware that, facing Congressional opposition, he or she can revert to rule by decree.

Internationally, for the same reason, foreign countries will steer away from mutually beneficial trade deals with the United States. Trump's constant threats against Canada and Mexico, and the real-world imposition of tariffs on their cars and metal, tell foreign governments that American presidents can breach and devalue Congressionally- approved agreements whenever they please.

What might be done about this? Sometimes the solution to a big problem is complex, painful, and requires sacrifice. But once in a while the solution is simple, painless, and entails no difficult choices. The tariff decree problem is one of those. Congress has all the power it needs to restore constitutionally appropriate policymaking, prevent any repeat or amplification of the abuses of Mr. Trump's first two years, and spare future presidents from temptation to repeat them. It only needs to remember how to exercise that power and pass a bill. Most of the necessary measures are already out there, from early-2025 bills addressing individual states by

Representatives Don Beyer (D-Va.), Suzan DelBene (D-Wa.), Jimmy Panetta (D-Calif.), and others, to comprehensive reform blueprints introduced this year by Ways and Means Committee Trade Subcommittee Ranking Member Rep. Linda Sánchez and Senate Finance Committee Chairman-to-be Ron Wyden.

The three main points:

1. Require a formal vote of approval from Congress for any use of Sections 232, 301, and 201 of the trade code, or Section 113 of the recently passed Russia sanctions bill, to impose tariffs. A president wishing to use these laws to impose tariffs could send Congress written notice of his or her proposed use of tariffs and their rationale, with a guaranteed vote on the plan within a limited time.

2. Require Congress to approve, likewise with a formal vote, any decision by a president to remove the United States from a trade agreement Congress has previously ratified, or to revise the tariff levels, rules of origin, or other substantive features of the U.S.-Mexico-Canada Agreement, other free trade agreements, or U.S. WTO commitments and membership.

3. Repeal obviously antiquated or redundant laws, including Sections 122 and 338.

2. Use Tariff Policy to Make Things More Affordable, Not More Expensive

Second, Congress should turn the car around. After two years of Depression-style tariffs, and eight years of elevated tariff rates, Americans see tariffs not as an opaque issue for specialists, or as a development program, but as a direct and visible cause of immiseration. Congress can side with the public by using tariff policy to make things cost less instead of more.

Cancel Trump tariff decrees. Congress should accompany its reclamation of power over tariff rates with repeal of any "Section 301" decrees related to forced labor laws, "structural excess capacity," Brazilian and Indian internal politics, and other matters that survive the courts; the "Section 338" decree targeting imports from Canada; and the "Section 232" tariffs on metals, automotive industry, lumber, semiconductors, pharmaceuticals, and other goods. It should likely defer action on the older China tariffs until the next administration, enabling the new president to develop a larger Beijing strategy, ideally in concert with allies, including an appropriate place for trade issues. Should the Trump administration retain enough

rump Republican support to block such a bill, repeal should be a first-day executive order for the next president.

Bring rural America out of crisis*:* The past two years have been awful for rural America, with farm incomes falling as operating costs rise, farm bankruptcies nearly doubling, and patched-together emergency rescue bills. Nowhere have tariff-driven cost increases hit harder. "Section 232" tariffs of up to 50% on farm inputs of all kinds — from simple tools and carpentry material to ultra-sophisticated farm machinery and irrigation equipment — have been particularly damaging. Trade conflict has simultaneously cut income for America's export-reliant farmers: Trump's naively confident attempt to bring China to its knees in 2025 came at the cost of $20 billion in lost grain, oilseed, specialty crop and meat exports. The mismanagement of relations with Canada and Mexico, the U.S.'s other two top farm customers, added more stress, as did the ill-judged conflict in Iran, with its seismic impact on fuel and fertilizer costs.

The immediate goal, coupled with cancellation of the "232" tariffs, would be to stabilize the top markets — Canada, Mexico, and China — through a freeze on the administration's current "review" of the USMCA (a feature of the agreement, but meant for adjustments and updates rather than the crisis the administration has created) until the next administration, and maintenance of a "truce" with China until the next president takes office and can develop a China strategy.

Review and reform the permanent tariff system*:* At the same time, Congress should review and begin reform of the permanent U.S. tariff system's worst features. The "Harmonized Tariff Schedule," though constitutionally appropriate, is archaic and full of regressive taxes dating to the 1920s and 1930s. Congress ought to oversee it as closely as it monitors estate taxes or excise taxes, but hasn't done so since at least the 1950s. A close look shows that U.S. consumer-goods tariffs are almost unique in the world in systematically taxing mass-market goods important to hourly-wage families — cheap sneakers, polyester shirts, stainless steel spoons — at rates well above those applied to exactly analogous patent leather, silk, and sterling silver luxuries. Equally startling, the HTS's two clothing chapters are bluntly sexist, extracting nearly $3 billion a year from women by taxing women's clothes at rates 3 percentage points above men's.

Table 1

RICH V. POOR: MFN Tariffs on Luxury, Middle-Tier, and Mass-Market Consumer Goods*

Product	Mass-market	Medium-Tier	Luxury
Man's shirt	32% (polyester)	19.7% (cotton)	0.9% (silk)
Brassiere	16.9% (polyester)	--	2.7% (silk)
Spoons	14.0% (< 25c each)	4.2% (silver-plated)	14.0% (sterling)
Shoes	48.0% (cheap sneakers)	20.0% (running shoes)	8.5% (dress leather)

** MFN rates excluding Trump tariffs*

Table 2

PINK v. BLUE: Average MFN Tariff Rates on Men's and Women's Clothes*

Product	Men's	Women's
All Clothes	13.6%	16.7%
Overcoats	12.5%	13.7%
Suits	13.3%	15.1%
Shirts	17.0%	19.7%
Underwear	8.6%	12.8%

** Trade-weighted, i.e., tariff revenue divided by import value. Using 2017 trade data to avoid incorporating Trump tariffs.*

As with Constitutional authority over tariffs, an appropriate bill is already here: in the Pink Tariffs Study Act, Representatives Lizzie Fletcher (D-Texas) and Brittany Pettersen (D-Colo.) propose that the Treasury Department or U.S. International Trade Commission conduct a formal study of the tariff code for regressivity and gender bias, which Congress can use to streamline the tariff system and ensure that it does not impose an undue burden on hourly-wage families or discriminate against women.[14]

3. Return to the World

The third task, though not one that will conclude before a new president takes office, is to design an affirmative agenda that should replace Mr. Trump's tariff increases.

The details of such things are often very complicated and emerge from lengthy consultations within Congress, public debate, and interest-group policy development. The last trade negotiating authority bill in 2015, for example, had 145 separate negotiating objectives, including reducing tariff rates, seasonal tomato policy, digital data flows, child labor, and much more.[15] But these details come last. Any list of objectives rests on broader premises about American strengths, weaknesses, and responsibilities. If the premises are wrong, the specific goals will at least mostly be wrong too — and the premises of policy from 2017 forward have been wrong.

For almost a decade, an unwarranted gloom and defeatism have dominated U.S. trade policy. The Trump and Biden administrations shared a sense that America's 21st-century experience has mainly been one of suffering and decline, Americans can't compete with China's state-driven manufacturing firms and shouldn't try, and somewhere in the past — perhaps the 1970s for President Biden's White House, the 1890s for Mr. Trump and his team — lies a golden age that full or partial withdrawal from the global economy could recover. This pessimism led both administrations to undervalue American strengths, brought the Biden team to abandon efforts to open markets to American goods and digital services, diminished the U.S. role in promoting global growth and development, and frayed America's strategic relationships with neighbors and democratic allies even before Trump's failed second term.[16] The experience of the past two years has simply been much larger and its effects more obvious.

This month's elections should signal a change of mood, and then a change of thinking. The public has chosen "affordability" over the "post-neoliberalism" of President Biden's White House and the "populism" and "national conservatism" of Mr. Trump's era, and re-engagement with the world over the Trump administration's isolationism. Its choice is correct. Americans have much more to lose than to gain from "America First" isolationism, and much more to gain than to lose from engagement with the world economy. While America is a country with weaknesses to remedy, Americans have many more strengths to build on. Consider an incomplete list:

- The United States remains a very large manufacturer, with $2.9 trillion in annual factory output last year — about as much as Japan, Germany, France, the U.K., and Korea combined, and a sixth of all world manufacturing output.
- America is the world's largest scientific research center, with over $1 trillion in annual R&D investment in next-generation computers, biotechnology, aerospace, and the automotive industry; the world's most admired research universities; and, even after the "DOGE" fiasco, the world's best public research labs.
- Rural Americans are the world's most efficient producers of row crops, grains, wines, livestock and special products, food and fiber, capable of ensuring food security and improving nutrition within the United States while serving 189 countries and territories with the food their people need.
- American businesses operate two-thirds of the world's satellites, run the world's information economy, and design its new medicines; American artists and creators write the world's musical scores and produce its films.
- Less tangibly, for decades we have bolstered these strengths with a historically unique network of political and military alliances, and often economic-integration agreements, with neighbors and democratic peers — a source of strength, unless the Trump administration has destroyed it, providing America a largely untouchable strategic advantage over any rival.
- And the American democratic system, with all its stresses, remains flexible and adaptable, able to reject bad ideas, encourage policy experimentation both nationally and locally, and help develop better systems.

A new approach should aim to take advantage of these strengths once again. As Congress and others think it through, some Biden-era concepts remain very useful, including the Treasury Department's "friendshoring" push and the Commerce Department's investigation of supply-chain chokepoints. The Obama

administration's vision of deeper integration with European and Asia-Pacific allies and friendly developing countries likewise remains the right strategic insight in a world where Russia has embarked on aggressive war, and China has become a manufacturing colossus with chokeholds over core industrial inputs. Ideally paired with modernizing legislation that remedies weaknesses — a universal worker adjustment program open to all displaced workers to replace the long-lapsed Trade Adjustment Assistance, a farm bill that helps agriculture rebound from its Trump-era losses, a regulation program for emerging artificial intelligence — a new approach can take some ideas from these earlier frameworks, while adding new ideas to address the top modern priorities.

Call it America's *return to the world, reviving* the enlightened self-interest and sense of common good that all postwar U.S. presidents except Mr. Trump have used as the foundation for policy, and returning to leadership in developing a world economy freer, fairer, and better for Americans and others:

Neighbors and Allies*:* As a top priority, stabilize and rebuild relationships with America's neighbors and democratic allies. Faced with the large challenge of responding to Chinese growth and competitiveness, we should be pooling strengths with friends to bolster the democracies' competitiveness, develop common approaches to challenges such as Chinese control of critical mineral chokepoints, and generally negotiate from positions of strength and security. Instead, America's core alliances and relationships are weaker and more frayed than at any time since the 1930s, and therefore so is America itself. This owes everything to the Trump administration's confrontational policies, economic coercion, and contemptuous rhetoric against Canada and Europe. Looking for friends in a crisis, or for collaborators in difficult long-term work, America now finds few. Congress should block further attacks on them — in the USMCA review and otherwise — and demonstrate that the next presidency will restore a policy of integration and common action on shared interests.

Developing countries*:* America's ties to friendly developing countries in Latin America, Asia, Africa, the Middle East and the Pacific have done little better. Discriminatory tariffs, the long lapse of the Generalized System of Preferences, the destruction of the Agency for International Development, and constant verbal threats have removed the U.S. from its long-term role as a supporter of poverty alleviation, and a committed backer of development, public health and democracy in smaller and poorer countries. This has some exceptions — Congress has admirably kept the

African Growth and Opportunity Act and the special trade benefits for Haiti and other Caribbean island states intact.

The new Congress can build on that by reviving the GSP program, adopting Rep. Ed Case's proposal for a similar program for the Pacific Island countries now at the center of U.S.-China naval competition, and reviving the American aid and support programs run by USAID and other agencies, including agricultural sanitary and phytosanitary training, the forced labor and child labor remediation programs the "DOGE" program canceled, public health, and customs modernization.[17]

The world trading system*:* The World Trade Organization, the descendant of the Roosevelt/Truman General Agreement on Tariffs and Trade, typically gets more criticism or dismissal than enthusiasm these days. But its basic rules — GATT guidance on tariffs and trade barriers, intellectual property standards, technical standards and regulation, customs valuation and trade facilitation in ports and border crossing-points, agricultural sanitary and phytosanitary standards — are widely observed. They are also extremely important to the stability of American farmers' exports, logistics firms' efficiency, innovators' and artists' ability to profit from their research and creativity, and manufacturers' costs and regulatory confidence. The two WTO agreements of the last 20 years, on trade facilitation and fisheries subsidy controls, are practical, non-ideological, and successful. The broader value of these rules and agreements is clear in the fact that — in contrast to the reaction of European, Latin, and Asian countries to the Hoover administration's tariff increases in the 1930s — the world's democracies and developing countries have not followed the Trump administration in a race to close markets. Congress should design a modest but positive set of goals, short of the "comprehensive" agreements of the 1980s and 1990s but offering clear and specific U.S. and worldwide benefit, for the WTO.

Capitalize on American digital leadership: As the center of digital innovation and home to the world's top tech and AI firms, the U.S. has both an extraordinary position of strength — in trade alone, $949 billion in digitally deliverable and "ICT" services, nearly double the $502 billion of 2015 and four times the $224 billion of 2005 — and an unusual responsibility to guide safe development of new technologies and services. The logical agenda includes:

- Keeping markets open to services trade and flows of data,
- Developing consensus on appropriate and fair ways to regulate firms and tax digital products that don't single out American companies for unusual burdens

- Negotiating agreements with allies and other technological leaders on common approaches to regulation of artificial intelligence
- Designing similar agreements on impartial regulation of social media to protect children, address cyber-crime, and fight disinformation campaigns.

CONCLUSION

The voters' clear choice this fall marks the end of an error. Two years ago, Mr. Trump and his administration pledged to use tariffs to return America to the 1890s. Since then, they have demonstrated the real-world effects of such a plan. America's growth has slowed, its workers' real wages have fallen, its industry has eroded, and its power and reputation are diminished. As in the Book, American voters have weighed him and this program in the balance, found them wanting, and asked the opposition for something new.

Congress can act swiftly on part of this judgment. Other elements require time and patience. Where the "number" of the unlucky Belshazzar's kingdom turned out to be just one day — he was out by morning — Mr. Trump still has over 700. He may be able to block some reforms in this Congress by veto (that depends on Congressional Republican reaction to the voters' verdict), and a new general policy must wait for a wiser successor. But that simply makes the next two years a period of political reform and intellectual vitality: one in which Congress restores the Constitutional balance Mr. Trump has damaged, closes down as many bad policies and imposes as many good ones as it can, and works with the emerging presidential campaigns as they look to a better future.

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