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Trump's tariffs are negatively impacting the American Economy

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President Donald Trump's protectionist trade policy is negatively impacting our country's economy. Just this week, the government of the People's Republic of China filed a complaint with the World Trade Organization after voicing concerns over an additional \$200 billion in produced goods targeted by protectionist tariffs.

Though I don't wish to come across as an advocate for the Chinese government in this editorial, it's imperative for the readers of this piece to consider what the country's Ministry of Commerce said to justify such an action.

"The U.S. is not only launching a trade war with China, but also with the whole world, dragging the world economy into danger," the Ministry's most recent statement reads. "When the U.S. willfully exits from groups based on its own interests under the pretext of "American First," it becomes an enemy to all."

Obviously, a refute to Trump's characterization that the PRC, Russia, and the European Union are "foes" to the United States, the resolve backing these statements is clearly evident. Simply put, the world's economy is entering a state of shambles due to the trade policies supported by the Trump administration.

But, let's be honest, did Trump heed the warnings of our trading partners and allies? No, he didn't. Thanks to the administration, Trump has thrust the United States into a trade war. Such an act has started to negatively impact the internal American economy at all levels while dragging down a global market that's dependent on the world's most powerful economic player.

This negligence and improper trade policy could result in a massive economic downturn on the home front. Trump claims that the tariffs are levied with the intention of putting the American economy on a better global footing; however, the negative impacts are far-reaching. Some analysts, including myself, believe that the current economy is due for a recession. In all

actuality, this recession could come a lot sooner due to the trade war and projections suggesting a bear market to crash down on primary trading indices.

I covered the bear market component of my argument in a *Financial Digits* analysis not too long ago, citing a Morgan Stanley study. “At first, the markets reacted fairly well to Trump’s regulatory reforms and promotion of “pro-business” governance. This was all thrown away, however, when the administration adopted protectionist trade policies,” my analysis reads. Thus, this cues revelation that Trump’s pro-business positions — deregulation, tax reform, and others — mean nothing.

For the analysts that were optimistic, again like me, about the “Trump bump” in the stock market after the 2016 election, he’s proven fools of us all. (This is also the case for analysts who are still “apologists” to Trumpian trade policy.) If you consider the market impacts for a downward sloping market, all other economic segments could follow if the conditions were just right. To some, this downward curve is coming alive.

Cato Institute analyst Daniel J. Ikenson, director of the institute’s Herbert A. Stiefel Center for Trade Policy Studies, argues that the incoherence with Trump’s trade policy is threatening far more than the internal economy, among other arguments he brings to light.

“The last 13 presidents of the United States — going back to Franklin D. Roosevelt, who signed into law the watershed Reciprocal Trade Agreements Act in 1934 — considered trade to be mutually beneficial for their fostering of economic growth and good relations among nations,” Ikenson writes. “Those presidents aimed to avoid trade wars and committed their administrations to reducing barriers, respecting the rules, and supporting the institutions of trade.”

From Ikenson’s logic on the matter, a key takeaway can be that trade policy that values net positive global market interaction can be favorable for internal and external economies. Adding tariffs on thousands of products while using ancillary trade policy (e.g., national security investigations, etc.) is an overall negative impact.

Trump’s steel and aluminum tariffs, for example, were justified as a necessary national security policy decision. As a result, the tariffs are killing jobs in various industries. The latest example can be seen in Iowa—the heart of Trump’s Midwest block. According to an Associated Press story published by the *Des Moines Register*, the Black Cat Wear Parts factory, in DeWitt, laid off the majority of its production team citing costs linked to Trump’s trade war. Specifically, it’s Trump’s trade war and Canada’s retaliatory trade controls in response to the United States government’s dissonance. These cases go on and on.

From that, I reiterate that once Trump opted for protectionist trade policies, he chose to stand for “big government” as he has in the past. He supported congressional moves to remove spending caps, which was clear that our Republican president wanted a shopping spree like his predecessors Barack Obama and George W. Bush. Instead of chipping away at the national debt as he promised on the campaign trail, Trump has become the *de facto* perpetrator of our latest fiscal instability — provided Trump’s new debt and the sums inherited from the Bush and Obama administrations. The trade war further builds the case that Trump continues to degrade the philosophical goals of limited government, free markets, and equality under the law for all.