



‘Death by China’ author to lead Trump trade office

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Donald Trump plans to create a National Trade Council inside the White House to oversee industrial policy and is appointing a China hawk and one of the architects of the populist economic message to run the new group.

Mr Trump has chosen Peter Navarro, a Harvard-trained economist, to head the NTC, his transition team announced on Wednesday in news reported first by the Financial Times. The author of books such as *Death by China* and *Crouching Tiger: What China’s Militarism Means for the World* has for years warned that the US is engaged in an economic war with China and should adopt a more aggressive stance — a message that the president-elect sold to voters across the US during his campaign.

“I read one of Peter’s books on America’s trade problems years ago and was impressed by the clarity of his arguments and thoroughness of his research,” Mr Trump said. “He has presciently documented the harms inflicted by globalism on American workers, and laid out a path forward to restore our middle class.”

The Trump transition team described Mr Navarro as a “visionary economist” who would “develop trade policies that shrink our trade deficit, expand our growth, and help stop the exodus of jobs from our shores”. His appointment is the second restructuring of trade policy that will see Mr Trump attempt to follow through on his focus to resurrect manufacturing, and create more industrial jobs, in the American economy.

The FT reported earlier this month that Mr Trump had tapped Wilbur Ross, a billionaire investor who has been nominated as secretary of commerce, to oversee his trade policy, creating a new inter-agency process that would cut the influence of the US Trade Representative, the office which has for years negotiated trade deals.

Mr Trump has yet to nominate his candidate for USTR, which traditionally sits in the president’s executive office, and the transition team has said it is still discussing internally how the role would fit with its broader trade agenda.

The Trump team said the NTC would focus on boosting manufacturing and also lead a “Buy America, Hire America” programme that would boost job creation in areas such as infrastructure

and defence. It will work in tandem with three other offices in the White House: the National Security Council, the National Economic Council and the Domestic Policy Council.

They added that it would mark the first time there was an office dedicated to manufacturing inside the White House, in a strong signal that Mr Trump plans to follow through on the promises that he made on the campaign trail.

“We were a great team during the campaign, and we will be a great team during the administration,” said Mr Ross, who co-authored a white paper filling out the Trump economic policy with Mr Navarro during the campaign. It called for a focus on reducing the US trade deficit and boosting manufacturing, arguing both would help restore economic growth to a historical average of around 3.5 per cent per year.

Mr Trump has moved quickly to name a cabinet and team of top advisers that leans heavily on people with business and military experience and that mostly eschews people with executive experience in Washington.

Without realising it, US voters appear to have opened the gates to a new cold war

The move to create the office is likely to be seen as controversial by mainstream economists, many in the business community and pro-trade Republicans. It also raises questions about the role of the National Economic Council in a Trump White House. The NEC was established to perform similar functions by Bill Clinton following his 1992 election and Mr Trump has picked a heavy-hitter — former Goldman Sachs executive Gary Cohn — to head it.

Targeting the trade deficit is seen by many economists as likely to lead to protectionist trade policies. It may also be complicated by Mr Trump’s plans for an increase in spending and rising interest rates, both of which have already yielded a surge in the dollar that is likely to make US exports less competitive and lead to a larger trade deficit.

Many economists also see the focus on trade deficit as misguided in today’s integrated global economy. Thanks to global supply chains many products such as smartphones and their component parts often cross borders many times before landing with consumers, making trade flows more difficult to measure.

Dan Ikenson, head of trade policy at the libertarian Cato Institute in Washington, said Mr Navarro’s view of trade amounted to a “dangerous, misguided, zero-sum” view of the global economy. But his views were likely to face opposition from within the Trump administration, particularly as it seeks to deliver on the president-elect’s promises of faster growth and to create jobs.

“Trump wants the economy to grow. Trump wants to be beloved. But if implemented, Navarro’s crazy scheme to eliminate the trade deficit and achieve “balanced trade” would cause massive capital flight, closure of foreign markets to US goods, economic meltdown, and — I would hope — open revolt by congressional Republicans to neutralise the Trump presidency,” Mr Ikenson said.

Separately, Mr Trump on Wednesday named investor Carl Icahn to serve as a special adviser on regulatory reform.

The president-elect is also considering naming Matthew Pottinger, a former US marine who served in Iraq and Afghanistan, as his top Asia adviser in the White House, in what would amount to another appointment of a top official with a military background.

Mr Pottinger, a former Wall Street Journal correspondent in China who became a marine after the 9/11 terror attacks, is the frontrunner for the top Asia role, according to three people familiar with the deliberations. Mr Pottinger, a Chinese speaker, would advise Michael Flynn, the retired army general selected as national security adviser. Mr Pottinger served at the same time in Afghanistan as Mr Flynn and was one of the co-authors of a controversial paper that the retired general wrote on the problems with the US intelligence apparatus.

“Matthew Pottinger is a member of our transition support element. He is being considered but no decision has been made,” said Jason Miller, spokesman for Mr Trump.