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Trump's trade rhetoric splits party and makes economists quake

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With his threats to impose punitive tariffs on Chinese imports, rip up trade deals and force companies such as [Apple](#) to bring manufacturing home to the US, Donald Trump has offered a protectionist vision of the future that makes traditional economists quake in their boots.

But with proposals designed to cater to the fears of angry blue-collar workers in the rust belt states through which his presidential campaign has been moving, the Republican frontrunner has also set off the biggest trade war inside the party since the 1970s.

Whether or not Mr Trump is elected, analysts say it is an internecine war that is already having repercussions beyond the party.

In an [op-ed](#) published in USA Today on Tuesday the property tycoon railed against a vast new Pacific Rim trade pact covering 40 per cent of the global economy that the Obama administration agreed with Japan and 10 other economies last year.

The [Trans-Pacific Partnership](#), he warned, would send the US's remaining auto jobs to Japan and represented a "mortal threat to American manufacturing".

"TPP is the biggest betrayal in a long line of betrayals where politicians have sold out US workers," Mr Trump wrote.

It is hard to overstate what a shock to the Republican system Mr Trump's trade pronouncements — and the support they are finding among voters — have been. Since Ronald Reagan the Republican party has, with a few exceptions, been unabashedly pro-trade even as the Democratic

party and its labour union base have grown more sceptical. (Hillary Clinton and Bernie Sanders have said they oppose the TPP in its current form).

Mr Obama last year relied on Republicans in Congress to marshal votes and secure the “fast-track” authority he needed to conclude the TPP negotiations and others. He needs a repeat of that support to have any hope of seeing the TPP ratified by Congress before he leaves office next January.

The administration and key Republicans in Congress have in recent weeks been conducting quiet discussions over the TPP to resolve outstanding issues and, officials say, have made some progress. That means the TPP is far from dead in the water, officials insist, and they continue to work towards a plan that would see Congress vote after November’s elections.

But the risk for pro-trade Republicans is that Mr Trump has awakened a historic protectionist wing in the party and highlighted growing support for such positions.

Trade remains low on the list of priorities for most voters. Recent polls, however, have consistently shown Republican voters to be more sceptical of foreign trade than their Democratic counterparts. A Gallup poll last month found just half of Republicans viewed foreign trade as an opportunity against 63 per cent of Democrats. In a survey last year the Pew Research Center found just 43 per cent of Republicans saw the TPP as a “good thing for the US”.

Scott Lincicome, a trade expert at the libertarian Cato Institute who is a vocal critic of Mr Trump’s trade policy, says the Republican party has long had a faction of trade sceptics. But its pro-trade elected leaders have always calculated they can overcome that.

The threat Mr Trump poses to that assumption is that he has highlighted how borrowing from the Democratic antitrade playbook in elections can benefit Republicans, Mr Lincicome says. “A [Trump] victory would change the political calculus from the top down”.

In the US, Mr Trump’s rise may deal a fatal wound to the “pro-trade alliance of pro-business Republicans, free trade [Republican] ideologues and a smattering of pro-business Democrats [that] was already barely enough to sustain a majority for further trade liberalisation,” says Ted Alden, a senior fellow at the Council on Foreign Relations.

But the risk for the rest of the world of a Trump victory could be much more profound, warns Gary Hufbauer, a former Treasury official in the Ford and Carter administrations, and now at the Peterson Institute for International Economics.

Democratic candidate recalibrates trade message after Michigan setback

Stock markets would collapse because of the disruption to international business and supply chains, investment by companies in the US and overseas would dry up, and the dollar would surge as global uncertainty created another run into the haven currency.

“I think if we went anywhere close to where Trump is talking about [on trade] we would have a national recession — or a global recession — at the very least,” he says. “It would just scare the bejeezus out of many corporations.”

Some experts argue that it would be difficult for Mr Trump to carry out his threats. The US Constitution gives Congress the responsibility for overseeing international commerce, most trade agreements are codified in US law and it is hard for presidents to impose tariffs unilaterally. The US also is a leading member of the World Trade Organisation and has to abide by its rules.

But all that could equally be thrown out the window in a Trump presidency, says Philip Levy, a senior fellow at the Chicago Council on Global Affairs.

“What’s novel about Trump is that he is not even trying to pretend that he is going to colour within the lines,” he says.