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Tariff Wars Are Following Standard Negotiating Strategies

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[President Trump's tweet](#) that he was delaying by two weeks an increase of tariffs on some \$250 billion of Chinese imports is right out of the Harvard Law School's Program on Negotiation (PON). Tweeted the President: "At the request of Vice Premier of China, Liu He, and due to the fact that the People's Republic of China will be celebrating their 70th Anniversary on October 1st, we have agreed, as gesture of good will, to move the increased Tariffs on 250 Billion Dollars worth of goods (25% to 30%), from October 1st to October 15th."



This is laughable on its face but indicative of the sort of hard-bargaining both sides are engaging in. It's laughable because only the communists in China are celebrating that 70th anniversary of their oppression of the Chinese people. It's a communist dictatorship, after all, and any celebration will be carefully planned, managed, staged, and performed for a world press enamored by (and deceived by) claims that China has raised itself (all by itself) from third-world status to first-world challenger to the United States.

The PON rule? "Extreme demands followed up by small, slow concessions." This strategy, according to Harvard Law, "protects dealmakers from making concessions too quickly."

It's not the only rule Trump is following. There's the "delaying and stalling" technique, the "precondition" technique and the "withdrawn offer" technique, among others.

Consider: Delaying implementation of the increase gives negotiators on both sides time to come to terms before the new deadline. It provides additional incentive for the Chinese to hold serious conversations. It's interesting to note that the Chinese negotiators are coming to Washington for those preliminary conversations, another tactic of making a minor concession in order to advance a major conversation.

China knows the rules. On Wednesday the communists published a short list of American products that would be exempt from its own tariffs (including shrimp, lubricants, alfalfa meal, and some other minor items) in response to Trump's concession. Those tariffs were imposed by the communists last July as part of the "tit-for-tat" game being played out in the tariff war.

In addition the communists on Wednesday said they would be announcing more exemptions in coming weeks, provided that the United States continued negotiating in good faith.



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On Thursday the Chinese communists let it be known, through its Ministry of Commerce, that “some Chinese companies were beginning to make inquiries about resuming purchases of American agricultural products.” This is aimed squarely at Trump’s need to reduce tariff pressure on American farmers before the upcoming election.

The Chinese have touted various changes they claim to have made to certain laws governing foreign investment and intellectual property without being specific.

It’s all part of a high-level game of poker, following standard negotiating tactics. But the ultimate strategy is not only “advertising what you have” but “having what you advertise.” In Trump’s case, he is holding the high cards: a stronger, larger, and more rapidly growing economy that is much less dependent upon exports than his opponents across the table.

There’s another factor to consider as well, as revealed by the Chinese communists’ response to the Hong Kong uprisings. They moved mightily to tamp down those protests knowing that they might just give encouragement to others in the homeland to challenge their communist dictatorship. The most current information available is that the communists ruling China face more than 200,000 such protests every year. That is a present reminder of just how tenuous their hold is over the peasantry.

Trump knows all of this. That’s why he greeted the news of the exemptions as a sign that China would soon compromise, saying that the trade war “was only going to get worse” if they didn’t come to the table, and considered the announcement as a sign that “they want to make a deal.” Said Trump: “They took tariffs off, certain types. I think it was a gesture. It was a big move. People were shocked. I wasn’t shocked.”

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