How Biden Adopted Trump’s Trade War With China

0:01

from The New York Times I'm Sabrina

0:03

tavernes and this is the

0:06

[Music]

0:12

daily Donald Trump upended Decades of

0:16

American policy when he started a trade

0:18

war with

0:19

China many thought that President Biden

0:22

would reverse those policies instead

0:26

he's stepping them up today my colleague

0:30

Jim tankersley

0:31

[Music]

0:35

explains it's Monday May

0:38

[Music]

0:44

13th Jim it's very nice to have you in

0:47

the studio it's so great to be here

0:49

thank you so much so we are going to

0:51

talk today about something I find very

0:54

interesting and I know you've been

0:56

following we're in the middle of a

0:58

presidential campaign you are an

1:00

economics reporter looking at these two

1:01

candidates and you've been trying to

1:03

understand how Trump and Biden are

1:06

thinking about our number one economic

1:08

rival and that is China as we know Trump

1:12

has been very loud and very clear about

1:15

his views on China what about Biden well

1:18

no one is going to accuse President

1:20

Biden of being as loud as former

1:22

president Trump right um but I think

1:24

he's actually been fairly clear in a way

1:26

that might surprise a lot of people

1:28

about how he sees economic competition

1:31

with China we're going after China in

1:33

the wrong way China is stealing

1:36

intellectual property China is Biden has

1:40

kind of surprisingly sounded a lot in

1:42

his own Joe Biden way like Trump they're

1:44

not competing they're cheating they're

1:47

cheating and we've seen the damage here

1:49

in America you know he has been very

1:52

clear that he thinks China is cheating

1:55

in trade the bottom line is I want Fair

1:58

competition with China not conflict

2:00

and we're in a stronger position to win

2:02

the economic competition at 21st century

2:04

against China or anywhere else because

2:05

we're investing in America and American

2:07

workers again

2:10

finally and maybe the most surprising

2:13

things from a policy perspective is just

2:15

how much Biden has built on top of the

2:19

anti-china moves that Trump made and

2:23

really is sort of on the verge of his

2:25

own sort of trade war with China

2:28

interesting so remind us Jim what did

2:31

Trump do when he actually came into

2:33

office we of course remember Trump

2:35

really talking about China and just

2:37

banging that drum hard during the

2:39

campaign but remind us what he actually

2:41

did when he came into office yeah it's

2:43

it's really instructive to start with

2:45

the campaign right because Trump is

2:47

talking about China in some very

2:48

specific ways we have a $500 billion

2:51

deficit trade deficit with China we're

2:54

going to turn it around and we have the

2:56

cards don't forget they're ripping us

2:58

off stealing our jobs they're using our

3:02

country as a piggy bank to rebuild China

3:05

and many other countries are doing the

3:07

same thing so we're losing our good jobs

3:10

so many the economic context here is the

3:12

United States has lost a couple million

3:14

jobs in what was called the China shock

3:17

of the early 2000s and Trump is tapping

3:19

into that but when the Chinese come in

3:22

and they want to make great trade deals

3:23

and they make the best trade deals and

3:25

not anymore when I'm there we turn it

3:27

around folks we turn it around we and

3:29

what promising as president is that he's

3:31

going to bring those jobs back I'll be

3:34

the greatest jobs president that God

3:37

ever created I'll take them back from

3:39

China from Japan from and not just any

3:41

jobs like good paying manufacturing jobs

3:45

all of it clothes shoes steel all of

3:49

these jobs that have been lost that

3:52

American workers particularly in the

3:54

industrial Midwest used to do Trump's

3:55

going to bring them back with policy

3:58

meant to rebalance the trade

4:00

relationship with China to get a better

4:02

deal with China right so he's saying

4:04

China is eating our lunch and has been

4:06

for decades that's the reason why

4:09

Factory workers in rural North Carolina

4:11

don't have work it's those guys and I'm

4:13

going to change that right and he likes

4:15

to say it's because our leaders didn't

4:17

cut the right deal with them so I'm

4:18

going to make a better deal and to get a

4:20

better deal you need leverage so a year

4:23

into his presidency he starts taking

4:26

steps to amass leverage with China so

4:29

what does that look

4:32

like just an hour ago surrounded by a

4:35

handpicked group of Steel Workers

4:37

president Trump revealed he was not

4:39

bluffing it starts with tariffs tariffs

4:41

are taxes that the government imposes on

4:44

Imports two key Global Imports into

4:47

America now face a major new barrier

4:50

today I'm defending America's national

4:52

security by placing tariffs on Foreign

4:55

imports of Steel and aluminum and in

4:58

this case it's imports from a lot of

5:00

different countries but particularly

5:02

China we take you straight to the White

5:03

House of the president United States

5:05

announcing new trade tariffs against

5:07

China let's listen it this has been long

5:09

in the making you've heard many so Trump

5:11

just starts in 2018 this series of

5:14

tariffs that he's imposing on all sorts

5:16

of things washing machines solar panels

5:20

steel aluminum I went to Delaware to a

5:23

lighting store at that time I remember

5:26

where where basically everything they

5:27

sold came from China and was sub to the

5:30

Trump tariffs because that's where

5:31

lighting was made now hundreds of

5:33

billions of dollars of Chinese Goods now

5:36

start falling under these Trump tariffs

5:38

the Chinese of course don't take this

5:40

line down right China says it is not

5:42

afraid of a trade war with the US and

5:44

it's fighting back against President

5:46

Trump with its own tariffs on us Goods

5:49

they do their own retaliatory tariffs

5:51

Now American exports to China cost more

5:54

for Chinese consumers and boom all of

5:57

the sudden we are in the midst of a

5:58

full-blown trade war between the United

6:01

States and

6:03

Beijing right and that trade war was

6:06

kind of a shock right because for

6:08

decades politicians had avoided that

6:10

kind of policy like it was the consensus

6:13

of the political class in the United

6:15

States that there should not be tariffs

6:18

like that it should be free trade and

6:21

Trump just came in and blew up the

6:23

consensus yeah as spr I may have

6:25

mentioned this once or 700 times before

6:27

in this program but I talked to lot of

6:29

economists in my job oh really yeah it's

6:32

weird I talked to a lot of economists

6:34

and um in 2018 when this started there

6:37

were very very very few economists of of

6:40

any political persuasion who thought

6:42

that imposing all these tariffs were a

6:44

good idea right Republican economists in

6:47

particular this is antithetical to how

6:49

they think about the world which is sort

6:51

of low taxes free trade and even

6:53

Democratic economists who thought you

6:55

know they had some problems with the way

6:56

free trade had been conducted did not

6:58

think that Trump like I'm going to get a

7:00

better deal approach was going to work

7:03

and so there was just a lot of criticism

7:05

at the time and a lot of politicians

7:08

really didn't like it a lot of Democrats

7:10

many Republicans and it all added up to

7:12

just a real whoo uh I don't think this

7:15

is going to

7:16

work so that begs the question did it

7:21

well it depends on what you mean by work

7:23

right uh economically it does not appear

7:26

to have achieved what Trump wanted

7:29

there's no evidence yet in the best

7:31

economic research that's been done on

7:33

this that enormous amounts of

7:35

manufacturing jobs came back to the

7:37

United States because of Trump's tariffs

7:39

there was research for example on the

7:41

tariffs on washing machines they appear

7:43

to have helped a couple thousand jobs

7:45

manufacturing jobs be created in the

7:47

United States but they also raised the

7:50

price of washing machines for everybody

7:52

who bought them by enough that each

7:55

additional job that was created by those

7:58

tariffs effectively cost consumers like

8:03

$800,000 per job interesting there's

8:05

just like lots of evidence that the

8:07

sectors Trump was targeting to try to

8:09

help here he didn't there just it wasn't

8:11

a lot of employment rebound to the

8:13

United States but politically it really

8:16

worked the terrorists were very popular

8:18

they sort of had this effect of showing

8:22

voters in those hollowed out

8:24

manufacturing areas that like Trump was

8:27

on their team you know and and that he

8:29

was fighting for them even if they

8:31

didn't see the jobs coming back they

8:33

felt like he was standing up for them so

8:35

the research suggests this was a Savvy

8:37

political move by Trump and in the

8:40

process it sort of changes the political

8:44

economic landscape in both parties in

8:47

the United States right so Trump made

8:50

these policies that seemed for many many

8:53

years in the American political system

8:54

kind of Fringe isolationist you know

8:56

economically bad suddenly quite

8:59

palatable and even desirable to

9:02

mainstream policy makers yeah suddenly

9:05

getting tough on China is something

9:07

everyone wants to do across both parties

9:10

and so from a political messaging

9:13

standpoint being tough on China is now

9:16

where the mainstream is but at the same

9:18

time there's still big disagreement over

9:21

whether Trump is getting tough on China

9:24

in the right way whether he's actually

9:26

being effective at changing the trade

9:29

relationship with China right remember

9:31

that Trump was imposing these tariffs as

9:33

a way to get leverage for a better deal

9:37

with China well he gets a deal of sorts

9:40

actually with the Chinese government

9:42

which includes some things about tariffs

9:44

and also China agreeing to buy some

9:47

products from the United States Trump

9:49

spins it as this huge win but nobody

9:53

else really including Republicans acts

9:56

like Trump has solved the problem that

9:59

Trump himself has identified this deal

10:02

is not enough to make everybody go well

10:04

everything's great with China now we can

10:06

move on to the next the next thing China

10:09

remains this huge issue and the question

10:12

of what is the most effective way to

10:14

deal with them is still an animating

10:16

force in politics got it so politically

10:19

huge win but policy-wise and

10:22

economically and fundamentally the

10:24

problem of China still very much

10:26

unresolved absolutely so then Biden

10:29

comes in what does Biden do does he keep

10:32

the tariffs on Biden comes to office and

10:35

there remains this real pressure from

10:38

economists to roll back what they

10:40

consider to be the ineffective parts of

10:43

Trump's trade policy that includes many

10:46

of the tariffs and it's especially true

10:48

at a time when almost immediately after

10:50

Biden takes office inflation spikes and

10:53

so Americans are paying a lot of money

10:55

for products and there's this pressure

10:57

on Biden including from inside his

10:58

administration

10:59

to roll back some of the China tariffs

11:02

to give Americans some relief on

11:07

prices and Biden considers

11:11

this but he doesn't do

11:14

it he doesn't reverse Trump's tariff

11:18

policy in the end he's actually building

11:21

on

11:24

[Music]

11:25

it we'll be right back

11:28

[Music]

11:36

so Jim you said that Biden is actually

11:37

building on Trump's anti-china policy

11:41

what exactly does that look like so

11:43

Biden Builds on the Trump China policy

11:46

in three key ways but he does it with a

11:50

really specific goal that I just want

11:52

you to keep in mind as we talk about all

11:54

this which is that Biden isn't just

11:57

trying to beat China

12:00

on everything he's not trying to cut a

12:02

better deal Biden is trying to beat

12:06

China in a specific race to own the

12:10

Clean Energy Future clean energy yeah so

12:13

keep that in mind clean energy an

12:14

animating force behind all of the things

12:16

Biden does with China is that Biden

12:19

wants to beat China on what he thinks

12:21

are the jobs of the future and that's

12:23

green technology got it okay so what

12:26

does he do first okay thing number one

12:28

let's talk about the

12:30

he does not roll them back and actually

12:32

he builds on them for years for the most

12:35

part he just lets the tariffs be his

12:38

administration reviews them and it's

12:41

only now this week when his

12:44

administration is going to actually act

12:46

on the tariffs and what they're going to

12:48

do is raise some of them they're going

12:51

to raise them on strategic Green Tech

12:55

things like electric vehicles in order

12:58

to make them more expensive and I think

13:01

it's important to know the backdrop here

13:04

which is since Biden has taken office

13:07

China has started flooding Global

13:10

markets with really lowcost green

13:13

technologies solar panels electric

13:16

vehicles are the two really big ones and

13:18

Biden's AIDS are terrified that those

13:21

Imports are going to wash over the

13:23

United States and basically wipe out

13:26

American automakers solar panel

13:29

manufacturers that essentially if

13:31

Americans can just buy super cheap stuff

13:33

from China they're not going to buy it

13:35

from American factories those factories

13:37

are going to go out of business right so

13:39

Biden's goal of you know manufacturing

13:41

jobs and clean energy China is really

13:45

threatening that by dumping all these

13:47

products on the American Market exactly

13:49

and so what he wants to do is protect

13:51

those factories with tariffs and that

13:54

means

13:55

increasing the tariffs that Trump put on

13:58

electric vehicles in hopes that American

14:00

consumers will find them too expensive

14:01

to buy but doesn't that go against

14:04

Biden's goal of clean energy and things

14:08

better for the environment I mean you

14:09

know lots of mass Market electric

14:12

vehicles into the United States would

14:14

seem to kind of advance that goal and

14:16

here he's saying no you can't come in

14:18

right because Biden isn't just trying to

14:21

reduce emissions at all costs right he

14:24

wants to reduce emissions while boosting

14:26

American manufacturing jobs he doesn't

14:29

want China to get a monopoly in these

14:31

areas and he's also in particular

14:33

worried about the politics of lost

14:36

American manufacturing jobs so Biden

14:39

does not want to just let you buy

14:42

cheaper Chinese Technologies even if

14:44

that means reducing emissions he wants

14:47

to boost American manufacturing of those

14:50

things to compete with China which

14:52

brings us to our second thing that Biden

14:55

has done okay to build on Trump's China

14:57

policy which is that Biden has started

14:59

to act like the Chinese government in

15:02

particular areas by just showering

15:06

American manufacturers with subsidies I

15:09

see so dumping government money into

15:13

American businesses yes tax incentives

15:15

direct grants this is a way that China

15:18

has in the past decades built its

15:21

manufacturing dominance is with State

15:23

support for factories right Biden is

15:26

trying to do that in particular targeted

15:29

Industries including electric vehicles

15:32

solar power wind power semiconductors

15:36

Biden has passed a bunch of legislation

15:39

that just

15:40

showers those sectors with incentives

15:43

and government support in hopes of

15:45

growing up much faster American industry

15:48

got it so basically Biden trying to beat

15:50

China at his own game yeah he's

15:53

essentially using tariffs to build a

15:55

fortress right around American industry

15:58

so that he can

15:59

the troops to fight the clean energy

16:01

battle with China and the troops being

16:03

American companies yes it's like we're

16:06

going to give them protection

16:07

protectionist policy in order to you

16:10

know get up to size get up to strength

16:12

as an Army in this battle for clean

16:15

energy dominance against the Chinese got

16:17

it so he's trying to build up the

16:18

Fortress what's the third thing Biden

16:21

does you mentioned three things Biden

16:23

does not want the United States going it

16:26

alone against China okay he's trying to

16:29

build an International Coalition wealthy

16:32

countries and some other emerging

16:33

countries that are going to take on

16:35

China and try to stop the Chinese from

16:40

using their trade Playbook to take over

16:43

all these new emerging industrial

16:46

markets but Jim why like what does the

16:49

US get from bringing our allies into

16:51

this trade War why does the US want that

16:54

some of this really is about stopping

16:56

China from Gaining access to New Markets

17:01

it's like if you put the lowcost Chinese

17:05

exports on a boat and it's going around

17:07

the world looking for a dock to stop and

17:10

offload the stuff and sell it Biden

17:12

wants barriers up at every possible port

17:16

and he wants factories in those places

17:18

that are competing with the Chinese and

17:20

a crucial fact to know here is that the

17:24

United States and Europe they are behind

17:26

China when it comes to clean energy

17:28

technology the Chinese government has

17:30

invested a lot more than America and

17:33

Europe in building up its industrial

17:35

capacity for clean energy so America and

17:38

its allies want to deny China dominance

17:42

of those markets and to build up their

17:43

own access to them and they're behind so

17:47

they got to get going it's like they're

17:48

in a race and they're trailing yeah it's

17:50

an economic race right to own these

17:52

industries and it's that Global

17:53

emissions race they also want to be

17:56

bringing down fossil fuel emissions f

17:58

faster than they currently are and this

18:00

is their plan

18:02

right so I guess Jim the question in my

18:05

mind is Trump effectively broke the seal

18:10

right he started all of these tariffs he

18:11

started this trade war with China but he

18:13

did it in this kind of Jackhammer

18:16

non-targeted way and it didn't really

18:18

work

18:19

economically now Biden is taking it a

18:22

step

18:24

further but the question is is his

18:27

effort here going to work

18:29

the answer to whether it's going to work

18:31

really depends on what your goals are

18:34

right and Biden and Trump have very

18:36

different goals if Trump wins the White

18:39

House back he has made very clear that

18:41

his goal is to try to rip the United

18:44

States trade relationship with China

18:47

even more than he already has he just

18:49

wants less trade with China and more

18:52

stuff of all types made in the United

18:55

States that that used to be made in in

18:56

China that's a very ult goal but it's

19:00

not Biden's goal Biden's goal is that he

19:03

wants America to make more stuff in

19:06

these targeted Industries and there is

19:10

real skepticism from free market

19:12

economists that his industrial policies

19:13

will work on that but there's a lot of

19:16

enthusiasm for it from a new strain of

19:20

democratic economists in particular who

19:22

believe that the only chance Biden has

19:25

to make that work is by pulling all of

19:28

these levers

19:29

by doing the big subsidies and by

19:32

putting up the tariffs that you have to

19:34

have both the troops training and the

19:37

wall around them yeah and if it's going

19:39

to work he has to build on the Trump

19:41

policies and so I guess you're asking

19:43

will it work it may be dependent upon

19:46

just how far he's willing to go on the

19:49

subsidies and the barriers there's a

19:51

chance of it yeah so Jim at the highest

19:55

level you know whatever the economic

19:57

outcome here

19:59

it strikes me that these moves by Biden

20:01

are pretty remarkably different from the

20:04

policies of the democratic party over

20:06

the decades I mean really going in the

20:08

opposite direction right I mean I'm

20:09

thinking of Bill Clinton and NAFTA in

20:12

the 1990s you know free trade was the

20:15

real Central Mantra of the democratic

20:18

party really of both parties yeah and

20:21

and Biden is a real break from Clinton

20:23

Clinton was the one who actually signed

20:25

the law that really opened up trade with

20:27

China and and Biden a break from that

20:29

he's a break from even President Obama

20:31

when he was Vice President Biden is

20:33

doing something different he's breaking

20:35

from that democratic tradition and he's

20:37

building on what Trump did but with some

20:40

throwback elements to it from like the

20:43

Roosevelt administration and the

20:45

Eisenhower Administration this is this

20:47

Grand American tradition of industrial

20:50

policy that gave us the space race and

20:53

the interstate highway system it's the

20:54

idea of using the power of the federal

20:56

government to build up specific

20:58

industrial capacities it was invogue for

21:01

a time it fell out of fashion and was

21:04

sort of replaced by this idea that the

21:06

government should get out of the way and

21:07

you let the free market Drive Innovation

21:10

and now that industrial policy idea is

21:13

back in Vogue and Biden is doing it so

21:17

it isn't just a shift or an evolution

21:20

it's actually a return to big government

21:23

spending of the 30s and the 40s and the

21:25

50s of American industrialism of that

21:28

era so kind of what goes around comes

21:30

around yeah and it's it's a return to

21:32

that older economic theory with new

21:34

elements and it's in part because of the

21:37

almost jealousy that American policy

21:39

makers have of China and the success

21:41

that it's had building up its own

21:42

industrial base but it's also has this

21:45

political element to it it's in part

21:48

animated by the success that Trump had

21:50

making China an issue with workingclass

21:53

American

21:56

voters you didn't have to lose your job

21:58

to China to feel like China was a a

22:01

standin for the forces that have taken

22:03

away good paying middle class jobs from

22:06

American workers who expected those jobs

22:08

to be there and so Trump tapped into

22:12

that and Biden is trying to tap into

22:14

that and the political incentives are

22:17

pushing every future American president

22:19

to do more of that so I think we are

22:22

going to see even more of this going

22:24

forward and that's why we're in such an

22:25

interesting moment right now

22:31

so we're going to see more fortresses

22:32

more fortresses more troops more

22:35

[Music]

22:38

money Jim thank you you're

22:42

[Music]

22:47

welcome we'll be right

22:51

back here's what else you should know

22:53

today intense fighting between Hamas

22:56

Fighters and Israeli troops raged and

22:58

parts of Northern Gaza over the weekend

23:00

an area where Israel had declared Hamas

23:03

defeated earlier in the war only to see

23:06

the group reconstitute in the power

23:08

vacuum that was left

23:10

behind the persistent lawlessness raised

23:13

concerns about the future of Gaza among

23:15

American officials Secretary of State

23:18

Anthony blinkin said onf Face the Nation

23:20

on Sunday that the return of Hamas to

23:23

the north left him concerned that

23:26

Israeli victories there would be quote

23:28

not sustainable and said that Israel had

23:31

not presented the United States with any

23:34

plan for when the war

23:36

ends and the United Nations Aid agency

23:40

in Gaza said early on Sunday that about

23:43

300,000 people had fled from Rafa over

23:46

the past week the city in The Enclave

23:49

southernmost tip where more than a

23:51

million displaced gin had sought shelter

23:54

from Israeli bombardments

23:57

elsewhere the UN made the announcement

24:00

hours after the Israeli government

24:01

issued new evacuation orders in Rafa

24:04

deepening fears that the Israeli

24:06

military Was preparing to invade the

24:08

city despite International

24:13

warnings today's episode was produced by

24:16

Nina Feldman Carlos predo Sydney Harper

24:19

and Luke vender plug it was edited by MJ

24:23

Davis Lynn Brendan clink BG and Lisa

24:26

Chow contains original music by Diane

24:29

Wong Maran Lozano and Dan Powell and was

24:33

engineered by Alyssa Moxley our theme

24:36

music is by Jim brunberg and Ben Lanser

24:39

of

24:44

[Music]

24:47

wonderly that's it for the daily I'm

24:50

Sabrina tavernes see you tomorrow

24:53

[Music]