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Arguments Supporting the Use of a Trade War to Achieve Policy Objectives

Below are examples of the beliefs, key arguments, and quotations of U.S. officials who support the Trump administration's trade policies toward China.

Belief: Tariffs will improve the U.S. economy

Key Argument: Tariffs imposed on China will help to boost domestic industries and jobs in the United States.

“In response to these tariffs, we’ll also see more investment here in the United States. We’ll see more production here in the United States. We’ll see our wages go up.”

—Peter Navarro, director of the White House National Trade Council, “White House Adviser Navarro On Why U.S. Hit China With More Tariffs,” National Public Radio, September 18, 2018

Belief: The United States must demand free and fair competition with Chinese companies

Key Argument: The Trump administration—unlike past U.S. administrations—is willing to stand up to China and aims to highlight the importance of freedom and economic competition in dealing with China.

“We at the Trump administration have updated our China policy to bring the concept of competition to the forefront. It’s right there at the top of the president’s national security strategy.”

—Matt Pottinger, White House National Security Council senior director for Asian affairs, “U.S. tells China: We want Competition...but also Cooperation,” *South China Morning Post*, October 1, 2018

“As we respond to China’s trade practices, we will continue to demand an economic relationship with China that is free, fair, and reciprocal. We will demand that Beijing break down its trade barriers, fulfill its obligations, fully open its economy—just as we have opened ours. We’ll continue to take action against Beijing until the theft of American intellectual property ends once and for all. And we will continue to stand strong until Beijing stops the predatory practice of forced technology transfer. We will protect the private property interests of American enterprise.”

—Mike Pence, vice president of the United States, “Remarks by Vice President Pence on the Administration’s Policy Toward China,” White House press release, October 4, 2018

“This is the time for China to be held accountable for its non-market economy behavior, for its cheating. Going forward we can’t have a healthy global economy if one of the biggest economies is basically a predator.”

—Peter Navarro, director of the National Trade Council at the White House, “Trump tariffs ‘necessary defense’ against China,” Fox Business, September 18, 2018

Belief: The impact of tariffs on U.S. consumers can be minimized

Key Argument: It is possible to put economic pressure on China while minimizing the impact on American producers and consumers.

“We went item by item, trying to figure out what would accomplish the punitive [punishing] purpose on China and yet with the least disruption in the U.S..... Nobody is going to actually notice [prices hikes] at the end of the day, because they will be spread across thousands and thousands of products.”

—Wilbur Ross, U.S. secretary of commerce “China is ‘out of bullets’ to retaliate against Trump’s new tariffs,”
CNBC, September 18, 2018

Key Argument: The Trump administration’s Market Facilitation Program authorizes the U.S. Department of Agriculture to spend up to \$12 billion to protect U.S. agricultural producers against new Chinese tariffs. The program will also help U.S. farmers find new markets.

“Early on, the President instructed me, as Secretary of Agriculture, to make sure our farmers did not bear the brunt of unfair retaliatory tariffs. After careful analysis by our team at USDA, we have formulated our strategy to mitigate [lessen] the trade damages sustained by our farmers. Our farmers work hard, and are the most productive in the world, and we aim to protect them.”

—Sonny Perdue, U.S. secretary of agriculture, “USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation,” USDA Press Release, August 27, 2018

Belief: Tariffs are having their intended effect

Key Argument: The Trump administration’s tariffs on Chinese exports are making some global companies rethink doing business in China. Some global firms are moving their production facilities to other countries like Vietnam and Cambodia. The Trump administration believes this will pressure Chinese authorities to negotiate with U.S. officials. In the meantime, the Trump administration has been successful in negotiating some concessions from Chinese officials on trade.

“With all these tariffs coming, why not run some of your production runs elsewhere? Companies are saying that the scare of these tariffs has decreased the incentives to manufacture in China.”

—Nathan Resnick, CEO of startup company Sourcify, “Trade War Casualties: Factories Shifting Out Of China,” *Forbes*, July 30, 2018

“The President of the United States, Donald J. Trump, and President Xi Jinping of China, have just concluded...a ‘highly successful meeting..’ in Buenos Aires, Argentina.... On Trade, President Trump has agreed that on January 1, 2019, he will leave the tariffs on \$200 billion worth of product at the 10% rate, and not raise it to 25% at this time. China will agree to purchase a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States to reduce the trade imbalance between our two countries. China has agreed to start purchasing agricultural product from our farmers immediately. President Trump and President Xi have agreed to immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft, services and agriculture.”

—Sarah Huckabee Sanders, White House press secretary, White House press release, December 1, 2018

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Arguments Opposing the Use of a Trade War to Achieve Policy Objectives

Below are examples of the beliefs, key arguments, and quotations of U.S. officials, scholars, business leaders, and journalists who are concerned about the Trump administration's trade policies toward China.

Belief: Tariffs create economic uncertainty and are not the appropriate policy tool

Key Argument: The United States has grown wealthy in part because of global trade. The Trump administration has put in place the most restrictive trade protections of the last one hundred years. While many analysts agree that the U.S. should take action against China, they argue that trying to protect the U.S. economy through tariffs is not the right approach and may hurt U.S. workers, businesses, and consumers.

“*Tariffs are a tax, quite basically. The first people to pay the tax are us, consumers and taxpayers. We all find that the goods we have to pay for and the inputs to those goods are more expensive. We lose in the first instance, all of us. And then particular industries and sectors lose depending on how the retaliation comes.... Tariffs are blunt instruments that hurt everybody broadly on some level and only selectively help certain industries and sectors.*”

—Susan Rice, U.S. ambassador to the United Nations (2009–2013), and national security adviser (2013–17), “Putting Policy Over Politics: A Conversation with Ambassador Susan Rice,” World Affairs Council of Northern California, November 8, 2018

“*U.S. exports to China are concentrated in agricultural products like soybeans, plus automobiles and Boeing aircraft sales. The trade war is already having an effect on those sectors. Locations in the Midwest where they produce soybeans will be affected and farmers are feeling this strongly. The price of soybeans is already down 20 percent.*”

—David Dollar, “Unpacked: The U.S.-China Trade War,” The Brookings Institution, July 12, 2018

“*Our concern with these tariffs is that the U.S. will be hardest hit, and that will result in lower U.S. growth and competitiveness and higher prices for U.S. consumers. First.... the burden of the proposed tariffs will fall much more heavily on the United States than on China.... Second, because all tariffs ultimately show up as a tax on U.S. consumers, they will increase the cost of Apple products that our customers have come to rely on in their daily lives.... Finally, it is difficult to see how tariffs that hurt U.S. companies and U.S. consumers will advance the Government's objectives with respect to China's technology policies. We hope, instead, that you will reconsider these measures and work to find other, more effective solutions that leave the U.S. economy and U.S. consumer stronger and healthier than ever before.*”

—Letter from Apple, Inc. to Robert Lighthizer, United States trade representative, September 5, 2018

“*There are unquestionably bad trade practices by nations like China, but the better approach is targeted enforcement of those bad practices.*”

—Paul Ryan, speaker of the U.S. House of Representatives, in a Twitter post, March 8, 2018

“... We’re not punishing companies that stole IP [intellectual property], or used stolen IP — we’re punishing everybody. It doesn’t say tariff on some companies it says tariffs on everything, and that means you have no incentive to change your behavior. If I stole IP or I didn’t steal IP, I get the same punishment, so I might as well steal it. So we’ve lost the plot on what we were originally going to do.”

—Derek Scissors, resident scholar, “How to think about the U.S.-China trade war,”
American Enterprise Institute, June 22, 2018

Belief: U.S. tariffs are unlikely to have much of a short-term or long-term effect on China

Key Argument: In the short-term, the Chinese government has other ways to pressure U.S. companies operating in China.

“... China has lots of other tools that it can use to fight back. Specifically, even without tariffs, the Chinese government can make life very, very difficult for the many U.S. firms that do business there. China might, for instance, use propaganda to organize consumer boycotts of American products such as iPhones, just as it has successfully done in the recent past when it wanted to punish South Korean companies.... Customs officers recently quarantined a load of U.S. cherries for a week... it spoiled and had to be sent back to the United States. A U.S. vehicle manufacturer likewise recorded a 98 percent increase in random border inspections over the previous month.”

—Catherine Rampell, opinion columnist, “China will learn its lesson—just not the one Trump wants,”
The Washington Post, July 12, 2018

Key Argument: The Chinese government has a sophisticated, long-term strategy to expand into new high-tech sectors and increase its global economic power.

“Does anyone really think that if the tariffs are punishing enough and long-lasting enough, Beijing will abandon its industrial policy of attempting to dominate advanced tech sectors — including AI [artificial intelligence], robotics, aerospace, and electric vehicles — through billions in subsidies, investment, and other government support?”

—James Pethokoukis, “Trump’s Trade War and the Abandonment of American Ideals,”
American Enterprise Institute, September 20, 2018

Belief: The United States should work with political and economic allies to address concerns about China

Key Argument: The president is correct in calling out China for unfair trade and economic policies. Many leaders of countries allied with the United States agree, but believe that a multinational approach is the most effective way to apply pressure on the Chinese government and bring about fundamental reform. The Trump administration’s economic policies—including placing tariffs on steel and aluminum imports that hurt U.S. economic partners in North America, Europe, and Asia—makes effective cooperation challenging.

“In this instance, the biggest problem that I see in addition to there doesn’t seem to be any strategy to de-escalate, is that we have not approached this in lock step with the European Union, with Japan, with South Korea, with Canada, with all the countries that share our concerns about many of China’s practices. Rather we are fighting them [our allies] on multiple fronts instead of uniting them to increase the pressure and therefore the efficacy [effectiveness] of our pressure on China.”

—Susan Rice, U.S. ambassador to the United Nations (2009–2013), and national security adviser (2013–17),
“Putting Policy Over Politics: A Conversation with Ambassador Susan Rice,”
World Affairs Council of Northern California, November 8, 2018