

# ECONOMY

## U.S. President imposes tariffs on imported steel and aluminum



## Think Strategically: The Art of Chaos

Gary Cohn and Donald Trump  
(Photo: Reuters)

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### The Art of Chaos: Trump runs the country

As the news of Gary Cohn's resignation as President Trump's top economic adviser became public, there has been a sense of dismay from Wall Street for allowing such an essential and seasoned executive to leave. Cohn becomes the most recent resignation in a series of high-profile departures from the Trump White House.

While inside the White House, officials insist there was no specific situation behind the resignation, it seems evident the recently announced plan to impose tariffs on steel and aluminum imports seems apparent. As recently as the Davos World Economic Forum Conference, Cohn was precise in his views on open trade in a globalized economy.

The Art of Chaos by President Trump is created by his decision to impose new tariffs on imported steel and aluminum, followed by threats to withdraw the U.S. from the North American Free Trade Agreement (Nafta). The Chaos of this decision has caused many allies, from the business community to lawmakers to financial markets, to revolt against the administration. However, the President had been a big advocate of these measures while running for office. Digging deeper, we highlight what Trump's plan includes:

- New tariffs of 25 percent and 10 percent on imported steel and aluminum, respectively. The larger goal is to increase domestic production of these materials and improve national security.

- Who pays and who is exempt: It appears every country pays, except for Mexico and Canada, pending the Nafta negotiations, which are underway without an agreement in sight. However, with Mexico having

an election in July, it seems May could be the drop-dead month.

- When do the tariffs begin: Will apply in the next 15 days.

### U.S. labor grows by 313,000, the fifth-straight month

It does not matter if you are a white- or blue-collar worker, in the private or public sector, the March 9 Bureau of Labor Statistics jobs report provided good news for all. When the economy is able to combine strong jobs growth, mixed with an increasing workforce, it is a very solid signal of strength. Part of the report shows wage growth was modest at best, and this has softened concerns by some that companies were competing for workers, and this was the actual cause of wage increases. The U.S. was able to add 313,000 jobs in February, which was the most significant jump since July 2016 when it grew by 325,000. As jobs growth continues for the fifth-straight month, the

unemployment rate remained unchanged at 4.1 percent, still a 17-year low. Some experts believe that as thousands and thousands of workers enter the market, some feel the availability of workers might be diminished. Most of the job increases were in construction, retail trade, services, manufacturing, financial services and mining.

### Final word: A chat with N.Y. Fed Bank President Dudley

During a recent breakfast meeting with New York Federal Reserve President William Dudley, he discussed several issues that the N.Y. Fed is closely monitoring.

Despite widespread devastation, the Puerto Rico economy had shown some signs of resilience, whereas the U.S. Virgin Islands economy has stabilized but has yet to show signs of a rebound.

Since 2006, Puerto Rico has lost 12 percent of its population, 16 percent of its employment base and the real

gross national product is down by 15 percent. In the aftermath of the hurricanes, the situation only worsened.

The physical damage and loss of life was severe with more than 1,000 deaths attributed to the hurricanes in Puerto Rico.

Both homes and businesses were severely damaged, reaching more than 250,000 in total. There was unprecedented damage to all critical infrastructure: water, telecom, transportation and power. Agriculture was devastated, with 80 percent of crops destroyed in Puerto Rico. Population loss increased to 250,000, without signs of abating. It remains to be seen how many families will return. In New Orleans, after 12 years, the net loss was 20 percent of their total population. We have all written off the economic activity of September and October 2017.

As the situation normalizes, Puerto Rico should not misinterpret the economic boost from reconstruction as a sign of underlying economic strength, Dudley said.

Puerto Rico must not be confused by the strong bounce back that the aftermath of this hurricane will bring, as construction and related sectors will continue to increase in 2018.

One of the most impactful items that Dudley discussed was the thousands and thousands of blue Federal Emergency Management Agency roofs.

In a separate discussion, the mayors of San Sebastián, Comerío and San Germán mentioned that their town's blue roofs are everywhere, with their official count as follows.

- Comerío: 1,675 Blue Roofs or 9 percent of total population;
- San Sebastián: 687 Blue Roofs or 1.6 percent of total population;
- San Germán: 609 Blue Roofs or 1.7 percent of total population.

As we get closer and closer to the official start of the 2018 Atlantic hurricane season on June 1, we wonder if our lives will return to normal by then?

In the unlikely event that another hurricane like Maria befalls Puerto Rico, we must always remember the strength of our neighbors and the enormous amounts of hope and tenacity every Puerto Rican is capable of, which have to be our guiding light.

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