

# Newsweek

## Trump's Businesses Don't Follow his Strictures on Trade, For Good Reasons

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President Trump is in Asia, making a state visit to China and then meeting with foreign leaders at an Asia-Pacific Economic Cooperation forum in Vietnam.

As part of the trip, and perhaps in an effort to recapture his populist mojo amidst cratering job approval numbers back home, he has remounted one of his favorite hobby horses: decrying “unfair trade deals” that he says put America at a disadvantage with its trading partners.

The president does make oblique references to barriers that other countries place on American products entering their markets. But his comments suggest his biggest concern is the large trade deficits the United States has with some countries.

According to Trump, those deficits are all the proof necessary that America is being snookered, and that current trade arrangements should be dissolved and renegotiated.

“The United States really has to change its policies because they’ve gotten so far behind on trade with China and, frankly, with many other countries,” he said in a press conference with President Xi in China.

“The current trade imbalance is not acceptable,” he told reporters in Vietnam, adding: “I do not blame China or any other country, of which there are many, for taking advantage of the United States on trade. If their representatives are able to get away with it, they are just doing their jobs. I wish previous administrations in my country saw what was happening and did something about it. They did not, but I will.”

But if a trade deficit—especially a large, persistent one—is proof positive of unfair dealing, then Trump has some things to discuss with U.S. authorities about his own business empire, the Trump Organization.

Consider the tenants in his office, retail, and condo complexes, the lodgers at his hotels, and the players on his golf courses. They spend hundreds of dollars a day and thousands or millions of dollars a year on Trump products.

Yet it’s highly doubtful that the Trump Organization simultaneously purchases hundreds of dollars a day or thousands and millions of dollars a year in goods from those same customers.

Those customers thus have huge trade deficits with the president and his businesses. By his own logic, the Trump Organization must be treating those customers unfairly.

But wait, the president might protest, that's not right—his businesses may not buy things from his customers, but the Trump Organization buys things from other businesses, and those businesses buy from other businesses, and sooner or later the money winds its way back to his customers.

But people in foreign countries likewise use American dollars to buy things from other countries, and invest in other countries, and some of that money winds its way back to the United States, too.

Besides, even if China were to keep every U.S. dollar it receives and tuck them all away in some giant mattress, that would hardly reduce the number of dollars the United States can spend on domestic goods—after all, *we own printing presses* !

Meanwhile, as all those dollars whirl around or get tucked away, the United States receives more and more Chinese goods—goods that we value more than the dollars we exchange to purchase them.

Unfortunately, the president subscribes to a very simplistic—and wrong—understanding of trade.

The next time he launches in on the horrors of U.S. trade deficits, I hope someone asks him if there's also a problem with the imbalanced trade the Trump Organization has with its customers.

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