

Trump's trade delusion

By GWYNNE DYER

Halfway across the Pacific Ocean, Donald Trump heard the closing statements from the G7 summit in Quebec (which he had left early to meet North Korean dictator Kim Jong-un Tuesday in Singapore).

All the G7 countries had signed up to an anodyne closing communique that papered over the huge gap between the United States and the other six on world trade ? but Canada's Prime Minister Justin Trudeau then said once again that he would answer Trump's big new tariffs on steel and aluminum imports with new Canadian tariffs hitting U.S. exports just as hard.

He had said it before, including to Trump's face just the previous day. The other national leaders present in Quebec said exactly the same thing, and none of them had changed their positions before the final communique was agreed. But Trump flew into a rage.

No jumped-up leader of a rinky-dink country like Canada was going to get away with talking to the president of the United States like that. Trump retracted his endorsement of the joint communique, called Trudeau ?very dishonest and weak?, and hinted heavily that his next target would be Canada's car-making industry (which is almost completely integrated with its U.S. counterpart).

No surprises here. The other countries of what used to be called ?the West' have grown used to Trump's tweeted outbursts, and French President Emmanuel Macron restricted himself to saying that ?international co-operation cannot be dictated by fits of anger and throwaway remarks.?

True enough, but what also needs to be said loudly and often (but generally isn't) is that the whole confrontation over trade is irrelevant to Trump's real political concern, which is vanishing American jobs. He's not just barking up the wrong tree on this issue; he is baying at the Moon.

Trump's line is that the very high unemployment rate in the United States (which he is almost alone among American politicians in acknowledging) has been caused by free trade. The evil foreigners took advantage of gullible Americans to make free trade deals, and then lured ruthless American manufacturers to relocate their factories in their low-wage homelands.

This only made sense for American manufacturers if there was more or less free trade between their new base and the United States, so that they could still sell their products back home without tariffs. For Trump, therefore, free trade is the mother of all evils. But while more than a million American jobs did get sent abroad like that in the 1990s, very few have been exported in the past 15 years.

In the first decade of the 21st century, the United States lost one-third of all its manufacturing jobs, and the vast majority of them were killed by automation. They didn't ?go' anywhere. They just vanished.

Job destruction then slowed down until other new computer-driven technologies matured: self-driving vehicles, online shopping, ?dark' factories and warehouses. But they are ready now, and the carnage in retail jobs, driving jobs and warehouse jobs is just getting under way. To worry about free trade while this is going on is pure folly.

Trump can do a lot of damage to employment both elsewhere and in the United States by launching a trade war, but he cannot ?bring the jobs back'. They are gone for good, and a lot more will follow. Automation may be slowed down here and there for a while, but eventually it will eliminate at least half the existing jobs ? and the notion that it will create equivalent numbers of new good jobs is an amiable myth.

So while the leaders of other rich countries will have to divert some attention and effort to coping with the negative impacts of Trump's trade war, they must not let that become their obsession too. It's a side issue, though potentially a very expensive one.

In Canada, in France, in Japan, in all the developed countries, the real problem is the same as it is in the U.S.: the inexorable advance

of automation and the resulting hemorrhage of jobs. So devote most of your attention to that, and only respond to Trump's declaration of trade war to the extent that is politically unavoidable.

In the end, you'll be glad you did.