



The Daily Dish

# Trump Addresses the Economic Club of New York

DOUGLAS HOLTZ-EAKIN | NOVEMBER 12, 2019

## Eakinomics: Trump Addresses the Economic Club of New York

Today the president addresses the Economic Club of New York, and everyone is looking for information on the outlook for two major trade policies: (a) Is there a “[phase one](#)” deal with China, and (b) Has the president [shelved](#) the idea of auto tariffs?

Recall that it was during his 2016 speech to the same forum that President Trump outlined his proposed trade strategy, saying:

“I’m going to direct the Secretary of Commerce to identify every violation of trade agreements a foreign country is currently using to harm our workers. I will use every tool under American and international law to end these abuses, and I will use our greatest business leaders and finest negotiators...

We are going to start with NAFTA, which is causing so much damage to our country. We will entirely renegotiate NAFTA into a deal that will either be good for us or will be terminated until a brand new and productive deal can be signed.

We are also going to keep America out of the Trans-Pacific Partnership.

Next, I am going to instruct my Treasury Secretary to label China a currency manipulator, and to apply tariffs to any country that devalues its currency to gain an unfair advantage over the United States.

I am going to instruct the U.S. Trade Representative to bring trade cases against China. China’s unfair subsidy behavior is prohibited by the terms of its entrance to the WTO, and I intend to enforce those rules.

If China does not stop its illegal activities, including its theft of American trade secrets and intellectual property, I will apply countervailing duties until China ceases and desists.”

Since that time, we have seen the administration withdraw from the Trans Pacific Partnership, negotiate the U.S.-Mexico-Canada Agreement (USMCA) to replace the North American Free Trade Agreement (NAFTA), label China a currency manipulator, and impose tariffs on China. At the same time, however, it has experienced a sharp downshift in economic growth since the 3rd quarter of 2018. While (overstated) fears of an imminent recession seem to have waned, the administration's appetite for higher tariffs seem to have waned as well. The question of whether the phase one deal will result in a rollback of some of the China tariffs is something only the president can answer.

Similarly, the current deadline for a decision on auto tariffs is November 13 (having been delayed from the original deadline in May). The Department of Commerce has ruled (ludicrously) that auto (and auto parts) imports represent a threat to national security, and the president must decide whether to impose tariffs to protect those security interests. Commerce Secretary Wilbur Ross hinted recently that imposing the tariffs is not a foregone conclusion, according to [Bloomberg](#): “Our hope is that the negotiations we’ve been having with individual companies about their capital investment plans will bear enough fruit that it may not be necessary to put the 232 fully into effect, may not even be necessary to put it partly in effect,’ Ross told Bloomberg Television on Sunday, referring to the investigation under Section 232 of a 1962 trade law.” (Japan and the United States have already reached an agreement to avoid auto tariffs, and South Korea is exempt due to the terms of the re-negotiated Korea-U.S. trade agreement.)

Tune in at lunch to get the answers!