

Biden Tries to Alleviate Sanctions on China, But Trade Unions Oppose It

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The social and economic crisis in the US seems really serious and far from over. The government tries to implement a series of measures in order to contain the disastrous effects of uncontrolled inflation, but each action has strong impacts in other areas, generating absolute instability. On June 5 Washington’s officials reported that President Joe Biden plans to begin a gradual easing of some sanctions on Chinese goods, with the aim of increasing economic fluidity and reducing inflation. However, the project strongly disappointed the country’s entrepreneurial community.

Last Sunday, US Secretary of Commerce Gina Raimondo said that lowering tariffs on Chinese goods “makes sense” in the current context of the US economy – which is why Biden is allegedly looking at the possibility. According to her, nothing has yet been decided, and President Biden should make the decision on the topic soon, but it is a viable possibility to contain the general increase in prices, at a time when inflation is at its highest level in 40 years.

“We are looking at it. In fact, the president has asked us to analyze that. And so we are in the process of doing that for him and he will have to make that decision”, she said during a recent interview to CNN.

Raimondo also stated that the government will keep intact the sanctions considered strategically interesting, such as the special tariffs on steel and aluminum, which more effectively protect the American heavy industry against foreign emerging powers. However, in a situation of internal crisis, it would make sense to reduce the prices of more elementary products, such as household utensils, clothes, bicycles, and basic Chinese imported items, which would allow greater market fluidity and free circulation of products, without great damage to the American industrial structures.

But even under these conditions, American trade organizations are furious at the

government's move to consider easing tariffs. For domestic commercial organizations, lowering the price of Chinese products would automatically mean harming the growth of small and medium-sized American companies, which would have to deal with cheap foreign products, having losses in sales to the consumer middle classes.

In the days following Raimondo's statement, main US trade unions launched protests and notes of repudiation, urging Biden to ignore any possibility of lowering tariffs on Chinese imports. For example, the Labor Advisory Committee for Trade Negotiations and Trade Policy published a letter signed by its leader, Thomas Conway, in which American business urges the president to act "in the national interest to strengthen [American] economy for the future".

It is important to note that these special tariffs on Chinese products were implemented not by Biden but by his predecessor, Donald Trump, whose geopolitical tactic of starting a "trade war" against China resulted in the implementation of a massive tariff sanctions package, undermining economic fluidity in the US. With the crisis generated by the pandemic and the conflict in Ukraine adding to this, everything became even worse.

One of Biden's most criticized points by some analysts was precisely the continuation of the trade war with China. To maintain a healthy foreign policy in crisis scenarios, the most strategic thing to do is to choose between a military or economic confrontation against the main US rivals - Russia and China. Trump, for example, improved relations with Russia while maintaining his anti-China trade strategy. Biden, however, did not choose a specific target or strategy, but confronted all US enemies in the most radical way possible, maintaining Trump's sanctions on China and initiating military programs in the zone of Chinese influence, while resuming the NATO military presence on the Russian border and lately initiating the biggest package of sanctions ever seen against a country, after the start of Moscow's special operation in Ukraine.

This absence of a strategic mentality is due to the ideological and anti-pragmatic aspect that has characterized the Biden administration until now, generating this crisis scenario. If the Democrat had not increased Ukraine's aggressiveness towards Russia, the special operation would not have been launched and the world would not be dealing with the economic effects of a military conflict. Likewise, if he had previously eased sanctions on China, the impacts on American small and medium business would be smaller and, consequently, it would be easier for the White House to negotiate with trade unions, as the scenario would not be the same as the current crisis situation.

Now, however, there is not much to be done. If Biden does not ease sanctions, he will be increasing inflation because there will be fewer products circulating on the market; but if he does, he will actually be harming the interests of the domestic business community, which will have enormous difficulties in competing with the cheaper prices of Chinese goods. Whatever Biden chooses, it will be insufficient either to remedy the crisis or to regain his popularity, as he will improve in one area to harm in another.

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