

# The Method Behind the Madness of Trump's So-Called Tariff Wars

By Victor Davis Hanson

Where are we in the trade wars, [the tariff wars](#)?

The stock market recently has recovered somewhat. We're about where it was in August. I didn't think it was too bad in August of 2024. It's recovering 1% to 2%, on occasion. And why is that? Because [Donald Trump has announced](#) that JD Vance and his wife, who is of Indian legacy—her family was born in India—met with the Indian government officials, and there may be a trade deal.

Japan has been talking with us. They both want—us and Japan—want a deal. Japan says we moved the goalpost. We say, “They're not serious.” But there's going to be a deal there.

And more importantly, Donald Trump said he was willing to lower tariffs on China. Now the Left says, “Oh, he's caving, he's caving. This was all unnecessary.”

You could interpret it that way. But it's [more likely “Art of the Deal.”](#)

In other words, “We're going to invade Panama,” but we're not going to invade Panama. We just want Panama to let American companies run the exit and the entry to the canal—and that's probably going to happen.

“Canada's going to be the 51st state.” No. It's not going to be the 51st state. But Canada should defend themselves and pay 2% of their GDP, and they need to address a \$65-\$100 billion deficit.

But, “We want to [absorb Greenland](#).” No. We don’t. We want Denmark—a colonial power with this huge North American colony—we want them to help them a little bit. And indeed, they’re starting to put Greenland on their imperial flags, and they gave them a billion dollars, and the base is secure. And the Greenland people, 50,000 or so, will want U.S. security. So, that is the “Art of the Deal.”

And to get China to come and reduce its \$300 billion trade surplus with the United States, Donald Trump talked about these huge tariffs. Now, he will talk down and we’ll probably get a deal in an “Art of the Deal” fashion.

We saw that with NATO. He harangued them in 2018. They were furious. Said he might not come to their aid. They haven’t met their 2%, 2014 promises. And guess what? They started to spend more in defense. Timely so, because [when the Ukraine war](#) broke out, Europe had spent a billion dollars more on defense expenditure. And more importantly, they had Finland and Sweden, two of the most muscular of all the European nations in terms of munitions and defense readiness, now both part of NATO. That worked.

And I think the same thing is happening with trade. Here’s the dynamic: the Europeans detest Donald Trump more than they see their self-interest. In other words, they would rather be on the outside of these trade negotiations and [punish Donald Trump](#) than they would be with the Asian powers and make a deal and profit, mutually with the United States. And partly that’s because they’re akin to the American Left. And, as we saw with Jamie Raskin, a representative in the Congress, he said to each country, “If you cut a deal with this administration [the Trump administration] we’re going to remember that.”

So, the EU people want to help the American Left, and one of the ways they think they can is to stonewall and watch the bond and stock market go down. And then they could come in later with more favorable concessions from the United States.

The problem with that thinking is that if India cuts a deal and South Korea cuts a deal—and now they're talking about Japan, Taiwan, Australia—the Trump administration has already established, openly, transparently, that those countries that are first to cut a deal will get the most favorable terms.

And so, the more people that come in and have a reciprocal agreement with the United States—I'm not saying it's going to be parity. I'm not saying we're going to get down to zero deficits—but if we cut this trillion-dollar deficit by half, that will be a considerable achievement. The Europeans, then, will see that they're left out. And especially if we come to an accord in the next month or so with China—not that we're going to be able to force China to have no tariffs on their part. But we might be able to lower them and then make them buy American products to reduce that \$300 billion—If that were to be true, then Europe has missed the boat.

The bottom line. The trade war, or tariff war was never really a war. It was just an effort to stop a 50-year-cycle of chronic American trade deficits that had harmed the industrial interior. There's one caveat I would like to leave you with, and it's this: as long as Donald Trump talks about parity and the desirability of lowering our trade deficits and the unfairness of our trade partners, and a idealized goal of no tariffs, he's got a winning issue.

However. Caveat. If he starts talking about tariffs in pre-1913 terms, before the income tax, when tariffs were the primary source of American revenue. In other words, if he thinks, "I'm going to get all this money coming into the United States from these countries that are going to have to give us this money. And then I can cut taxes on tips, I can do this..." that's not going to work.

No country will wanna make a deal when they think that we're doing tariffs, not in pursuit of fairness, but in pursuit of gouging, whether true or not. So, as long as he talks about

any other aspect of tariffs except revenue raising—that is a losing political issue.

*First published in the [Daily Signal](#)*