



Written by [Joe Wolverton, II, J.D.](#) on May 8, 2019

Despite Trump's Tariffs, Chinese Trade Official to Visit United States

Despite President Donald Trump's declaration of a tariff war on China, Beijing announced that it will send its chief economic negotiator to pay a visit to American trade officials, including U.S. Trade Representative Robert Lighthizer.

Yahoo News reports, "The commerce ministry confirmed in a brief statement that Vice Premier Liu He, President Xi Jinping's trade pointman, would visit the US on Thursday and Friday."



President Trump has targeted China repeatedly during his term. He has stated that he believes that China is a threat to the economic well-being of the United States.

In June 2018, the White House released a report on the Trump administration's "Trade and Manufacturing Policy," reaffirming its opinion that China's trade practices are predatory and are unfairly burdening American industry.

The People's Republic of China (China) has experienced rapid economic growth to become the world's second largest economy while modernizing its industrial base and moving up the global value chain. However, much of this growth has been achieved in significant part through aggressive acts, policies, and practices that fall outside of global norms and rules (collectively, "economic aggression"). Given the size of China's economy and the extent of its market-distorting policies, China's economic aggression now threatens not only the U.S. economy but also the global economy as a whole.

Just this week, the president announced that tariffs on \$200 billion in Chinese imports will more than double to 25 percent on Friday.

As for the government of China, it seems set on trying to diplomatically work a decrease in such penalties. "China always believes that mutual respect, equality and mutual benefit are the premise and the basis for reaching an agreement. Adding tariffs will not solve any problem," Chinese foreign ministry spokesman Geng Shuang said at a regular press briefing.

U.S. trade officials don't share their Chinese counterparts' confidence that a deal can get done. "Over the course of the last week or so, we've seen an erosion in commitments by China, I would say retreating from commitments that have already been made in our judgement," U.S. Trade Representative Lighthizer said.

Although the president promotes his tariff policy as necessary to protect American business, many of those business owners don't agree. As reported by Yahoo News, "Jake Colvin of the National Foreign Trade Council, a pro-trade US business group, said the tariffs 'come at the expense of American businesses and farmers and consumers as well.'"



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Colvin's comment echoes the warnings offered by many prominent political and economic experts.

In a letter published last March — while acknowledging that there are fundamental problems hampering the competitiveness of American businesses — Ron Paul exposed tariffs as a tax imposed not on foreign business, but on the price paid for those goods by the American consumer.

“Tariffs raise the price of, and reduce demand for, imported goods. Tariffs ensure the preferences of politicians, instead of the preferences of consumers, to determine how resources are allocated. This reduces economic efficiency and living standards,” Dr. Paul explained.

Dr. Paul's diagnosis of the American economic ills is here:

Many of President Trump's critics do not themselves support true free trade, which is the voluntary exchange of goods and services across borders. Instead, they support the managed (by government) trade of NAFTA and the World Trade Organization (WTO). NAFTA and the WTO promote world government and crony capitalism, not free markets. Any libertarian or free-market conservative who thinks the WTO promotes economic liberty should remember that the WTO once ordered Congress to raise taxes!

Foreign manufacturers may make convenient scapegoats for the problems facing US industry. However, the truth is that most of the problems plaguing American businesses stem from the US government. American businesses are burdened by thousands of federal regulations controlling every aspect of their operations. The tax system also burdens businesses. Until last year's tax reform bill, the US had the highest corporate tax rates in the developed world. The tax reform bill lowered corporate taxes, but the US corporate tax rate is still higher than that of many other developed countries.

Perhaps the most deadly disease Dr. Paul finds in the American economic body is the canker caused by the Federal Reserve.

The biggest cause of our economic problems is the Federal Reserve. America's experiment with fiat currency has enabled a system based on private and public debt. This makes trade imbalances inevitable as the US government needs foreign investors to purchase its debt.

Foreign investors get the money to purchase the US government's debt by selling products to American consumers. A trade war could cause foreign investors to stop buying US debt instruments and could end the dollar's world reserves currency status. This would cause a major economic crisis — but at least it would stop our shores from being flooded with “cheap foreign goods.”

Paul closes his correspondence by suggesting that if the president is serious about strengthening U.S. businesses and improving the economy, he should fight the real enemy. “Instead of imposing costs on American businesses and consumers and putting those whose livelihoods depend on imports out of a job, President Trump should address the real causes of our economic problems: the welfare-warfare state, the IRS, and the Federal Reserve.”

While it is certainly true that America's Founders relied on tariffs as the main source of funds for a Constitution-driven federal government and that China's economic aggression, such as stealing all the technology in the world that it can get its hands on, should face repercussions, and that some industries and materials are so vital to national defense that they should be protected with tariffs, it needs to be remembered that all tariffs result in American consumers paying a higher price for goods — tariffs end up being a tax on consumers and should be used sparingly and judiciously.



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The U.S. Trade Representative's office reports that the tariffs on Chinese goods will go into effect at 12:01 am EDT Friday, May 10.

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