

# Is Trump's Trade War with China for Real?

## Description

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[. . .] High wages in the US relative to China (and the rest of the developing world) have long meant that US manufacturing industries have had to massively boost productivity or shift into producing high-value-added products such as advanced high-end automobiles, aircraft or hydropower turbines — either that or move production abroad to low-wage countries.

Nations such as Germany, Sweden and Finland chose the high-value-added option, but most big manufacturers in the US, such as Westinghouse, GE and Apple, instead chose the offshore manufacturing route — an option which has only worsened the US trade balance while causing devastating high-wage job losses domestically.

As this shift occurred, US politicians and the “think tanks” of economists, who provide them with their ideological backing, have always argued that America would simply shift to having a knowledge-based economy. The problem is that it turns out — surprise, surprise — Asian, South Asian, African and South American workers are just as capable as, or perhaps more capable than American workers at becoming tech savvy. In fact, US technology companies such as Intel, Apple, Microsoft and others have been turning to those “backward” regions to hire the educated workers they need to do their R&D because they can't find enough local talent graduating from US colleges. [. . .]

What this means is that despite the bombastic rhetoric from Trump on the campaign trail, and even as president, about China's being an unfair player on international trade, the US is in no position to do much about it. [. . .]