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## Trump's Trade Rhetoric Is Unhinged. His Tariffs Aren't.

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April 4, 2018

Before Donald Trump was elected president, the large and expanding American trade deficit with China was widely recognized as a problem. China's entry into the World Trade Organization in 2001 had destroyed millions of good jobs in the United States, eroded the earning power of American workers, and left many towns and communities economically gutted.

U.S. manufacturing jobs began disappearing almost immediately, and growing evidence suggests the "China shock" never really ended. Sustained U.S. trade deficits made the Great Recession worse and put a drag on economic recovery. Even today, with the unemployment rate down to 4.1 percent, the trade deficit with China continues to put downward pressure on U.S. wages, and many who lost their jobs never re-entered the labor force.

Tougher enforcement against unfair trade practices has long enjoyed bipartisan support in Congress, and when U.S. Trade Representative Robert Lighthizer announced a review of Chinese policies in August 2017, even top Democrats applauded the decision as long overdue.

Yet suddenly, Republicans and Democrats alike seem to be hailing the WTO and two decades of obvious failure as a smashing success. When Lighthizer announced a very modest slate of tariffs targeting Chinese-made goods last month, liberals and right-wing libertarians alike began tearing their hair out, while apocalyptic warnings about the supposedly devastating consequences of an imminent trade war began getting headlines. "China Just Gut-Punched Trump On Trade. Is It Time To Get Worried?" asked The Washington Post. "US-China trade war fears: How bad could this get?" mused CNN.

It would be nice to believe the intensity of the freakout is a result of the bizarre, needlessly inflammatory rhetoric Trump has invoked on trade. Last month he declared on Twitter that "trade wars are good, and easy to win," a statement which doesn't seem to gel with today's entry, "We are not in a trade war with China, that war was lost many years ago by the foolish, or incompetent, people who represented the U.S.," to which Trump added the head-scratcher, "When you're already \$500 Billion DOWN, you can't lose!" These are not the words of a stable and competent negotiator. The self-dealing and corruption that permeate his administration do not inspire confidence that trade talks with China, or anyone else, will generate results in the national interest.

But the truth is that Trump's idiocy is being used to rehabilitate a lot of failed doctrines from the past few decades, and Democrats, eager to score partisan points against a racist and cruel opponent, are gleefully embracing discredited ideas and individuals.

Architects of the Iraq War and apologists for the CIA's torture program have been transformed into sage foreign policy experts on liberal television programs. The WTO is receiving a similar makeover from the libertarian Cato Institute, The New York Times and The Washington Post — all of which have recently offered paens to globalization's most powerful engine as the ideal venue for settling legitimate trade disputes. Instead of threatening tariffs, they argue, Trump should complain to the WTO.

But the WTO doesn't work. If it did, we wouldn't be where we are.

Trade policy is a diplomatic tool. The setbacks globalization has created for many American communities — tragic as they have been — could well have been justified if they secured other strategic goals. In the late 1990s, the Clinton administration pitched China's entry into the WTO as a way to advance human rights causes. More trade with the United States, it was hoped, would encourage China to become more democratic. After more than 16 years, a verdict is long overdue. The WTO failed because it is structured to prioritize corporate profit and investment over human rights, the environment and worker wages. It isn't equipped to alleviate tensions between an authoritarian government and a democracy.

These inadequacies were well understood before Trump took office. In September 2016, the New America Foundation held a major conference on American foreign policy and China, effectively acknowledging that the past 20 years had been a mistake. "The bottom line is that Chinese mercantilism is a growing problem, and the victims of that mercantilism have little to lose from a trade confrontation," Paul Krugman wrote on New Year's Eve 2009. Even the free-trading Obama administration believed the WTO was largely obsolete and ineffective, which was why it spent eight years negotiating the Trans-Pacific Partnership (which the U.S. ultimately failed to approve) with 11 other nations.

However outrageous Trump's Twitter comments may be, the scope of what both his administration and the Chinese government are proposing just isn't very big. Last year, U.S. imports from China increased by over \$43 billion, to \$505 billion. In that context, slapping tariffs on \$50 billion worth of imports shouldn't be terrifying, and neither should the prospect of a \$50 billion retaliation from China. Our \$130 billion in exports to China amounts to less than seven-tenths of one percent of the U.S. economy.

Trump has taken a few other, smaller trade enforcement actions that affect China, and it's hard to predict where the back-and-forth will end. Trump, of all people, is perfectly capable of screwing the whole thing up. Effectively negotiating with China is a long game that will require reorganizing some supply chains, a process that will create its own winners and losers. Human rights, national security and political stability must be vital considerations — not just consumer prices and gross domestic product. Trump doesn't seem to be very good at managing any of that.

But he isn't starting a trade war — he's grappling with a failed foreign policy. And on trade, at least, his critics are defending the indefensible.