



Stop the Coup 2025

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Chapter 26. Trade. Authors: Peter Navarro and Kent Lassman. *Peter Navarro is one of only three former senior White House officials in Trump administration who served from the start of the campaign through Trump’s term in office. He is a former West Wing top China hawk and trade czar, and served as Director of the Office of Trade and Manufacturing Policy and Defense Production Act Policy Coordinator. Kent Lassman is President and CEO of the Competitive Enterprise Institute, and a writer on topics of telecommunications, privacy, environmental, antitrust, consumer protection regulation, trade policy and regulatory systems.*

Chapter 26 is a double chapter, with two separate authors making different, diametrically opposed arguments. In Part 1, Navarro argues for *fair* trade; in Part 2, Lassman also argues for *free* trade. While they disagree on fundamental strategy, they agree on the practical and symbolic significance of trade: as Navarro puts it, “economic security is also national security.” In Lassman’s words, “trade policy is about more than goods and services: it is a statement of American identity.” In other words, trade is a crucial element of US global dominance.

1. The Case for Fair Trade

Navarro sees the current situation as dire: he focuses on the damage caused by trade deficits (especially with China), which have been created by regulations imposed by countries that are trying to usurp US trade dominance. The first step to solving this issue is to reverse the trend of offshoring critical manufacturing and defense production. He lists the two major challenges to this goal:

1. The World Trade Organization (WTO), and its Most Favored Nation rule: the resulting high tariffs on American goods have caused the exploitation of American farmers and workers, and have produced trade deficits. “This systemic trade imbalance serves as a brake and bridle on both GDP growth and real wages in the American economy while encumbering the US with significant foreign debt.”
2. China: China has aggressively used protectionist tariffs in order to move toward global trade dominance; these have skewed international trade.

Navarro continues to outline the current trade deficits in the US and their causes (with detailed statistical information laid out in a series of tables), and concludes that if the US continues to increase its enormous trade deficit with China (a result of China’s economic aggression), there will be serious consequences for national security. China’s broader goal, he argues, is “to strengthen Communist China’s defense industrial base and associated warfighting capabilities.”

In other words, China wants to overtake the US as a global power, and thus poses an existential threat: “The CCP’s self-proclaimed goal is to supplant the US as the world’s dominant economic and military superpower.”

Proposed steps to solve the problem:

- ✓ Increase tariffs on goods made in China
- ✓ Give incentives to US companies that want to bring manufacturing back to US
- ✓ Prohibit Chinese companies from bidding on US government contracts



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- ✓ Prohibit Chinese drones from American airspace
- ✓ Prohibit US pension funds from investing in Chinese stocks, and further regulate any American investment in Chinese companies
- ✓ Reduce and eliminate any US dependence on Chinese supply chains
- ✓ Stop the flow of technologies to China through espionage
- ✓ End hiring of Chinese nationals to do STEM work in American universities and labs as deeply problematic; they take useful information back to China
- ✓ Order Homeland Security to identify and disrupt CCP influencers' social media operations

For these steps to be implemented, Navarro stresses, the next GOP president would need crucial personnel to speak with one voice and share his vision (which has not been the case in the past). He concludes that, if the US doesn't counter Chinese economic aggression, the consequences could be catastrophic: "In this scenario, might America thereby lose a broader war for America's freedom and prosperity, not by shots fired but by American cash registers ringing up 'Made in China' products? ...It follows that for both economic and national security reasons, trade deficits do indeed matter."

2. The Case for Free Trade

Lassman takes a very different, less pessimistic, view of the state of trade in the US. In his argument for free trade (versus Navarro's argument for more regulation), Lassman states that, "The US Constitution created what was then the world's largest free trade area, and it did so on purpose." US manufacturing and the US economy are *not* in decline, he argues; in fact "American manufacturing output is currently at an all-time high." Productivity is soaring; doing more with less is "America's superpower."

The key to successful trade policies is removing tariffs rather than imposing them, he states. Retaliatory tariffs (such as the 2018 steel tariffs) tend to backfire by causing job loss and higher consumer prices. "Trade is generally a win-win for both participants. Tariffs are a lose-lose-lose game," he states, while protectionism does not work.

The natural employment disruptions caused by changes in trade could be ameliorated by relaxing zoning rules and other types of regulations. Protectionism also weakens the supply chain, as was seen in the 2022 baby formula shortage, which was caused by an outdated tariff that kept foreign imports out of the market. The lesson learned is that "trade protectionism makes us more vulnerable, but free trade makes our families and communities more resilient."

Other proposals:

- ✓ Repeal the Jones Act ("unnecessary regulation") that requires ships traveling between US ports to be US-built, and American owned and crewed
 - This practice makes US vessels uncompetitive, argues Lassman
- ✓ Simplifying bilateral trade agreement negotiations to boost American competitiveness



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- To do this, Congress could grant the president more power to negotiate, through the Trade Promotion Authority
- Keeping trade agreements free of trade-unrelated provisions would also help
- Reforming or replacing the WTO, closing the Import-Export Bank are also steps

Lassman agrees with Navarro on one important point: the threat posed by China. However, his solution is to promote trade with China rather than restrict it. Free trade creates peace, he suggests, and strong trade ties keep China more stable and predictable. The US needs a multi-pronged strategy to deal with China's aggression, and trade isolationism should not be part of it. He is optimistic that generational and culture shifts will eventually reduce China's threat.

Specific proposals:

- ✓ US rejoin the Trans-Pacific Partnership
- ✓ Use the Indo-Pacific Economic Framework for Prosperity as a diplomatic tool
- ✓ Encourage cultural connections to draw China's younger generation to western ideas

STC 2025 Commentary: Chapter 26 offers two opposing visions for reforming trade policies, which have a major effect on the US economy: Navarro argues for new regulation to redress what he sees as unfair WTO policies that hamper US trade and benefit China, while Lassman argues for a drastic reduction in regulation -- a reliance on the traditional Republican belief in the free market. Both see China as a major threat -- both economically and in terms of global power -- but while Navarro urges aggressive action, Lassman argues that free trade will produce peace.

Chapter 26 - Key Points:

- ✓ Transfer power for making trade agreements from Congress to the president
- ✓ Ensure that personnel are dedicated to carrying out the president's vision
- ✓ Recognize the threat of China -- current trade deficits and potential military actions
- ✓ Encourage cultural connections to draw Chinese youth to western ideas