



The Daily Dish

# The Evolving China Strategy

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## *Eakinomics: The Evolving China Strategy*

“Two wrongs do not make a right.” That got drilled into me as a child. I hate to do it, but I may have to turn the Trump Administration over to my mother.

After correctly identifying China as a bad-actor in global trade, the president launched \$50 billion in proposed tariffs to make them shape up. Unfortunately, there is a muddled message on whether the goal is to get them to shape up, at which point we drop the tariffs, or whether the tariffs themselves are the goal. If the goal is to change China’s behavior, there is no publicly disclosed list of objectives, no milestones for progress toward those objectives, and no timetable. When China responded by targeting tariffs on sensitive U.S. exports like agriculture and airplanes, the president tripled down and promised another \$100 billion in tariffs. It is a confusing set of events that has left many observers doubting there is a real strategy at all, and fearing it could end up in an unintended trade war.

Now, *The Wall Street Journal* is [reporting](#) that “The Trump administration is seeking to blunt domestic opposition to its trade policies with a relief package for farmers affected by the U.S. trade spat with China, say officials involved in the discussions. The aid package, which could climb into the billions of dollars, is still being developed. Agriculture and congressional officials are examining Depression-era programs like the Commodity Credit Corp., which was created in 1933 to stabilize farm incomes, and which permits borrowing of as much as \$30 billion from the Treasury to finance its activities. Using the CCC would also give the administration an existing program to tap, rather than having to devise something new that would need to clear Congress.”

That’s right. Harm the farmers with a ham-handed (no pun intended) tariff strategy and then harm everybody else by having to foot the bill for a farm bailout. Even better, do it in a way that bypasses Congress so the taxpayers never get a chance to weigh in on the virtues of perverting a Depression-era relic of a program to this new end at their expense.

Go get ‘em Mom.

Or maybe not. Late yesterday the [news](#) broke that President Trump had tasked his advisers with studying the possibility of re-joining the Trans Pacific Partnership ([TPP](#)). In broad brushstrokes, TPP is precisely the kind coalition of like-minded countries that National Economic Council Director Larry Kudlow has endorsed as the right way to engage China. While one might not like every provision of TPP as negotiated with Japan and 10 other Pacific nations (including Canada and Mexico), it is a more promising approach than destructive tariffs pared with distortionary crop-subsidy programs.