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Stupid is as stupid does

Instead of condemning Donald Trump's protectionism, progressive forces should be supporting protected trade

Read Franziska Wehinger's article "A misguided approach" which argues that Trump's new trade policy is founded on inaccurate premises and fails to offer a realistic alternative to the ideological neoliberalism.

As usual, European Commission president Jean-Claude Juncker didn't beat around the bush. 'We can also do stupid,' he said in response to Donald Trump's announcement of trade tariffs. But it's not the American president who's acting stupid this time; it's the left-wing parties in Europe, which have missed out on a golden opportunity to show voters that they are standing right by their side.

On this side of the Atlantic, Trump's decision to impose trade tariffs has been widely described as downright insane, a policy not in keeping with the times, hopelessly outdated, economically and politically redundant. But that's only half the story, and Europe – in particular Germany – is lying to itself. Yes, the European Commission can take protectionist countermeasures if Trump does impose the punitive tariffs, but not only is this response politically dumb, portraying a desire to protect jobs as 'stupid' shows a complete detachment from reality. It sends a message to workers whose jobs are under threat from Trump's proposed measures that the EU won't be doing anything to help them.

In Germany, criticism of Trump's protectionist policy is shamefully clear. The country's trade surplus may be good for the German economy, but from its trading partners' perspective it is unfair and economically disastrous. That's why Trump's punitive tariffs, which serve as a vote winner, actually make economic sense.

Balancing the books

The US has a trade deficit with practically every country it trades with. If Americans are to decrease their dependence on foreign imports, measures that seek to achieve a trade balance seem appropriate. Trump is looking

after his own country and his own electorate, unlike his critics, who, bizarrely, include many left-wing forces. The left is actively campaigning for the interests of global corporations instead of offering solidarity with local businesses and local jobs.

The argument is that trade is all well and good, but it needs to be balanced. If trade is unbalanced, the balance should be redressed as much as possible, typically by influencing the exchange rate. However, the euro exchange rate does not reflect Germany's power as an exporter. The euro is too weak if we measure by economic strength, meaning German products are artificially cheaper in the countries that import them, while products in non-euro countries remain too expensive to import into the eurozone. The German trade surplus means lower production and, in turn, fewer jobs in the countries it has a trade surplus with.

Looking at trade between Germany and the US, we can see that Germany exported $107 billion worth of goods to the US last year, while just $58 billion worth travelled in the opposite direction. That means a trade deficit for the Americans. If the German media are to be believed, German products are so popular in the US because Germany is a country of industrious workers and high-quality goods. So much so that 'Made in Germany' is a trusted sign of quality.

A promise kept

Trump's administration is just jealous, and his punitive tariffs are childish and unjustified, the media say. The whole thing can also be looked at differently considering the exchange rate. Would people in the US buy so many German products if Germany still had the Deutschmark and the currency had significantly increased in value due to flexible exchange rates – in other words, if German-made goods were much more expensive? That is seriously doubtful.

Cheap products are good for consumers, we are told time and time again... but they are bad for manufacturers in the US and for their employees. American voters are losing their jobs and are demanding their government do something about it. If Trump is threatening to impose trade tariffs, he is simply keeping one of his election promises to help American industrial workers by stopping more steel and car producers from moving abroad and attracting those that already have back to the US.

He is also demonstrating his commitment to former industrial workers, who are seen as the victims of globalisation, those who have heard practically every politician make promises to help them, those who need

convincing that their country and democracy are behind them. He is doing what anyone who wants to defend democracy should do. But in return, he is criticised, almost automatically, and labelled as stupid, as a socialist, as an opponent of free trade.

Time to make the smart move

He could even be taking a page out of Germany's book, as renowned economic historian Werner Abelshauser pointed out this week in an interview on German radio station Deutschlandfunk. After all, in 1878-79, Otto von Bismarck – a well-known German chancellor not averse to social measures – imposed tariffs on steel imports into Germany to protect the fledgling German steel industry, with successful results. Trump could achieve the same success with his anti-dumping duties, as he is showing that he is trying to do something about globalisation – something that has robbed flyover country workers of jobs, prosperous cities, decent public infrastructure and, ultimately, their dignity.

Trump is sending out a message that he is taking urgent action against the entire world for its own good. But that can't be right! Trump sending out the right message? Such irony that this man seems to be the only one who cares about workers' interests. Yet social democrats (and right-wing populists in Europe) have handed their core voters to him on a plate, so they shouldn't be surprised if they see their support drop from the old left.

Now is the time for a European social democracy that seizes the opportunities and shows its people 'we will help you'. That's the exact opposite of stupid.

Read this article in German or Russian.



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