

Art of the Deal fails in international trade

By **Brian Lockhart**

While these days it seems the name of the great Venetian explorer and trader Marco Polo has been reduced to a game of swimming pool hide and seek, in his day he was a great explorer and merchant.

Marco Polo understood the importance of trade with other regions and countries and benefited greatly from his travels to China to seek new opportunities.

For centuries nations that have had healthy and vibrant trade with nearby regions and countries have historically always benefited with a better economy, more employment, financial success, and a better standard of living.

Trade between nations benefits both sides by producing a market for products while securing resources that may be scarce or not available.

Any economist will tell you that moving goods between countries is a good thing.

So now we have this sudden trade war going on between the U.S. and Canada.

The POTUS (President of the U.S.), as they like to call him now, has imposed a 25 percent tariff on Canadian steel and 10 per cent on aluminum to, as he explains it, 'protect American interests.'

The Canadian government has announced they will retaliate against U.S. products.

However, in a very smart move, P.M. Justin Trudeau said the Canadian action won't take place for another month.

This isn't some kind of normal procrastination by the bureaucrats in Ottawa ? this is a surprisingly well-thought-out response.

The government knows that many companies, even the U.S. military, rely to a large degree on Canadian steel and aluminum imports.

When those manufactures are suddenly faced with a supply dilemma you can bet some of the rich guys who own the big companies and have their congressmen in their pockets will be making some phone calls reminding those congressmen of the rather large donation they made to their last political campaign.

Giving them a month to crunch some numbers and formulate a new plan was the smartest the the Trudeau government could do.

During U.S. president Donald Trump's election campaign he made it clear that some of that country's trade deals were decidedly unbalanced ? and he was right. The problem was most notably with China, which with the U.S has a massive trade deficit of around \$375 billion. The Chinese government does impose some very restrictive rules on many American products.

However, those bad trade deals did not include the situation between the U.S. and its closest allies who have all benefited from continued trade and co-operation ? most notably Canada, the UK and the European Union.

American manufacturers buy Canadian steel because it is a good product and they know this.

China, while an emerging super power capable of producing electronics and similar goods, all with stolen technology of course, has always produced inferior industrial products.

Chairman Mao and his Great Leap Forward attempted to move China into the industrial age with backyard steel mills ? a total failure ? and today the tradition continues of producing steel that is inferior, and quite often with forged or inaccurate documents of quality.

American manufacturers know the U.S. public wouldn't be happy if buildings and bridges started collapsing, so they turn to Canadian producers for quality.

This past week President Trump referred to his new trade options as being in the interest of 'national security.' Mr. Trudeau responded by saying the notion that Canada is a threat to U.S. security is 'simply ridiculous' and 'inconceivable.'

Of course it is ridiculous. To refer to a country that is next door, shares the same ideals of freedom, and has fought side-by-side in no less than four wars and taken part in other conflicts together and whose troops even train together, as a security threat, indicates a lack of knowledge by the POTUS.

It is increasingly apparent that the Trump view of the world and world affairs is limited to his experience in the confines of the invisible bubble that encases his home base of Manhattan and the 'Art of the Deal' only applies to erecting office buildings and hotels.

The world is a lot bigger and more complex than the limousine ride past Central Park.

Creating fair and equitable trade negotiations to ensure the security of your work force and boost your economy is good sense.

Hard-line protectionism only closes doors to new opportunities.