The Columbian

In Our View: Trump Trips on Trade

April 16, 2018

When it comes to trade disputes, a little brinkmanship can be beneficial in facilitating negotiations. But as President Donald Trump continues to teeter near the edge of a trade war with China, we remain concerned about the impact that would have upon our state.

Last week, a report from the Brookings Institution examined 40 American industries expected to be hit with retaliatory Chinese tariffs. Using 2016 employment numbers, the study found that more than 150,000 Washington workers are employed in those industries; that amounts to nearly 5 percent of the state's workforce — by far the highest affected percentage of any state.

Considering that Washington often is called the most trade-dependent state in the union, those numbers are not surprising. Industries ranging from aircraft manufacturing to agriculture to wine making benefit from friendly trade policies with China, as do the ports that send and receive goods to and from Asia. It is worth noting that the Port of Vancouver recently announced it handled a record 7.5 million metric tons of cargo last year, with imports accounting for about one-sixth of that total.

Actions that limit trade — in addition to violating long-held conservative principles regarding free markets — would be economically harmful for many regions throughout the country, but particularly in Washington.

In defending U.S. tariffs upon Chinese steel and aluminum while hinting at taxes upon other goods, Trump often has decried this country's trade deficit with China. According to the U.S. Department of Commerce, that deficit reached a record $375 billion last year.

This often is construed as a drag upon the economy, but experts are nearly universal in their praise of trade deficits. As Simon Constable, a fellow at Johns Hopkins, wrote for Forbes: "(President Trump) seems to think big trade deficits mean the U.S. is losing in the game of international trade. But nothing could be further from the truth. They are good: The bigger the better, in fact." As Scott Lincicome of the Cato Institute told The New York Times: "A bilateral balance doesn't really tell you anything about what the economy is doing, just like my bilateral deficit with my grocery store doesn't tell you anything about whether I'm in debt." Even the administration's Council of Economic Advisors issued a report in February that downplayed concern about trade deficits.

A trade deficit means that another country is making products desirable and affordable for American shoppers. The benefit of a trade deficit with China is found on the shelves or your local Costco and Target in the form of inexpensive consumer goods.

Of greater concern should be ensuring fair practices from China regarding intellectual property. For the good of American manufacturers and consumers, Trump should increase his attention on this area rather than focusing upon a trade deficit. He wisely is reconsidering a trade agreement with other Pacific Rim nations as a buffer to China's influence, after withdrawing the United States from the Trans-Pacific Partnership early in his presidency.

Asked about concern from U.S. farmers regarding a trade dispute with China, Trump last week said: "These are great patriots. They understand that they're doing this for the country. And we'll make it up to them. And in the end, they're going to be much stronger than they are right now."

We hope it plays out that way. But cavorting near the brink can result in a big fall.