

What Will Happen if Trump Increases Tariffs on China?

This week President Trump said it would be “highly unlikely” that he would hold off on increasing many tariffs on Chinese goods from 10% to 25%. Analysts are asking, what will happen if he goes forward with his plan?

The media is answering that question with a spectrum of possibilities ranging from apocalypse to Armageddon.

But what happens if Trump doesn't take a tough stance with China? What is China's endgame? And, if China is successful in implementing its plans via unfair trade practices, would the potential outcome be any better for the U.S. economy than the negative aspects of a trade war?

In December of 2005 I analyzed the China question, writing:

Chinese End Game

Is China deceiving the world about its military spending and intentions? I believe the answer is clearly yes. London-based International Institute of Strategic Studies is floating a weapons and defense spending number of over \$62 billion for last year versus official Chinese reports of \$30 billion. Seems the comrades count spending on Russian submarines, aircraft, and destroyers as “off balance sheet” items. China is fixated on re-unification with Taiwan and anticipates military intervention from the U.S. I have explained why such intervention is not needed.

The economic impact of a war with China would be devastating for all sides. If tariffs can be used as a negotiating tool to bring the Chinese to the table on unfair trade practices, it could be

a success for both countries in the long term.