

Germany and France Warn that the Post-World War II Order No Longer Exists and that Trump's Economic Nationalism could lead to War

by Dr. Abdullah Robin

US President Trump hit EU steel and aluminum with import tariffs at the start of June, and European Union countries unanimously backed a plan, on the 14th of June, to impose tariffs on \$3.3 billion worth of U.S. products. The following day, Trump called French President Emmanuel Macron to push the European Union to negotiate trade barrier reductions, but the EU has 'closed the door' on negotiations. EU Council President Donald Tusk said last month that the EU is "ready to talk about trade liberalization with our American friends but only if the U.S. decides an unlimited exemption from steel and aluminum tariffs", which leaves the EU and the US on the brink of a cycle of trade reprisals that are "likely to move the globe further away from an open, fair and rules-based trade system, with adverse effects for both the U.S. economy and for trading partners", according to the International Monetary Fund.

The EU and the US have more than \$1 trillion of trade each year, which is the largest bilateral trade relationship in the world, and yet Trump's recent imposition of tariffs has put this trade and diplomatic relations under threat. The G7 meeting earlier this month was so tense that the French President left a visible mark on Trump's hand after a savage hand-shake competition by the two presidents. There were especially harsh words from Trump for Macron, and also Canadian Prime Minister Justin Trudeau, who was described as "dishonest and weak" while White House trade adviser Peter Navarro said that there is a "special place in hell" for Trudeau.

Trump pledged to reduce the US trade deficit and return jobs and wealth to the US by imposing tariffs on imports from countries that export more to the US than they import, and this message helped to get him elected in 2016. Now with the US mid-term election campaigning under way Trump is reaffirming his promise to make America Great again by reducing the trade deficit. In the meantime, US friends and enemies are lining up together to respond to US pressure with tariffs of their own. The agreed EU tariffs on \$3.3 billion worth of US imports will take effect next month, and the EU has filed a complaint with the World Trade Organization. The US, whose arrogance knows no limits, has said it may withdraw from the World Trade Organization if it upholds the EU complaint, while the EU has already planned a second batch of tariffs worth \$4.3 billion if the US does not back down.

The US is rapidly isolating itself on the world stage by its open threats and bullying, as was seen at last week's bitter G7 meeting, where the leaders struggled to agree a joint statement, which Trump changed his mind about and refused to sign. French President Macron warned that "economic nationalism leads to war, and that's exactly what happened in the 1930s", while German Foreign Minister Heiko Maas warned that the post-World War II order "no longer exists." Maas called for redefining the relationship with the US: "Trump's isolationist policy has opened a huge worldwide vacuum. Therefore our common response today to 'America First' must be 'Europe United'".

However, the managing director of the Federation of German Wholesale, Foreign Trade and Services (BGA), Gerhard Handke, told Reuters that not all EU member countries were affected by the higher tariffs to the same extent as Germany, which is hit hardest: "against this background, keeping the EU's ranks closed despite different national interests among the 27 members will be a tall order".

Fifteen US economists who had served as former chairs of the President's Council of Economic Advisers under both Republican and Democratic administrations wrote a joint letter in opposition to tariffs after they were first proposed: "the United States already has over 150 countervailing and antidumping duties on steel imports ... Additional tariffs would likely do harm to our relations with ... friendly nations; Previous experience with emergency steel tariffs under President Bush bear out these concerns" and "additional tariffs would actually damage the U.S. economy." One of the signatories to the letter was former Federal Reserve Chief Alan Greenspan who questioned the logic of Trump's economic nationalism: "We're on the edge. I think we should be very sad if we do, because the presumption is that foreigners are ripping us off. It's nonsense".

*** Written for Ar-Rayah Newspaper – Issue 187**