The Daily Dish

Is Trump on Offense on Trade, or Just Offensive?

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Last week the House Oversight Committee approved two bipartisan bills aimed at putting the U.S. Postal Service on the road to fiscal security. Committee Chairman Jason Chaffetz (R-UT) praised both bills and their bipartisan nature. The bills not only have the support of members from both sides of the aisle, but many stakeholders as well. Both bills were passed by voice vote.

On Sunday Health and Human Services Secretary Tom Price stated that a clean repeal of Obamacare is not something that is on the table as it would put "vulnerable people at risk." Price went on to state that the repeal and replacement of Obamacare will need to happen at the same time, which he said is exactly what the administration and Congress are moving toward.

Eakinomics: Is Trump on Offense on Trade, or Just Offensive?

"The United States has been treated very, very unfairly by many countries over the years," Mr. Trump said in Washington on Friday, ahead of a meeting with German Chancellor Angela Merkel, who chairs the G-20 this year. "That's going to stop" reported the *Wall Street Journal.* This is consistent with the administration's stated 2017 trade policy which can be summarized as:

(1) defend U.S. national sovereignty over trade policy;
(2) strictly enforce U.S. trade laws;
(3) use all possible sources of leverage to encourage other countries to open their markets to U.S. exports of goods and services, and provide adequate and effective protection and enforcement of U.S. intellectual property rights; and
(4) negotiate new and better trade deals with countries in key markets around the world.

In these regards, the administration's views itself as being on offense; expanding trade but in ways that more greatly benefit U.S. interests.

Unfortunately, some key constituencies are not entirely sold. Foreign leaders expressed dismay when Treasury Secretary Mnuchin nixed proposed language in a G-20 communique that would have pledged to "resist all forms of protectionism." When combined with the president's bemoaning the strength of the dollar, it raised concerns with U.S. trading partners. Back home, the business community has noticed. As reported by CNBC, "Nearly all CFOs surveyed are concerned that the Trump administration's policies could trigger a trade war between the United States and China. The Council echoes the growing concern of business experts over the president's persistent tough language regarding trade deficits." Viewed from this perspective, the administration's policy may be simply offensive to others and detrimental to U.S. interests.

Obviously, which view is right is very important. The key question is whether trade policy offsets any gains from regulatory reform and tax reform (or, worse, slow a sluggish economy in their absence) or provide a complementary boost to the trend rate of growth.