



## **As China trade war escalates, 2020 U.S. Democrats scramble over their message**

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The growing economic fallout from President Donald Trump's drawn-out trade war with China would appear to be a ready-made opportunity for Democratic presidential contenders seeking to blunt his central 2020 re-election pitch: That he has made the economy great again.

So far, it has not quite worked out that way.

While most of the 20 Democratic presidential hopefuls vying to take on Trump in the November 2020 election have condemned his tit-for-tat exchange of tariffs with China for hurting farmers, consumers and businesses, they have not been of one voice on how they would handle things differently.

That has led to a scrambled and sometimes incoherent message from Trump's rivals even as global markets gyrate, U.S. consumer prices of Chinese imports rise and farmers lose their biggest export market as a result.

"It's a little tricky," said Jared Bernstein, who served as the top economic adviser to Joe Biden, the Democratic front-runner, when Biden was Barack Obama's vice president.

"The challenge is to distance yourself from what has been a pretty disastrous set of policies from the Trump administration, while signaling you are not going to be soft on China."

The Republican president has pledged to overhaul America's trade relationship with the world, reduce trade deficits and open up more markets to U.S. exports. His advisers insist his projection of toughness against China will energize, not alienate, his base.

But as China's retaliatory actions hit farming and manufacturing in battleground states from Wisconsin and Pennsylvania to Michigan for a second year now, Trump's China gambit looks increasingly risky going into 2020.

For their part, Democrats in Congress have long been critical of China and the economic and national security threat posed by the world's second largest economy.

That has left Democratic presidential candidates struggling to articulate their own get-tough positions without looking like they are adopting Trump's bulldozing ways.

The conflict with China has also exposed the same divisions within the party between moderates and progressives.

Moderates Pete Buttigieg, the mayor of South Bend, Indiana, and former U.S. Representative Beto O'Rourke, for example, would lift Trump's tariffs altogether.

Progressive U.S. Senator Bernie Sanders views tariffs as a valuable weapon to bring China to heel, and fellow liberal U.S. Senator Elizabeth Warren has a trade agenda that appears to be just as protectionist as that of Trump.

The issue may arise again later this week when 10 Democrats will be on stage for the third presidential debate in Houston.

#### 'STOLEN THUNDER'

Regardless of ideology, most Democrats seeking their party's presidential nomination have been treading cautiously on China.

An August poll released by the Pew Research Center showed 60% of Americans had a negative view of China, up from 47% in 2018, a sign that Trump's China-bashing is having an effect.

Indeed, Trump's insurgent 2016 campaign was powered in part by animus toward China and pledges to confront the Asian power. Trump exposed raw feelings about globalisation and free trade held by many voters who witnessed U.S. factory jobs vanish and local economies stagnate.

In doing so, he co-opted a position long held by progressives such as Sanders and Warren that globalisation had benefited multinational corporations at the expense of U.S. workers.

"Trump stole everybody's thunder on the issue," Bernstein said.

Warren's recently released trade plan is not centered on tariffs. But as president, she would not support any trade deal with a nation that did not meet a host of environmental, labor and human rights criteria, a set of standards the United States itself does not yet meet and would likely exclude developing nations.

"There is no doubt the public is ready for an anti-China message. But it has to be a smart, strategic message," said Scott Lincicome, a trade policy expert at the CATO Institute, which supports free trade. Otherwise, he said: "They are ceding the turf to Trump."

In that regard, it has not been easy for Democrats to establish their separate identities. "The Sanders-Warren message on trade at the Joe Voter level is indistinguishable from Trump's," Lincicome said.

#### FINE LINE

Biden is one candidate who has attempted to navigate a fine line, and he is viewed by U.S. business concerns as perhaps the best hope for a "reset" to the pre-Trump status quo.

But the former vice president has been on the defensive on the subject since early in the year, when his dismissal of China's economic threat triggered criticism from Trump and Sanders, among others.

Biden has since vowed to marshal U.S. allies to put pressure on China to curb its anti-competitive practices, and expressed sympathy for U.S. farmers who have lost China as a customer.

But he has not said whether he would lift all of Trump's tariffs, and his campaign would not address the question with Reuters.

A spokesman for his campaign said only that Biden would "start getting tough and smart on China without throwing backbone American industries like agriculture and manufacturing under the bus."

The Trump campaign has long believed Biden is vulnerable on trade because of his vote in favor of the 1994 North American Free Trade Agreement and his support of normalized trade relations with China as a U.S. senator.

As vice president, he also championed the Trans-Pacific Partnership, a multi-nation Pacific Rim trade deal that was designed to rein in China by bolstering other trading partners in the region but was opposed by progressives and labor unions at home. Trump pulled the United States out of the TPP after taking office in 2017.

Biden has said he would support a renegotiated TPP, but would not rejoin it as it stands. He has also said he would not support Trump's U.S.-Mexico-Canada trade pact that would replace NAFTA, unless changes are made to its labor and environmental provisions, among others.

Tony Fratto, a top official at the U.S. Treasury Department under Republican President George W. Bush, said Biden should take advantage of polling that shows most Americans favor free-trade agreements.

A July poll from Pew found 65% of Americans now favored free-trade pacts with other nations.

Biden could chart a course different from both Trump and Democratic liberals and appeal in the process to suburban voters who are more likely to support global trade and yearn for international stability, Fratto said.

"There are more suburban voters than union voters," he said. "Biden has a natural opportunity."