The Daily Dish

Avoiding Value Subtracted

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Eakinomics: Avoiding Value Subtracted

The primary job of economists in any administration is killing bad ideas — avoiding value subtracted from the U.S. economy. While it often seems that "nothing gets done" — there are few big picture, sexy results — the reality is that keeping a lot of things from getting done is exactly what the economic doctor ordered.

Avoiding value subtracted is probably the best way to view the G-20 meetings in retrospect. Things are essentially the same coming out as they were going in. World leaders have adapted to President Trump's unique style and managed to reach the standard, bland post-summit communiqué. The president continues to threaten higher tariffs on more Chinese goods unless there is a new agreement on trade. There is a new agreement — the U.S.-Mexico-Canada Agreement (USMCA) — for trade in North America, and a continued dispute over U.S. tariffs on steel and aluminum. And global rogues Vladimir Putin and Muhammad bin Salm?n continue to get a pass for their misdeeds. More of the same.

The optimist will note that President Trump got the Chinese to adopt the death penalty for Chinese sellers of the opioid fentanyl into the United States, an agreement to purchase more American goods (with an emphasis on farm exports), and Chinese efforts in the opioid arena. And the president did not drop the economic hammer in the form of higher tariffs even though, as Evenflow Macro's Marc Sumerlin noted, he had the hawks — Navarro, Bolton, and Lighthizer — in the room. The president deserves credit for disappointing them and having them know what decision was made and why.

The pessimist will note that there is a 90 day timetable on reaching the new agreement — not a terribly realistic calendar in light of the decades of failure on this front — after which the damaging tariffs are scheduled to kick in. There was another missed opportunity to rally multilateral pressure against China and no effort to discipline the recent misdeeds of Russia or Saudi Arabia.

On the whole, this is a good outcome because it could have been so much worse. The president, however, emerged from the summit and immediately revived his threats to withdraw from the North American Free Trade Agreement (part of the strategy to force Congress to eat the USMCA) and impose auto tariffs (part of the strategy for economic self-immolation). The more things change, the more they stay the same.