

ISSN 0970-7247

THIRD CONCEPT

English Monthly
Annual Subscription Rs. 200

Vol. 32

No. 374

APRIL 2018

Rs. 20.00

- ❖ **Nehru & Democratic Socialism**
- ❖ **Child Labour**
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An International Journal of Ideas

Vol. 32 No. 374 APRIL 2018 Rs. 20. 00

Third Concept aims at providing a platform where a meaningful exchange of ideas can take place among the people of the Third World. The attempt will be to communicate, debate and disseminate information, ideas and alternatives for the resolution of the common problems facing humankind. We welcome contributions from academics, journalists and even from those who may never have published anything before. The only requirement is a concern for and desire to understand and take the issue of our time. Contributions may be descriptive, analytical or theoretical. They may be in the form of original articles, reactions to previous contributions, or even a comment on a prevailing situation. All contributions, neatly typed in double space, may be addressed to:

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Published, Printed and Owned by

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Designed by: Pt. Tejpal

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Trump's Trade War

The US President Donald Trump's recent move to impose tariffs on up to \$60 billion of Chinese imports has virtually stirred up a hornet's nest globally. Media reports indicate that while driving fears about the impact on global economy, this move has reportedly fueled the biggest percentage declines in Wall Street's three leading indexes along with slump in US stocks. The presidential memorandum signed by President Trump aims at targeting the Chinese imports only after a consultation period and China will have space to respond, reducing the risk of immediate retaliation from Beijing.

Openly describing his approach in a tweet as a 'trade war', President Trump is perhaps aware that this move entails the potential of escalating into something much more disruptive. According to media reports, the European Union, Canada and Britain immediately objected to Trump's move, making the case that they were not breaking the rules didn't deserve to be caught up in Trump's anachronistic power play. China has brooked no delay in responding to Trump's move and has unveiled its plans to impose tariffs on up to \$3 billion of U.S. imports in retaliation against U.S. tariffs on Chinese steel and aluminum products. Media reports also indicate that Beijing is contemplating a 15 percent tariff on U.S. products including dried fruit, wine and steel pipes and a 25 percent tariff on pork products and recycled aluminum. China has reportedly assembled a list of 128 U.S. products in total that could be targeted if the two countries are unable to reach an agreement on trade issues.

History is witness to the fact that tariff retaliation begets tariff retaliation. During the closing decades of the nineteenth century, Italian move of raising tariffs to protect its industries from French competition was met with French refusal to negotiate and instead Paris threatened Italy with punitive tariffs if Italy didn't lower its own tariffs. While incurring the costs of the trade war, both Italy and France suffered heavily in terms of drastic fall in trade and dislocations in countries where they got supplies. The US-Canada tariff retaliation moves during the second half of the nineteenth century also attest to similar outcomes. Experts opine that the trade wars that ensued the Republican passage of the protectionist Smoot-Hawley Tariff Act of 1930 in US, which hiked duties on hundreds of imports, identically contain illustrative lessons for the current scenario.

Political economist Joseph M. Jones Jr., in his widely cited study from 1934, provided a warning about the trade wars that can arise when a single nation's tariff policy "threatens with ruin" specialized industries in other countries, arousing "bitterness" throughout their populations. India's official response to President Trump's move of raising tariffs is that New Delhi is waiting for the US notification on hike in import tariff on steel and aluminium to gauge its impact on domestic players amid global outcry over the America's decision to increase duties beyond its commitment at the WTO. It becomes discernible from recent media reports that the Trump administration has been threatening that it will act against countries which do not improve the trade deficit with the US. In 2017, the US had a trade deficit of \$22.9 billion with India. One expert has opined that if Trump acts to 'correct these imbalances', given his domestic policy and political agenda, and, of course, his core constituencies, the Indian economy may suddenly find itself in big trouble.

Tension between New Delhi and Washington has been escalating on any number of issues since Trump came to power, especially over trade issues, with Washington pushing for cutting tariffs. The US officials are reported to have been insisting on India making greater efforts to lower barriers to trade, including tariff and non-tariff barriers, which will lower prices to consumers, promote development of value chains in India. The fact that Trump is a different kind of president – unpredictable and often vindictive, should not give any reason for India to take a pusillanimous stand. Many experts are unanimous on the fact that in case the impending trade war does take place, India ought to take a clear stand and it must make common cause with whichever country or bloc that is going to take on the US – China, the EU, whoever.

— BK