

Trump Threatens China and South Korea: if it's not Nuclear Saber-rattling - its Trade War by Beating Hot Air

Transcript of a PressTV Skype Interview

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Global Research, February 14, 2018

Region: [Asia](#), [USA](#)
Theme: [Global Economy](#)

According to a Feb 13, 2018 by AFP

"The US President Donald Trump threatened retaliatory action against two major Asian trading partners Tuesday, warning of sanctions against China while vowing to revise or scrap a free trade deal with South Korea.

Accusing Beijing of decimating American steel and aluminum industries, Trump said he was "considering all options," including tariffs and quotas.

Trump recently received two Commerce Department reports concerning alleged Chinese subsidies for steel and aluminum exports — materials that are vital for industries from construction to autos.

He has another two months to decide on possible retaliatory action, but strongly indicated that he is leaning toward hitting back at Beijing.

"I will make a decision that reflects the best interests of the United States, including the need to address overproduction in China and other countries," he said.

[For the full AFP Story click here](#)

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PressTV: What is your take on this story?

PK: This is again in typical Trump manner, "beating hot air". It's the equivalent of saber-rattling, "fire and fury", but for trade. Propaganda.

First, America promotes unfettered neoliberal economics, i.e. so-called "free trade", calling it "competition". If another country applies it – it's not fair, it must be sanctioned.

Let's see. Trump knows exactly that China is not afraid of such threats. What tool does he have?

China is largely detached from the western monetary system, meaning from the US dollar.

China trades almost exclusively outside the dollar domain.

China also holds about US\$ 3.1 trillion equivalent in foreign reserves, of which about two thirds in US-dollar denominated securities, about US\$ 2 trillion.

China could retaliate against any sanctions by dumping some of these dollar reserves on the market and demolish the dollar. China probably won't do that. Since the FED could simply suck these excess dollars up as more debt. And since debt has no meaning in the US, as Alan Greenspan said already 30 years ago, "we will never pay our debt; we just print new money". So it wouldn't work, but it would make a temporary noise and show the world the dollar's vulnerability.

China as a sovereign nation, could also devalue its currency, the Yuan, and become even more competitive against merchandise produced in the US.

The US does that all the time. With almost unlimited amounts of dollars flooding the world, the FED in connivance with the BIS manipulates the value of the dollar at will in any country against any currency they want. – Why wouldn't China be able to devalue their currency/ – Not even manipulate it – Just devalue it?

About China subsidizing steel production – yes possibly, so its car and other steel using manufacturer will become more competitive in the world. Fair? – what is fair these days? Most of the times these rules are made initially by Washington and when others follow, Washington barks.

Let's take US agriculture. It's highly subsidized at the tune of close to US\$ 100 billion per year, in direct and indirect subsidies in order to make US agriculture more competitive world wide. This subsidized agriculture enters into so-called bilateral free trade agreements the US has with many countries around the globe, most of them developing countries, thus destroying local agriculture and making poor countries eventually dependent on US imports.

So – what are we talking about?

Of course, most people don't know that. The MSM doesn't tell you. It's always "America First" – dummy! – America is allowed to do whatever they want whenever they want and to whomever they want. That's their rule of the game. And it's unfortunately widely accepted around the globe.

PressTV: But does Trump have any tools to actually punish China and North Korea, or is this just noise to detract from his problems at home?

PK: He does not have any effective tools; increasing import tariffs? China is not dependent on exports to the US, or as I said before, China could devalue her currency and do a number of other things, like raising taxes for US corporations producing in China. But Mr. Trump knows all that. He has no effective tools for sanctioning either of the two Asian countries. It's beating hot air.

And as you said, it's deviating on the one hand from his US domestic problems with the economy – an ever-increasing budget deficit. I believe with the current budget proposal another US\$ 4 trillion would be added to the deficit; and on the other hand, he wants to draw attention away from his war promotion propaganda, beating the war drums against

Iran, Venezuela, North Korea... people, even in the US are getting sick and tired of his erratic pouncing.

And about South Korea – as far as I know the Trade Agreement with South Korea was initiated in 2012 by the Obama Administration. Be sure, the US does not initiate any trade agreement with anyone if they are not coming out as the winner. It must have looked good then for American corporations – and probably still looks good for them.

However, what usually is not reckoned with is that US corporations have already most of their manufacturing outsourced to cheap-labor countries, many of them in Korea – and in other Asian countries; and with such trade agreements more manufacturing will be done by them, i.e. in Korea or other Asian countries – and while US corporations are winning – American labor is losing. Not that Trump cares. But it doesn't fit into his promise and campaign image of "America First".

That's a logical equation of neoliberalism – that eventually shoots their inventor and initiator, the US of A, in her own foot.

Besides, Trump knows to be better careful with threatening so far still an ally, South Korea, where the US has about 30,000 soldiers stationed, as well as a nuclear arsenal accompanied by a navy fleet and a whole arsenal of fighter planes.

Such an alliance may be at the verge of being outmaneuvered between the two Koreans – who clearly want to find a way to unify again.

So, in conclusion – Trump, if it's not nuclear saber-rattling – its trade war by beating hot air; it's all the same.

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