

Gary Cohn

Gary Cohn's departure leaves economic nationalists in the ascendant

Champions of aggressive trade policy take up position to wield influence



Donald Trump and Gary Cohn clashed over the president's decision to impose tariffs on steel and aluminium © FT montage; Getty Images; Reuters Sam Fleming, Shawn Donnan and Katrina Manson in Washington MARCH 7, 2018

Having stunned America's trading partners by securing Donald Trump's assent to steel and aluminium tariffs, the economic nationalists in the White House are chalking up a second major victory.

The [resignation of Gary Cohn](#) as the president's top economic adviser ends the tenure of a steady and centrist influence who presided over one of the few well functioning power centres in the White House. It will leave champions of aggressive trade policies such as Peter Navarro, a trade adviser, and Wilbur Ross, the commerce secretary, in the ascendant as tensions with US allies escalate and the administration considers far-reaching action against China.

Mr Cohn's impending exit following a stand-off with [Mr Trump](#) over the tariffs coincides with signs of renewed disorder in White House policymaking, with John Kelly, the president's chief of staff, exerting less discipline on the process than in the early months of his period in the West Wing. Mr Cohn's resignation came after what people familiar with the situation said was a breakdown in the policy process in the White House that began with the exit of Rob Porter, who as staff secretary acted as a gatekeeper to Mr Trump and chaired weekly trade policy meetings.

"We are losing a pragmatic voice. He will be sorely missed," said one White House official. "It's feeling more like the wild west: the system is not functioning as well as it was."

The key question now is how aggressively Mr Trump pushes his trade agenda, with an upcoming decision on action over Chinese intellectual property theft marking a watershed moment. The decision over who will replace Mr Cohn as director of the National Economic Council is also a critical one.

Two of the contenders have starkly opposing views on trade. Officials say that Larry Kudlow, a pro-trade CNBC commentator, is in contention, as is Mr Navarro, who is close to the president and would fight for much more aggressive America First policies.

Trump's turbulent White House

Key departures



Clockwise from top left: Michael Flynn, Sean Spicer, Reince Priebus, K.T. McFarland, Steve Bannon, Hope Hicks, Rob Porter, Anthony Scaramucci, Dina Powell and Tom Price © FT montage; AP; Getty Images; Reuters

2017

FEB 13

Mike Flynn *National security adviser*

[Resigned](#) after misleading the White House about his contacts with Russia's ambassador to Washington

APRIL 9

KT McFarland *Deputy national security adviser*

Nominated to become [US ambassador to Singapore](#). Withdrew from consideration for the post in February 2018

JULY 21

Sean Spicer *Press secretary*

[Stepped down](#) as Mr Trump overhauled communications and legal team

JULY 28

Reince Priebus *Chief of staff*

Left after [failure to impose discipline](#) on the White House

JULY 31

Anthony Scaramucci *White House communications director*

Left after 10 days in the job with his [tenure](#) marked by expletive-laden interview in which criticised Mr Priebus

AUG 18

Steve Bannon *Chief strategist*

[Departure](#) of economic nationalist was an apparent win for globalists

SEPT 29

Tom Price *Secretary of health and human services*

[Resigned](#) after criticism of his use of taxpayer-funded private jets

DEC 8

Dina Powell *Deputy national security adviser*

Left [Washington](#) to return to New York where she continued to advise president on Middle East. She has since returned to Goldman Sachs

2018

FEB 7

Rob Porter *Staff secretary*

[Forced](#) to resign amid allegations of physical and mental abuse made by two former wives

FEB 28

Hope Hicks *Communications director*

[Resigns](#) a day after she reportedly admitted telling 'white lies' on Trump's behalf

MAR 6

Gary Cohn *Director of the National Economic Council*

Resignation announced after disagreement over the president's decision to impose tariffs on steel and aluminium imports

“Cohn’s exit underlines that the pro-trade forces within the administration and in Congress have been overwhelmed by the protectionist faction and Mr Trump’s own instincts,” said Eswar Prasad, an economist and China expert at Cornell University. “The escalation of trade hostilities between the US and China now seems imminent and unavoidable.”

Administration officials moved quickly on Wednesday to try and calm fears of a trade war. “This is not about some sort of a palace coup,” Mr Ross, one of the main architects of Mr Trump’s tariffs plan, told CNBC. “We’re not looking for a trade war,” he said. “We’re going to have sensible relations with our allies.”

Steven Mnuchin, the Treasury secretary, told Fox Business that the tariffs would be rolled out quickly but that there would be a process for businesses to seek exceptions from the president. Mr Cohn is not the only globalist in Mr Trump’s administration: Jim Mattis, the defense secretary, has argued against the tariffs, as has Rex Tillerson, the secretary of state.

The loss of Mr Cohn provoked declines in world markets as investors focused on the risk of dangerous policy decisions emanating from a White House with a dysfunctional policy process. Colliding factions are already making it hard for diplomats and business people to find interlocutors or get a clear sense of where debates are going. Mr Cohn and his staff had been one of the main contact points for business leaders and diplomats in Washington and were often left cleaning up after crises.

After Mr Trump made his ad hoc announcements of tariffs last week some close associates of Mr Cohn were left apologising for the way the decision was revealed to diplomats from important allies. The administration is now gearing up for another trade fight with China over intellectual property — a decision that Mr Cohn had been involved in shaping. The White House is considering a mix of tariffs, investment measures and even visa restrictions to get Beijing to abandon its policy of forcing foreign companies to hand over important technologies to do business in China.

That move is likely to lead to a more direct confrontation with Beijing, which is unlikely to be hit hard by the steel and aluminium tariffs and has so far been relatively restrained in its reaction to Mr Trump’s tariff threat.

The personnel churn at the top of the White House is heightening anxiety in markets and among business leaders, as is the investigation by Robert Mueller, the special counsel, into the Trump campaign’s dealings with Russia.

Recent departures include Hope Hicks, the former White House communications director, and Mr Porter and there is speculation the next to go will be HR McMaster, the national security adviser who has steered Mr Trump’s national security strategy.

While Mr Trump admires military figures, the double act is not an easy fit, and speculation that Lt Gen McMaster “appears to be out” has been circulating for weeks, said one person. Sarah Huckabee Sanders, the White House spokesperson, insisted on Fox News last week that the three-star general, who served in Afghanistan and Iraq, was not going anywhere.

“It’s a circus,” said a person familiar with the Trump administration’s appointments process. “They can’t afford to have McMaster go now, no way. It would be like dominoes.”

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