



Trump trade effort backfires, requiring \$12B bailout of farmers hit by China

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Once upon a time — 2016 — Republicans warned against government meddling in the markets, picking winners and losers in the economy. Some government interference would create inequities and complications; the solution would be more government. The cycle of government action to solve problems created by government was something Republicans used to inveigh against. No more, it seems.

The Washington Post reported: “The U.S. Agriculture Department on Tuesday plans to announce a \$12 billion package of emergency aid for farmers caught in the midst of President Trump’s escalating trade war, two people briefed on the plan said, the latest sign that growing tensions between the United States and other countries will not end soon.

“Trump ordered Agriculture Secretary Sonny Perdue to prepare a range of options several months ago, amid complaints from farmers that their products faced retaliatory tariffs from China and other countries. ... “The aid package is expected to target soybean farmers, dairy farmers, and pork producers, among others. White House officials hope it will quiet some of the unease from farm groups, but the new plan could revive debates about taxpayer-funded bailouts and the degree to which Trump’s trade strategy is leading to unforeseen costs.”

This should dispense with the notions that tariffs are playing with the bank’s money or that tariffs don’t cost Americans anything. In fact, they are taxes, taxes so destructive in the case of farmers that they are shrinking their markets and causing real economic pain. Trump’s solution is not to end the ill-advised, unworkable trade war but to use more taxpayer money to bail out the farmers he hurt by imposing a tariff/tax. This is what Republican economics now looks like.

As President Barack Obama’s former “car czar” Steven Rattner told me, “I thought Republicans were supposed to be against needless government spending. This is the epitome of an unforced error. And for the secretary of agriculture to call retaliatory tariffs ‘illegal’ when it is our tariffs that are in fact illegal, truly means we have entered the world of Alice in Wonderland.” Rattner is hardly alone.

Dan Ikenson of the Cato Institute tells me, “The only real factor constraining Trump’s prosecution of his trade war is the potential that workers in red states will abandon the cause and

turn on him. Aid to farmers mitigates that concern.” However, that’s unlikely to be the end of it. “Expect support for steel and aluminum consuming industries to follow soon,” cautions Ikenson, “and then there will be little stopping Trump from waging his trade war of attrition.”

Put more simply, “You have a terrible policy that sends farmers to the poorhouse, and then you put them on welfare, and we borrow the money from other countries,” Sen. Bob Corker, R-Tenn., told reporters. “It’s hard to believe there isn’t an outright revolt right now in Congress.” Well, not so hard when you consider how spineless are Corker’s GOP colleagues.

Freedom Partners, a Koch brothers free-market group, blasted out an email. “Individuals and businesses in a competitive market, not government bureaucrats or politicians, should guide trade decisions. Punitive measures such as tariffs and quotas harm most consumers, workers and businesses and should be eliminated. Subsidies and other forms of government supports for powerful and politically connected businesses and industries do not create value.” It urges that “trade disputes should be resolved through existing international trade agreements and organizations.”

For Republicans who voted for Trump because he said he’d cut taxes, tariffs pose a challenge to their intellectual consistency. Tariffs are taxes. They are the essence of picking winners and losers. To carry this out, Trump is compelled to spend more money and grow the size of government. Republicans have now become what they abhor — the party of big government, anti-market regulation and big deficits