

Trump's Tariff Diplomacy Is Working

By Victor Davis Hanson

I want to talk [about tariffs](#). If you know, everybody's noticed the hysteria that happened the last five or six days, that Donald Trump is going to, haphazardly in shotgun fashion, level asymmetrical tariffs, or blanket tariffs. The stock market panic.

But my question to all of us is, "Were they tariffs at all?" Traditionally, a tariff, remember, is a policy that a government uses to prop up an anemic industry, at least an industry that can't compete globally or versus-vis-à-vis a trading partner. And traditional economists say this is terrible because what happens is that if you don't have free [global trade](#), then the consumer is paying more for a product that is inefficient because it's shielded from competition.

But is Donald Trump really doing that? Is he saying our tobacco industry or our shoe industry is weak and I have to prop it up? He's not really. These are not—what I'm getting at is they're not really tariffs. So, what are they? Well, to answer that question, let's look at the countries he's targeted: Panama, Colombia, Venezuela, [China](#), the EU [European Union], Canada, and Mexico.

In all of those cases, is he trying to protect a particular industry? I don't think he is. So, if you take [Venezuela](#) and Colombia, he's saying that you people deliberately emptied your jails and you sent them to the United States—sent them being felons—violent felons and you're not going to do that anymore.

And they said, "We're not taking them back." He said, "You're

going to take them back, or I'm going to put a tariff." So, it was a lever of diplomacy, and it worked. They backed down completely.

Then he said to Panama, "We had a treaty with you, signed during the last year of the Carter administration, which you were going to give us, in response to our historic role in creating the Panama Canal, at great cost, which we gave to you, certain conditions of which you violated. You invited in our arch enemy and conducted this Silk Road agreement with them, and suddenly, they have concessions at both ends of the canal. And you knew what you were doing. And yet, you took advantage of us. So, you're going to have a tariff."

And of course, it worked. Now there's negotiations, and China may be out of the picture, somewhat. Same thing happened with Canada and Mexico. We said to the Canadians, "You're supposed to pay 2% of your GDP [gross domestic product] for military defense. That was your NATO promise. You broke it. You pay 1.37% in defense."

Canada used to have the fourth, fifth greatest navy in the world. What are you doing? Well, I can tell you what you're doing. You're relying on the United States nuclear shield to protect your North American territories and to keep the American Navy keeping the Atlantic and the Pacific and the Red Sea and the Persian Gulf, all free of pirates and hostile belligerence and terrorists. And, we do that, we subsidize you, and we pay 16% of NATO's budget. We're just one, just one of 30 nations. And you're running up a \$50 billion surplus, \$50 billion. And you look at your tariffs versus ours, and they're far more punitive.

And they're far greater. And you won't control the border. You think it's funny, Mr. [Justin] [Trudeau](#), that people are coming across, this once free and open border, to take advantage of our derelict immigration policy? And we said the same thing to Mexico. What are you doing, Mexico? Under the NAFTA

agreements, it was supposed to smooth out trade.

You've gone from \$2 billion surplus to \$167 billion. And you are a dumping ground for Chinese to get around trade policies by assembling Chinese products, and other countries, and then coming under the free trade agreements that we've made with you, to our disadvantage. That would be—that's not the end of it—that would be enough.

But you're sending—you're receiving \$63 billion from expatriates, that send remittances. And they're being subsidized by state and local and federal government taxpayers—in health, education. And that's not the end of it. You're getting \$20 [billion] or \$30 billion by your cartels that, in fungible terms, help your economy.

You're getting over \$200 billion. And what are we getting out? We're getting 75,000 dead Americans. We're getting 12 million illegal aliens in the last four years. And we are getting cheap Chinese assembled products dumped in our country. And we're not going to do it anymore. So, he threatened them with a tariff.



As far as China and the European Union, he said the Chinese, you're running \$200 [billion] to \$300 billion, trade surpluses. And we know what you've been doing. In addition, you serially steal American technology. You conduct

cyberattacks on some of our corporations and companies. And you dump product here, at below the cost of production, to create market share. Or, you target strategic industries, of

ours, to put them out of business. And you want us to offshore and outsource—and you've hollowed out the United States industrial belt.

So, all we ask is reciprocity. Whatever you do, we will do. But he's not protecting an individual industry. And he's saying the same thing to the EU. How was it, Europe, that you are now a half a trillion dollars—running a half a trillion dollars trade surplus with the United States.

And yet we contribute an inordinate amount to your defense. We have an ocean between you and us. You're right on the border with some very dangerous people, in Ukraine. And yet, we are paying an inordinate amount. And we've been doing this for nearly 80 years. And you don't listen to us.

Let me just finish by saying this was not the first effort to rectify asymmetrical and unfair policies that involve drugs, illegal immigration, dumping product, huge trade surpluses, not paying your military responsibility in terms of military investments and defense expenditures. This was the last desperate move.

We have tried through conferences, bilateral talks, threats. And all of these people have said, basically—if I can excuse the vernacular—"Heck with you. Screw you." And so, Donald Trump finally, in desperation said, "I have a tool called a tariff." But in conclusion, I'm not sure it was a tariff at all. It was just a diplomatic tool. And I think the Wall Street Journal and a lot of our economists need to calm down because he's not trying to go back to the 1930s, which may have caused the Great Depression with a reciprocal blanket tariff.

He's trying to restore fairness and symmetry to the world in every aspect of that world.

First published in the [Daily Signal](#)