



## **GOP, Trump focus on trade curbs**

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Both parties' candidates expected to criticize China as part of their platform, pundits predict

The 2016 Republican presidential convention opens in Cleveland, Ohio, on Monday, and the city of about 320,000, along with the rest of the so-called Rust Belt, has become a prime target for an anti-trade message of both parties, especially Republican Donald Trump.

After World War II, Cleveland and the northeastern part of the state boomed as plants produced steel, paint, auto parts and tires to fuel a post-war boom. But since 1960, Cleveland's manufacturing base has been shrinking. Over the past decade, manufacturing employment has tumbled with more than 74,500 manufacturing jobs lost.

Though Mexico, Vietnam, South Korea and other countries have been singled out as taking jobs away from Americans, how China is "killing us on trade" has been a mantra in endless anti-trade declarations from Trump, the presumptive Republican nominee, including: "The concept of global warming was created by and for the Chinese in order to make US manufacturing non-competitive."

He has threatened to impose a 45 percent tariff on goods made in China. "America fully opened its markets to China but China has not reciprocated. Its Great Wall of Protectionism uses unlawful tariff and non-tariff barriers to keep American companies out of China and to tilt the playing field in their favor," says a posting on Trump's campaign web site.

Hillary Clinton, who will be named the Democratic presidential candidate at the party's convention that starts on July 25, has said the problem with trade deals is that the US doesn't force other countries to live up to their end of the bargain. She said America has to "stand up" to China and make it stop unfair trade practices that hurt US businesses and kill US jobs.

Clinton, whose husband Bill, the nation's 42nd president, signed off on legislation creating the North American Free Trade Agreement (NAFTA), once spoke glowingly about the Trans-Pacific Partnership (TPP) while serving as secretary of state. Now she is opposed to the 12-nation trade pact.

"I did hope that the TPP, negotiated by this administration; I was holding out hope that it would be the kind of trade agreement that I was looking for. Once I saw the outcome, I opposed it," she said.

Gary Hufbauer of the Washington-based Peterson Institute for International Economics, said Clinton and Trump will take different approaches in attacking trade.

"Both Clinton and Trump will be tough on trade. But Clinton will try to show that she's 'smart tough', while Trump will man up and show that he's 'tough tough'. Both will push the phony line that by doing better trade deals they can revive US manufacturing jobs and raise middle class wages.

"Both campaigns will criticize China, mixing trade and geopolitics, but Clinton will voice targeted criticisms - particular industries (steel) or practices (intellectual property rights), while Trump will go for the blunderbuss," he said.

Regardless of who wins in November, there is a chance that China and other US global trading partners may face a changed political landscape. "Most likely there could be some renegotiations on trade terms after the election," said Sung Won Sohn, professor of economics at California State University Channel Islands in Camarillo, California.

"In the case of China, it will be important to explain to the American public that China's trade surpluses, especially as a percentage of GDP, have declined significantly and the foreign-exchange reserves have fallen close to \$1 trillion. China also needs to communicate to the American public that the country is making massive direct investments in America creating jobs and income," said Sohn.

Trade used to enjoy a steady bi-partisan embrace from Democrats and Republicans until this election, and most observers expect trade to be a high-profile issue during the presidential campaign in areas like Cleveland.

"Trade will be an issue in industrial heartland states such as Ohio and Michigan, but not much of an issue elsewhere," said David Dollar, senior fellow at the John L. Thornton Center at the Brookings Institution in Washington.

"I think the trade issue is mainly a Midwest issue with a little purchase in the Northeast. I don't think the differences between Trump and Clinton will swing the needle on votes in the West or the South," added Hufbauer.

Sohn said trade "is a very hot topic in the Rust Belt. Some people blame trade and globalization for their economic woes. Most people, however, do not expect to return to the good old days".

Simon Lester, a trade policy analyst with the Cato Institute in Washington, said trade is likely to resonate "in certain pockets of the Midwest that have seen manufacturing decline." But he downplays trade's significance in November.

"Trade is probably not as important an issue in the election as it seems. Trump's tough talk might get him a few votes here and there, but it is unlikely to decide the election," he added.

Derrick Scissors, a resident scholar on China at the American Enterprise Institute in Washington, said the US has already taken a step toward exiting from global trade.

"The Republicans have nominated a protectionist for the first time in decades and the Democrats' second-place finisher (Vermont Senator Bernie Sanders) is a protectionist. Clinton is the closest thing to a free trader of the three and she is not at all a free trader," he said.

While the US economy has been recovering from the 2008 financial crisis, there are still certain demographic groups who lag in terms of employment, income and upward mobility. New research has indicated there is a segment of the American populace that questions the previously accepted conventional wisdom about the benefits of free trade.

"It's not about incumbents changing their positions," David Autor of the Massachusetts Institute of Technology told the New York Times in April. "It's about the replacement of moderates with more ideological successors. The China shock isn't the sole factor, but it is something of a missing link."