MEMORANDUM ON
FOREIGN POLICY ASPECTS OF INTERNATIONAL ECONOMIC RELATIONS

To: The Chairs and Ranking Members of the Senate Foreign Relations Committee and House Foreign Affairs Committee
From: C. Fred Bergsten
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OVERVIEW

International economic cooperation and US global economic leadership, key pillars of world peace and security, have eroded badly in recent years. Traditional American alliances have been weakened by economic conflicts. China poses the first real challenge to US global economic supremacy in more than a century. Multilateral institutions that the United States created and nurtured, in some cases for decades, have been ignored or abandoned. US foreign policy, along with American prosperity and economic stability, have been severely jeopardized as a result.

In addition, the executive branch has repeatedly abused and even violated authorities that Congress has delegated to it to conduct foreign economic policy. Spurious “national security” excuses have been used to justify restrictions on imports from some of the United States’ closest allies. The administration has threatened to withdraw unilaterally from trade agreements approved by Congress. International trade and investment have become so central to US foreign policy that the entire legislative framework for US international economic policy needs urgent review and reform.

MAJOR PRIORTIES

The Committees should pursue the following priorities:

PRIORITY 1: Hold hearings and commission research and reports on all the topics cited above. Leaders should make speeches to help revive a constructive national narrative on open trade and international economic cooperation.

PRIORITY 2: Focus on the importance of global economic leadership to America’s overall role in the world and national security. The foreign policy dimension of that leadership must be recognized and respected if the leadership is to be restored.

PRIORITY 3: Insist that future administrations respect and support the international economic institutions, such as the World Trade Organization and World Health
Organization, that the United States has created and nurtured over many decades. Strong support for the rule of law must be maintained and indeed strengthened.

PRIORITY 4: Highlight the economic as well as security challenges posed by China and fashion a new policy that combines tough competition and negotiation with conditional cooperation on issues of global importance, such as climate change and cybersecurity, where agreement between the United States and China is necessary if meaningful progress is to be made.

MAJOR POLICIES THAT SHOULD BE REVERSED
The Committees should also urge a cessation or reversal of several recent policies including:

• Reverse the withdrawal from the Paris Agreement on climate change and the World Health Organization (WHO), and the evisceration of other international institutions such as the World Trade Organization (WTO).
• Cease actions that risk moving toward a new cold war and unrealistic “decoupling” with China.
• End the growing abuses of trade laws by clarifying and revising the key statutes and interpretations to avoid arbitrary and capricious invoking of national security and other domestic concerns to justify protectionism.

The Congress must play a central role in reviving a constructive US leadership role in the world economy and thus in rebuilding global prosperity and stability. Your committee can initiate a proactive strategy in these directions.

ACTIONABLE TO-DO LIST:
• Promote resolutions urging the immediate restoration of cooperative economic relations with political allies, especially Europe and Canada and Japan.
• Promptly schedule a series of hearings on the need for the United States to resume effective leadership of the world economy, modified to meet the realities of the 21st century.
• Promptly schedule a series of hearings on China to assess the interaction of US security, economic, human rights, and other interests with that country.
• Work with the committees primarily responsible for trade policy to fashion new legislation to restore an effective congressional role in the conduct of US foreign economic policy.