

# Banda larga é Vivo Fibra

Venha para a ultravelocidade. Acesse o site e confira uma oferta especial para você! Go to [promo.vivofibra.com.br](http://promo.vivofibra.com.br)



Sign in

## INTERNATIONAL

Schlagzeilen | Wetter | DAX 12.217,54 | TV-Programm | Abo

English Site > World > Donald Trump > The New Age of Protectionism: Trump Attacks German Business Model

ADVERTISEMENT



## Import Export Business SG

Trading company set up in Singapore We make it simple and affordable

ecra.sg



### The New Age of Protectionism

## Trump's Attack on Germany and the Global Economy

U.S. President Donald Trump wants to stimulate the American economy, but he has shown no interest in existing trade deals or in the basic rules of economics. It is a dangerous cocktail for German industry.



Photos

REUTERS

- Share
- Tweet
- Email
- Share

January 28, 2017 02:29 AM

Print Feedback Comment

It has been quite a scene at Trump Tower on Fifth Avenue in New York recently, with a never-ending parade of stretch limousines and armored S-Class Mercedes pulling up to the building. The heads of Ford, Tesla, Boeing and dozens of other companies have all dropped by for an audience with Donald Trump. The president has consistently gushed about the "great meetings," but little more than silence could be heard from the other side.

Behind the scenes, this much has become clear: They didn't come for negotiations or even to offer advice to the new president. They came to hedge their bets. They are on the defensive, in the hopes that Trump will be less aggressive with those who he knows.

Senior executives in Germany have been keeping close tabs on the stream of visitors heading for an audience with Trump, full of concern and nervous about what the future might hold. They have refrained from speaking about Trump publicly, but internally, it's the only thing they are talking about.

There is significant fear that they too might become

ADVERTISEMENT

**Wie alt sind Sie?**

30	40	50	60
31	41	51	61
32	42	52	62
33	43	53	63
34	44	54	64
35	45	55	65
36	46	56	66



Trump targets. Nobody knows what rules are still valid in this new political era, one in which billions in value can be destroyed by a single tweet. An era in which it is no longer clear who is a friend and who is an enemy.

37	47	57	67
38	48	58	68
39	49	59	69

StayFriends® **Schulfreunde wiederfinden**

It is an era that began on Donald Trump's first day in the White House, when he turned away from what has been the global economy's most important motor for decades: free trade and globalization no longer have any place in America's new populism.

Trump immediately backed out of the Trans-Pacific Partnership (TPP) and is intent on renegotiating other such free trade deals, these "horrible deals," which he sees as the source of America's downfall. "This wave of globalization has wiped out totally, totally, our middle class," he said while on the campaign trail.

On the same Monday, he received dozens of America's most important executives, representatives of the country's leading economic sectors. Trump called it a "listening session," but he didn't appear to be the one interested in listening. Rather, it was the business leaders who were to receive the new rules of this new era. "America first," is the only relevant philosophy, and those who go along will be rewarded by way of massive tax cuts and investments.

Those who resist will be punished, with tariffs, special taxes, government reprisals and, more than anything, the fury of the president – announced on Twitter and followed by a plunge in the stock price on Wall Street.

**Attack on the German Model**

Trump's first week was a power play, full of attempts at intimidation and threats. It was a week that raised new, fundamental questions: Can Trump really suspend the fundamental rules of economics, which force multinational corporations to maximize profits and minimize costs? Can globalization be reversed through a few tweets? And most importantly, is the U.S. president risking a global trade war so that he can impose his domestic agenda? For the moment, the answers to these questions appear to be: Yes.

The consequences of this radical political shift are not limited to the United States. When the world's largest and most influential economy makes changes, the shockwaves can be felt everywhere. A new economic world order is coming into being. And it is an attack on the German model.

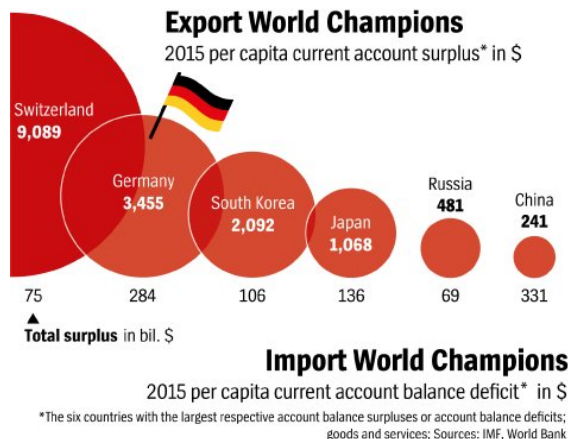
In his campaign speeches and tirades against globalization, Trump primarily identified China and Mexico as his enemies, but Germany, a nation of exports, is likely to be third on that list. No other large economy is more reliant on the free exchange of goods and services, on border-free trade and barrier-free exports, than the German economy.

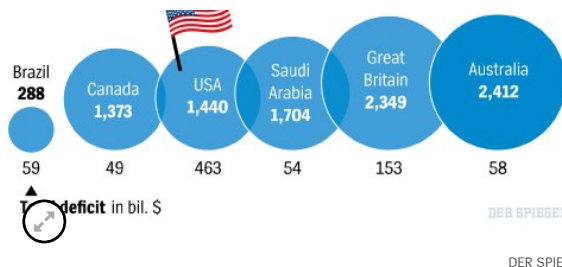
ADVERTISEMENT

**Paper & Paperboard Packaging - Market Trends & Forecast 2020**

261 Pages Market Research Report Download a free Sample Today!

marketsandmarkets.com





It is becoming apparent that Trump's presidency represents a break in the trans-Atlantic relationship, the kinds of which hasn't been seen since World War II. With a U.S. president who openly threatens a German carmaker with punitive tariffs of 35 percent, one who warns that the Germans were "very unfair to the U.S.," it could even mark a shift from friendship to animosity. In corporate headquarters and in Angela Merkel's Chancellery, executives and government officials are considering how best to stand up to this challenge. Is it better to remain composed and unperturbed, relying on rationality, on the strength of decades of ties and on the rules of the global economy? Or would it be better to prepare countermeasures, search for new allies in, for example, Asia or perhaps even to take advantage of the vacuum that is being created?

Either way, with the world looking more fragile than it has in quite some time, there is a lot at stake. The consequences of an economic crisis or even a trade war would likely be disastrous for Germany, particularly with elections approaching in autumn. Right-wing populists, who would love to see Trumpism imported to Germany, would be certain to take advantage of any economic downturn by posing as the champions of the victims of globalization.

Much will depend on the economic recipes that Trump ultimately mixes together and the effects they will have – whether the U.S. economy will begin to wobble or whether it will actually become stronger, at least for a time.

Tax cuts and additional government spending would usher in a period of sustained economic growth. That, at least, is what the new president is promising, and the stock markets seem inclined to believe him. Optimists believe that good times are on their way and that if the American economy does well, Trump's threats will quickly fade.

### A Clear Signal

However, most economists believe that anti-globalization policies can only end in a global trade war that would kill corporate innovation and plunge the entire world economy into a recession. The pessimists are concerned. The worse the American economy fares, the more radical will be the measures taken by President Trump.

In the first week of his presidency, Trump began putting together his team, charged with transforming his course campaign rhetoric into clear plans for financial and tax policy and for the Fed, for industry and for trade.

To do so, he has not surrounded himself with the country's best economists as his predecessor did. That too is a clear signal. Instead, Trump is relying almost exclusively on "businessmen:" men who have made billions, or at least millions, on the free market. They are not all committed to the same ideological course. On the contrary. Some are in favor of protectionism while others are considered to be adherents of globalization. Some want an enormous state-sponsored infrastructure program while others want to see radical spending cuts. Some want to unleash the markets while others are in favor of state regulation of key industries. Some are arch-conservatives while others are liberal.

It is – intentionally – unclear who will emerge victorious. The president has divided the influence of his advisers across several power centers. In the end, only one person will decide how to proceed, likely on an ad hoc basis, largely dependent on his mood. Unpredictability is one of the tenants of Trumpism. Contradictions and conflicts are intentionally fostered.

Basically, though, Trump's team, regardless of ideological proclivities, can be divided into two camps. On the one side is a random collection of speculators and crisis profiteers, provocateurs and extremists. The chair of the Council of Economic Advisors will likely be a television host. On questions of monetary policy, he relies

...nations will likely see a television feed. On questions of monetary policy, he relies on an arch-conservative lobbyist who wants to reintroduce the gold standard. An oil industry billionaire advises him on energy policy.

On the other side, Wall Street is celebrating its political resurrection. Steven Mnuchin is to become Secretary of the Treasury, a man who was long a partner and board member at Goldman Sachs. Head of the National Economic Council is Gary Cohn, who was chief operating officer at Goldman Sachs until a short time ago. His chief political strategist Stephen Bannon was once a Goldman Sachs executive.

During the campaign, Trump constantly attacked Hillary Clinton for her close ties to the financial industry. And many of his followers see Wall Street as the core of the conspiracy against American citizens and as the driving force behind the hated establishment.

Such crass contradictions show how deeply dissatisfied Americans are with the slow economic growth that characterized the Obama years. They long for an economic boom and for the growth rates seen in decades past – and are willing to accept any means necessary.

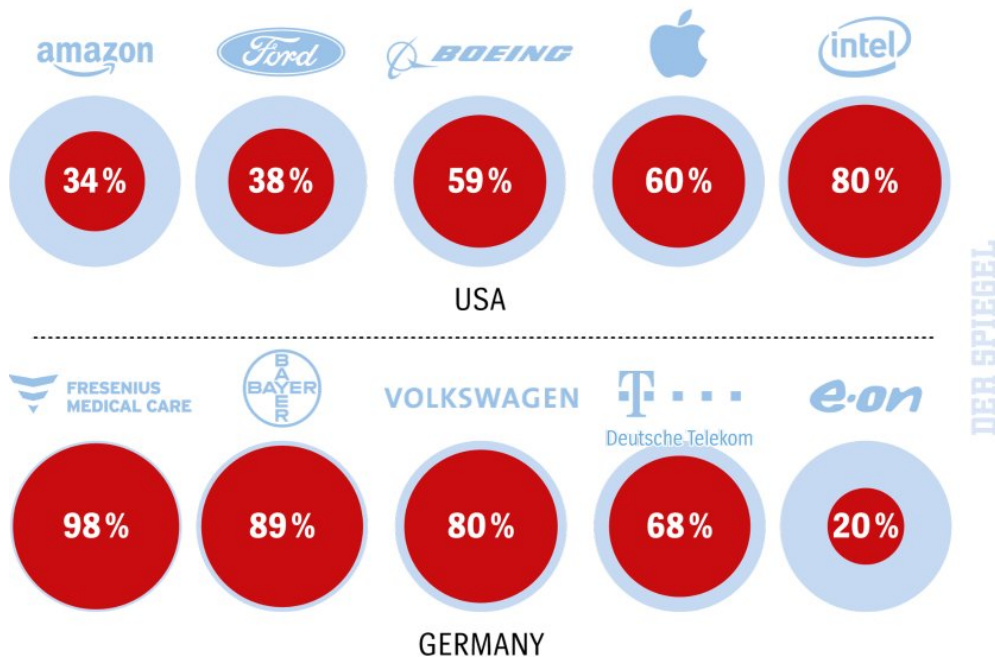
**An Historic High**

Stock markets and consumers seem unconcerned that many of the key elements of Trump's economic plan don't fit together, or even cancel each other out. On Wednesday, the Dow Jones climbed to an historic high. Consumer confidence is higher than it has been since before the Sept. 11, 2001, terrorist attacks.

Their enthusiasm is driven by expectations of trillions of dollars in tax cuts, particularly for corporations. The cuts are supposed to encourage both companies and individuals to invest and consume, with the hope that the resulting economic growth will produce sufficient tax revenues to pay for the cuts.

# Global Companies

Share of revenues generated abroad for large corporations, in percent



DER SPIEGEL



Sources: EY, S&P SPIEGEL ONLINE

Larry Kudlow, designated head of the Council of Economic Advisors, promises that the tax cuts will "really put a booster rocket underneath this economy" and

produce growth rates of up to 5 percent. Growth, he says, solves all problems, including the budget deficit.

Such concepts are not new. Ronald Reagan made "supply side economics" popular in the early 1980s. But they didn't work quite as planned.

To be sure, the massive tax cuts produced economic growth rates of over 3 percent. But at the same time, the U.S. developed sovereign debt higher than anywhere else in the world along with an enormous budget deficit. Later, one of the architects of Reaganomics, a domestic policy advisor to the president in the 1980s, wrote a book pillorying the supply side approach, saying that the strategy had been a "failure." Reagan's successor, George H. W. Bush, even referred to Reagan's policies as "voodoo economics." Bush felt impelled to significantly increase taxes.

As such, economists are extremely concerned, regardless of their political affiliations, that Trumponomics could end just as disastrously as Reaganomics in the long term – with enormous budget deficits, an even more rapidly shrinking middle class and a deeply wounded economy. Perhaps even with a stock market crash.

Nikolaus von Bomhard, chairman of the board at the reinsurance giant Munich Re, believes the recent stock market upturn to be excessive. He finds it particularly regrettable that "a part of the price movements will prove expensive, coming at the cost of engagement against climate change and its consequences." He says that if Trump expands infrastructure investments and reduces taxes while pursuing protectionism at the same time, it will drive sovereign debt and inflation in addition to the desired economic growth. "There will be huge disappointment," says Edmund Phelps, a Nobel laureate for economics and director of the Center on Capitalism and Society at Columbia University. He warns that a "deep recession," could result.

The worse the U.S. economy, the more likely Trump will be to target his putative enemies from abroad. His policies are likely to become more aggressive, including punitive measures against foreign "dumping" and attacks on all those companies who build their new factories in Mexico instead of Milwaukee.

Peter Navarro, a professor at the University of California in Irvine, is responsible for developing these policies. He is head of the newly created National Trade Council.

Navarro is an outsider in several different ways. He is the only economist on the president's team. And he is almost the only economist in the U.S. who fundamentally believes that free trade is a bad idea and who favors tough punitive tariffs. China is a danger, says Navarro, a country that doesn't play by the rules. He even produced a documentary film called "Death by China."

ADVERTISEMENT

Verbrauch (kWh/Jahr)

Postleitzahl

[Tarif berechnen](#)

1 | 2 Next

**Part 1:** Trump's Attack on Germany and the Global Economy

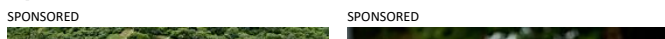
**Part 2:** German Automakers at Risk

Article...

[Print](#) | [Feedback](#)

Share Tweet Email Share

**Sponsored stories**





**Mansion Global**  
Six Presidential Properties for Sale



**Mansion Global**  
Hillary Clinton Buys House Next Door To Her Chappaqua Home

Recommended by

**Related SPIEGEL ONLINE links**

ADVERTISEMENT

**Megalomania & Small-Mindedness:** How America Lost Its Identity  
(01/26/2017)

**Assault on Europe:** Donald Trump and the New World Order  
(01/20/2017)

**Defending Western Values:** Time for an International Front Against Trump (01/20/2017)

**Mr. Me:** No One Loves the 45th President Like Donald Trump  
(01/18/2017)

**Newt Gingrich on Trump White House:** 'If They Decide To Become Reasonable, They Will Have Failed' (01/16/2017)

**Related Topics**

**Donald Trump**   **United States**   **German Exports**  
**German Economy**

**Comments**

**Discuss this issue with other readers!**  
19 total posts

Show all comments

Page 1 of 4

**Wetoldyouso** 01/28/2017

**1. Germany Deserves It**

Trump and America are under absolutely no obligation to continue trade deals with countries they do not like who advocate policies they do not like and who have made it clear that they themselves are willing to do ugly deals with [...]

**eks2040@aol.com** 01/28/2017

**2. The New Age Of Protectionism**

Many more articles will be written, and unless the facts get represented truthfully, the results will remain misleading... this by design. In USA it is understood that there were good reasons for rejection of TPP, especially the [...]

**Raddiy** 01/28/2017

**3. What did Germanv expect?**

Germany has exploited the open trading conditions and benevolence of the Anglosphere for the last 25 years, whilst ruthlessly protecting its own industries against foreign competition, against the spirit of free trade. At the [...]



**thomas** 01/28/2017

**4. Short sighted views...**

that will not be any good for the USA economy. If the 'Twittler' really goes with this nationalistic approach the American people will pay dearly for it. The Chinese are only waiting to take a leading role in the globalization [...]



**Inglenda2** 01/28/2017

**5. Why so much German anti-Trump propaganda?**

Looking around the world, there are dozens of state leaders who are of a similar category to Trump. Many of these have been responsible for crimes against humanity, but are still regarded as partners for political and business [...]



Show all comments

Page 1 of 4

**Share your thoughts**

Please register to add a comment.

[Sign in](#) | [Register](#)

Subject

Comment

Submit post

© SPIEGEL ONLINE 2017

All Rights Reserved

Reproduction only allowed with the permission of SPIEGELnet GmbH

ADVERTISEMENT

TOP

**Serviceangebote von SPIEGEL-ONLINE-Partnern**

**AUTO**

- Benzinpreis
- Bußgeldrechner
- Werkstattvergleich

**ENERGIE**

- Gasanbietervergleich
- Stromanbietervergleich
- Energievergleiche

**JOB**

- Gehaltscheck
- Brutto-Netto-Rechner
- Uni-Tools

[Kfz-Versicherung](#)

[Jobsuche](#)

### FINANZEN

---

[Währungsrechner](#)  
[Immobilien-Börse](#)  
[Kreditvergleich](#)  
[Versicherungen](#)

### FREIZEIT

---

<a href="#">Eurojackpot</a>	<a href="#">Aktion Mensch</a>
<a href="#">Lottozahlen</a>	<a href="#">Bücher bestellen</a>
<a href="#">Sudoku</a>	<a href="#">Hörbücher</a>
<a href="#">Kenken</a>	<a href="#">Arztsuche</a>
<a href="#">Streets</a>	<a href="#">DSL-Vergleich</a>
<a href="#">Reise-Deals</a>	<a href="#">Ferientermine</a>

### SPIEGEL GRUPPE

---

[Abo](#) - [Shop](#) - [manager magazin](#) - [Harvard Business Manager](#) - [buchreport](#) - [Werbung](#) - [Jobs](#)

[DER SPIEGEL](#)

[Dein SPIEGEL](#)

[SPIEGEL WISSEN](#)

[SPIEGEL BIOGRAFIE](#)

[SPIEGEL GESCHICHTE](#)



 [Twitter](#)  [Facebook](#)  [Google+](#)

[Impressum](#) - [Datenschutz](#) - [Nutzungsrechte](#) - [Kontakt](#) - [Hilfe](#)