US Nobel economist: Trump should focus on multilateral deficit, work through WTO

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The recently imposed US tariffs on Chinese imports undermine multilateral trade arrangements and World Trade Organization practices and will increase prices for ordinary Americans, according to a Nobel Prize-winning economist.  
Joseph Stiglitz, also a former World Bank chief economist, said the administration of US President Donald Trump has been trying to negotiate trade disputes bilaterally, without bringing them to the WTO, which could pose a threat to how the global trading system operates because trade disputes were always done within the framework of the WTO and international law.  
Stiglitz spoke last Thursday at the Harvard Club in New York during a panel discussion, "US-China Business in the New World Order", for the China Institute 2018 Executive Summit.  
The Nobel laureate Stiglitz, who is also a professor at Columbia University, was joined on the panel by John Lipsky, distinguished scholar at the School of Advanced International Studies at John Hopkins University; and Scarlet Fu, a Bloomberg News anchor.  
Hundreds of key US and Chinese CEOs, government leaders and experts also attended.  
"If Trump wants to solve the bilateral trade deficit overnight, all that China would have to do is to buy $100 billion worth of US oil," Stiglitz said. "But whether China were to reduce its purchases from elsewhere or simply sell the US oil or gas on to other places, it will not reduce the bilateral trade deficit; it will not add jobs as the president emphasized; and it will not change anything in the world."  
Stiglitz said that Trump's focus on the bilateral trade deficit is "stupid". He said Trump should realize that what matters is the multilateral trade deficit, and reducing imports from China will not create jobs in the US and will increase prices for ordinary Americans.  
He also said that if the US were committed to following the international rule of law, it should've brought the cases to the WTO.  
"The WTO provides the framework for adjudicating disputes. If the US thinks that they (China) are violating the WTO rules, you file a case. .... China is actually beginning to file cases against the United States, but what the US is doing on steel and aluminum is probably a violation of the WTO rules," Stiglitz said.  
He said that Trump and his Cabinet members have accused Beijing of violating WTO rules because China is availing itself of the special treatment the biggest developing country received when it acceded to the international bloc.  
He pointed out that the US should have demanded that WTO members abide by a multilateral investment treaty, which never happened because US companies were keen to get China into the WTO so they could take advantage of the country's huge markets.  
Last month, Trump announced a decision to impose punitive tariffs on $50 billion worth of annual imports from China and has threatened to target $100 billion more following an investigation by the US trade representative.  
In retaliation, China has announced tariffs on more than $50 billion of imported American goods.

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