



The inflation-fighting step Biden has yet to take

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President Joe Biden has offered multiple responses to spiking inflation: investigating gas prices, smoothing supply chains, touting benefit programs. None offers Americans much immediate relief.

At the same time, Biden has resisted one step that would: Lifting tariffs on Chinese imports would save the average household hundreds of dollars a year. Just as tempting, it would reverse the failed trade war policy of his discredited predecessor, Donald Trump.

But strategic and political considerations outweigh the allure. Whatever the benefit to rattled consumers, the implications at home and abroad for America's diciest international relationship raise the stakes higher than that.

"The reason to do this or not to do this should not be inflation," said Richard Haass, a top State Department aide under President George W. Bush who now heads the Council on Foreign Relations. "The impact on US-China relations, and the domestic politics of US-China relations, would be larger than any impact on inflation."

Those powerful crosscurrents swirled last week when Biden met virtually with Chinese leader Xi Jinping. Before the meeting, an array of business groups issued a public letter seeking relief from China tariffs that they said cost American importers \$110 billion and the average American household \$1,300 in 2020.

"These costs, compounded by other inflationary pressure, impose a significant burden on American businesses, farmers, families trying to recover from the effects of the pandemic," wrote the business groups, which ranged from the American Soybean Association to the Information Technology Industry Council.

But White House officials said tariffs were not on the US agenda. After Biden and Xi talked for more than three hours, and with the White House battered politically by the highest inflation in decades, no policy shift was announced.

Taking office after the violent, Trump-incited January 6 insurrection at the US Capitol, Biden has framed his presidency as an opportunity for the US to prove that democracies can out-compete authoritarian regimes such as China in the 21st century. On issues from human rights to Taiwan to the coronavirus, interactions between the world's two most powerful nations have grown so pointed that Biden cast the summit as an attempt to ensure that competition "does not veer into conflict."

Yet he still faces Republican accusations of weakness on China policy, a staple of Trump's 2020 campaign. Though Haass called those attacks "absurd," lifting tariffs unilaterally would only encourage Republicans to amplify them.

Trump placed tariffs at the center of his "America First" political message, which tapped the grievances of blue-collar workers who blame global trade expansion for destroying American manufacturing jobs and diminishing their standard of living. The American Action Forum, which advocates the views of market-oriented Republicans, has estimated that Trump tariffs and corresponding retaliation by trading partners currently hit more than \$400 billion in imports and exports.

And the tariffs did not achieve Trump's objective of reviving American manufacturing. In 2019, before the pandemic turned the economy upside down, the Federal Reserve said the manufacturing sector had actually slipped into recession.

But Biden has eased tariffs only on European steel and aluminum so far. The more consequential China levies, on imported consumer goods and intermediate goods that businesses use to make finished products, remain in place.

Trade experts credit Trump with taking a tougher line after years in which China had thwarted global rules by stealing intellectual property, subsidizing domestic industries and restricting imports to the detriment of American business and workers alike. He succeeded in prodding Beijing to loosen curbs on American agricultural imports and the activities of American financial firms in China.

Yet the modest effect of Trump's policy on Chinese exporters failed to leverage the fundamental economic reforms he had sought.

"It really hasn't done much to the Chinese," noted Scott Lincicome, an analyst at the libertarian Cato Institute.

"By and large, these tariffs are falling almost 100% on American consumers," added Jennifer Hillman, a former trade official under President Bill Clinton who now teaches law at

Georgetown University. "The only question for Biden is: Can you get something for removing these tariffs?"

In a speech last month, US Trade Representative Katherine Tai said only that "we will start a targeted tariff exclusion process" that could lift selected levies in a process that "optimally serves our economic interests." But she noted that China has failed to fulfill past promises to purchase US goods and maintains "unfair policies" that subsidize domestic production of steel, semiconductors and solar power products at America's expense.

"I am committed to working through the many challenges ahead in this bilateral process in order to deliver meaningful results," Tai pledged at the Center for Strategic and International Studies in Washington. "But above all else, we must defend -- to the hilt - our economic interests."

That doesn't mean Biden can't find a politically acceptable path to the price-cutting benefits of lifting more Trump tariffs in the coming months. But doing so will require deft negotiations for concessions from America's most formidable competitor.

"Like sanctions or war, (tariffs) are easier to initiate than they are to remove," Haass concluded. "That's why God invented diplomats."