

TIMES DAILY

Time for Congress to get involved in trade war

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Steel prices have spiked in the wake of President Donald Trump's tariffs, which may be good news for domestic steel producers but is bad news for companies that use steel and consumers who purchase products made with it.

Already this year, U.S. steel prices have risen 40 percent and are now nearly 50 percent higher than in Europe or China, according to John G. Murphy, senior vice president for international policy at the U.S. Chamber of Commerce. That means not only are American businesses and consumers paying more for steel, steel made in Europe and China is even more competitive in the rest of the world than it already was.

As Cato Institute trade analyst Scott Lincicome notes, this has happened even though half of all imports were exempt from Trump's 25 percent tariff. Now, however, Trump is promising another round of tariffs aimed squarely at some of our closest trading partners and allies, which will raise input prices further.

The economy is currently humming along well. On Friday, the Bureau of Labor Statistics announced that 223,000 jobs were created in May, beating expectations, and that the unemployment rate fell to 3.8 percent. This continues the steady decline since unemployment peaked at 10 percent during the first year of the Barack Obama administration. (It had dropped to 4.8 percent by the time Trump took office in January 2017.)

The first rule of inheriting a growing economy is not to mess it up. That can be a delicate balancing act, especially when the Federal Reserve is finally inching up interest rates, which were at record lows during most of the past decade, helping enable the Obama expansion. Yet Trump either believes or at least wants Americans to believe that the economy he was handed was a basket case, routinely complaining "we have the worst financial recovery in 65 years," although it is to date the second-longest after March 1991-March 2001, and has seen slightly better job growth than the November 2001-December 2007 expansion's 0.9 percent. It's also worth noting this employment growth has come even as the Baby Boomers leave to workforce to enter retirement.

Trump isn't content to preside over a growing economy that is transitioning from 20th century industries to 21st century ones. If President Obama was sometimes guilty of trying to pick the economy's winners and losers, such as backing the failed solar-power company Solyndra,

President Trump has upped the ante, picking winners and losers at the level of entire industries, such as steel over automotive.

China already has threatened retaliation for Trump's previous tariffs proposals, and China's threat to levy tariffs on U.S. agricultural products strikes right at the heart of parts of the country that supported Trump in 2016. The European Union is preparing similar retaliatory measures.

French President Emmanuel Macron has warned Trump that the new U.S. tariffs on European, Mexican and Canadian goods are not only a mistake but illegal, too, under international trade rules.

On Friday, the European Union filed a formal request for consultations at the World Trade Organization in an attempt to resolve the matter without a trade war, but E.U. negotiators are dealing with a president who has said trade wars are "good" and "easy to win." The Trump administration scuttled a possible meeting between Trump and the Canadian prime minister over North American Free Trade Agreement renegotiations by insisting on a poison-pill precondition of including a sunset clause in the new agreement.

Ultimately, Congress has the constitutional authority to regulate or liberalize trade.

Perhaps it's time for Congress to get more actively involved in the trade war issue.