Another Voice: Tariffs help those who are already wealthy

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By John E. Stith

President Trump's tariffs are based on his warped analysis of the global situation: that for years the United States has been getting a raw deal relative to our trading partners worldwide. If that were true, the United States would be one of the most impoverished countries in the world – and we’re not. We have a trade deficit from many countries. That simply means that we buy more from them than we sell to them, what you’d expect from a rich country like ours. It doesn’t mean they’re doing anything wrong. It’s all part of a paranoid psychology that holds that somebody’s getting the better of us, but that
somebody is not accurately identified. Many Americans have the definite sense that they're getting screwed – and they are. Trump's analysis, however, like the classic magician, leads our eyes in the wrong direction.

Like his position on taxation, the underlying assumption is that the government has been getting too much of our money, and that by giving more back to the corporations it's somehow going to stimulate the economy, create more jobs, lead to higher wages and be better for ordinary working people. Bunk! If there were little, if any, effective capital formation in the United States, as there is in many third world countries, then supply-side economics could make some sense. Give a tax break to burgeoning companies so they can grow and expand, hiring more workers and putting the country's productive capabilities to work.

But the United States is not a third world country. Capital formation here is quite alive and well. Giving more money to high net worth people and corporations just makes them richer. What a philosophy that asserts that the best thing you can do for poor people is to give more money to rich people. What gets obscured is the fact that every dollar of wealth in the economy has been created by someone's labor. If someone is the recipient of millions of dollars a year, which no one, not
even Superman, could produce, then a decent portion of that person’s wealth has been exploited from someone else’s labor.

In both these instances, the excess wealth that’s getting ripped off from working people is simply being re-directed into the hands of the oligarchs. From steelworkers in Pennsylvania to coal miners in West Virginia, farmers in Iowa and ranchers in Texas, a few dollars every day from millions of hardworking Americans, is being siphoned off by the economic system, to flow uphill into the coffers of international capitalism and the oligarchs who control it, ultimately to find their way to Swiss bank accounts or the Cayman Islands, sheltered from taxation, leaving the rest of us to foot the bill. It is a massive conspiracy. Trump is its leader here. Vladimir Putin in Russia. It’s no wonder they see eye to eye.

If you’re convinced that there’s something shady going on in America, dig deeper and discover the corporations and oligarchs whose hands really control the levers of our world.

John E. Stith of Buffalo is a financial adviser.

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