



# Australia, China, and the lunacy of Trump's talk of a trade war

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It was only a matter of time. It was inevitable.

It says something about human nature, too.

Within 48 hours of the election of a radical, unilateralist, protectionist and isolationist US president commentators are working hard to normalise things. We're told he won't do what he promised, he will turn out to be like Reagan, he will get good advisers, the anger that elected him was understandable.

The truth is Donald Trump represents a break in the strategic American leadership the world has had since 1945.

No American president has talked with sneering contempt about democracy itself – prosecuting his opponent, not accepting the election outcome. It's impossible to imagine that Kennedy or Nixon, Clinton or Bush, would have belittled American allies like South Korea or Japan or Nato itself.

Most explosive of all, the new US president has planted a trade war at the heart of his policies: a [45% tariff on imports from China](#) and a repudiation of the Trans Pacific Partnership which was supposed to have been proof positive of America's pivot to Asia.

"Put America first!" was Trump's catch cry, unconsciously plagiarising Charles A. Lindbergh, the Nazi-sympathising aviator who was the front man for isolationism before the second world war.

In short, this is not business as usual. It's a historic shift. The trauma is not about to repair.

Of course the US will be sending diplomats and think-tankers to offer assurance to nervous Australians. But the truth is this a different America.

Nobody knows whether isolationism or adventurism will dominate in the final foreign policy mix or which blowhards from Fox News will be appointed to run America's diplomacy and defence policy. But sick of the costs of globalisation and empire the American people have voted for a different world role.

Australians would be foolish to lapse into alliance sentimentality, invoking Anzus mantras with, what Paul Keating has called, a “reverential and sacramental” tone.

Trump, in his first consequential foreign policy move, rang the leaders of Japan and South Korea to assure them of continuing alliance support. It will not dissuade them of the notion that America is now playing with isolationism. After all, the man due in the Oval Office had toyed with the idea that in any attack from North Korea they could be left to look after themselves.

That's Trump's first contribution to a Pacific agenda: an increase in South Koreans and Japanese who believe they should be nuclear-armed because American cannot be relied on, especially with North Korea fine-tuning its missile capacity.

As important is how quickly Trump can discard his oft-repeated promise of a 45% tax on imports from China. The notion was given to him by a rogue economist, Professor Peter Navarro at the University of California, Irvine. He's been described as the only economist on Trump's economic team (the others apparently being business people who donated and several autodidacts from the far right of the Republican party). An account in the New Yorker said [Navarro's views on trade and China were so radical](#) that it's impossible to find another economist who agrees with them.

Navarro has written several trenchantly anti-China books and Trump has boasted of reading one, *The Coming China Wars: Where They Will Be Fought and How They Can Be Won*.

The Navarro thesis is that trade is a zero-sum game in which one party loses and one party wins. It was his idea that a tariff of 45% should be applied to imports from China apparently to terrify the country into reducing its exports to the United States. Navarro opined confidently, that “American multinationals will *on-shore* their new factories to cities like Charleston, Detroit, Houston, Savannah, Toledo, Youngstown and Oklahoma”. (My emphasis).

This is a fantasy which [Adam Davidson in the New Yorker](#) said “would shatter General Motors, all of Hollywood, the music industry, Boeing, the entire state of Washington, which exports more goods to China than any other”. He asked why would any multinational corporation forced to leave China, in the face of the 45% tariff, return to the US when they could go anywhere else in the world, Vietnam to begin with, and export from there.

Trump is advocating nothing less than a Depression-era trade war.

Australia's growth since 2008 has come from China. No OECD economy is more dependent on China. China takes one third of Australian exports. Trump's plan – effectively, to slice a few percentage points off China's economic growth – would likely tip Australia into recession.

American business would try to stop him. Yet he has to keep faith with his working-class base in the industrial states. So what fallback measures might he retreat to? During the campaign he assured them he was going to bring back industrial jobs by beating up China and Mexico. So we are, one can guess, looking at a suite of anti-trade measures. Trade war by another name.

What's needed is strongly worded advice from America's allies about the fragility of the global economy and lunacy of a global trade war.

[Paul Keating's 7.30 interview this week](#) was a challenge to Australians to see our American alliance in a more prosaic light, realist not romantic. It's a treaty, he said, just that, and should not be viewed as a tablet brought down from on high with Australians behaving as Uriah Heeps grateful to be in the glow of American greatness.

It's going to be interesting to watch Australians make the adjustment to an America in decline. Yes, I know, "declinism" has been a veritable industry and American inventiveness is capable of proving all wrong. But consider it this way: globalisation, championed by the American elite, and technological change, driven by American inventiveness, has devoured industrial jobs in the manufacturing states. The American system has not offered anything to displaced workers. As a result they revolted and made an isolationist and protectionist their new president.

If that is not a confirmation of American decline I don't know what other symbols we should be looking for.

Is it autumn in America?

The country suffers from huge fissures of race, class and education. The cities vote Democrat, the country votes Republican. The Democratic party is no longer recognisable as that which held the White House from 1933 to 1953 or even that of Kennedy and Johnson. It's an alliance of the rich and college-educated and the citizens living on food stamps. Its nominating convention was filled with testimony to identity politics without a mention of factory closures.

The Republican party is the new labour party, buoyed by the enthusiastic support of the white working class. Its president has an anti-trade agenda and was elected by delivering racial taunts at Hispanics. The greatest historic failure in American life is the failure to repair the damage of slavery and many policy arguments like policing or urban planning boil down to race.

Keating's 7.30 interview, worthy of a place in the history books for its unclouded Australian nationalism, enumerated the American pathologies – like the lack of health or retirement support for its working class and the love affair with guns.

Who will be the first American foreign policy guru to come down here post-election to assure nervous Australians that it's really all right? Kurt Campbell, former assistant secretary of state for East Asian affairs under Hillary? He knows Australian politicians and would be a blustery, forceful advocate for keeping the alliance faith. Easy to see him being despatched down under for a tour of editors, opinion leaders and MPs.

Even Rich Armitage, George W Bush's former deputy secretary of state, could be despatched to rally alliance supporters with the argument that, as with the neo-con adventurism under Bush and Dick Cheney, the dark days will soon pass. American opinion might be agitated when they read a 2016 Lowy poll showing 51% of Australians under 45 believe the relationship with China is more important than that with the US, at 35%. They know Trump is a PR disaster in Australia.

As for China, it has an opportunity in the South China Sea that hardliners in its ministry of foreign affairs would be foolish to neglect. Philippine fishing vessels are back in the waters of Scarborough Shoal. The Chinese have given them access to the resource but presumably only because President Rodrigo Duterte has assured them he is not persisting in an argument over who owns it. This is a pointer to the ultimate diplomatic solution: suspend arguments about sovereignty, get on with sharing the resource.

After the [arbitral ruling secured by the Philippines](#), observers feared that China might respond with more dredging around the reefs and the construction of airfields. They may be proving more subtle. The region hopes so.

If there are more bilateral negotiations between China and other claimants then a Trump administration, heavily occupied with North Korea and Isis, won't be elevating disputes over shoals and reefs in south-east Asia. Hugh White [convincingly made the point](#) in the National Interest that

America is unlikely to fight for Scarborough Shoal anyway. Trump's isolationist instincts might dominate in this region while his adventurism flourishes elsewhere.

Trump will name his cabinet. Newt Gingrich for state? Rudy Giuliani as attorney general?

The world holds its breath.

Just pray that Peter Navarro is not his special trade representative. Especially if you're Australian.