Document One

The Trump Tariffs Will Cost Americans Jobs

By VERONIQUE de RUGY

MARCH 5, 2018

On the campaign trail, Candidate Trump promised to drain the swamp in Washington. Last Thursday, the swamp showed how powerful it really is. In a sort of crony-capitalist reality TV broadcast, President Trump, flanked by steel and aluminum executives, granted their requests for tariffs.

The announcement itself — which outlined a plan for 25 percent tariffs on steel and 10 percent on aluminum — was no surprise. Last summer, consistent with his longstanding hostility to free trade and globalization, the president exclaimed, "Tariffs, I want tariffs."

Mr. Trump, in the White House, summoned steel and aluminum tycoons for a "listening session." It wasn't the first time some of America's top executives came hat in hand to Washington in search of privileges.

But it may have been the first time we got to watch live as an American president announced to the world that he would gladly help handicap our domestic producers' foreign rivals — by taxing the Americans who buy steel and aluminum imports.

Mr. Trump and other protectionists justify tariffs by proclaiming that they will protect American workers from highly subsidized Chinese companies that sell their steel and aluminum at low prices in the United States market.

Never mind that we import more steel from 10 other nations than from China, or that domestic steel's market share represents an impressive 70 percent. Nor is it a national security issue: Only 3 percent of that production goes toward the military.

Never mind that domestic steel profits and production have steadily risen since 2010, or that we already have more than 160 special duties on steel imports in place. These moguls demanded more protection and obtained satisfaction.

Decades ago, the Nobel Prize-winning economist Milton Friedman argued that businessmen themselves are among the biggest dangers to a free-market economy. They often seek government privileges to increase their profits and avoid competition. Indeed, import taxes — putting aside rhetoric about defending jobs — are well-known to have devastating effects on consumers. They are quite effective at lining the pockets of shareholders in protected industries.

We've seen this before. In 2002, President George W. Bush implemented his own steel tariffs. As expected, the taxes jacked up the price of domestic steel and temporarily boosted the industry's profits. Steel-consuming industries, however, weren't so lucky. According to an estimate from the nonpartisan Trade Partnership Worldwide, a staggering 200,000 people lost their jobs in downstream industries by the following year. That's more workers than the entire steel industry had at the time.

According to the United States International Trade Commission, other serious consequences of the tariffs included difficulties obtaining steel in the quality and quantity desired, a shift to sourcing finished parts from overseas, and relocating domestic steel-consuming facilities abroad.

Does that sound like what's best for American workers and consumers? Instead of bringing jobs back to America and fighting off imports, the tariffs led to more jobs shipped abroad and more imports of final, rather than raw, goods. In other words, if your company uses steel to make pipes or refrigerators, you may decide to simply produce your own products abroad rather than paying artificially inflated prices on steel in order to make them in the U.S.A.

Senator Lamar Alexander, Republican of Tennessee, recently reminded the president of the negative impact of the 2002 import taxes. Mr. Trump dismissed it as a byproduct of the Bush administration's incompetence. But this president doesn't have the power to change the laws of economics.

Like President Bush, Mr. Trump will raise the cost of doing business in steel- and aluminum-consuming companies. In turn, it will make life much harder for the 6.5 million workers those industries employ. Many will lose their jobs — possibly more than the 170,000 workers currently employed in the steel and aluminum producing industries.

Adding insult to injury, the president is comfortable with the knowledge that his import tax will make our cars, infrastructure, soda cans and aircraft more expensive. And he's flat-out wrong when he claims, "Maybe it'll cost a little bit more, but we'll have jobs." As the Department of Commerce's own report shows, the decline of jobs in the steel and aluminum industries predates the competition with China by decades. Industry experts know that this is mostly because of innovation and industry consolidation. The era of labor-intensive metal production is over.

And Mr. Trump may think a tariff-induced trade war would reduce our trade deficits, as he gleefully tweeted the day after the announcement, but don't count on it. In the unlikely event that the import tax would incentivize foreign companies to set up shop in the United States, these investments would very likely increase the United States trade deficit. It would prompt foreigners to buy fewer American exports in order to accumulate the dollars needed to fund these investments.

No one doubts that Beijing doles out special privileges to Chinese exporters, but the way to answer Chinese cronyism isn't to expand American cronyism. Chinese cronyism comes at the expense of other Chinese producers and consumers. We shouldn't imitate their behavior by hurting our own consumers.

A better path forward is to allow the World Trade Organization to settle the dispute or go back to the Trans-Pacific Partnership's negotiating table. It's been done before, and it can be done again.

Document Two

Trump's Steel Tariffs Raise Fears of a Damaging Trade War

By JIM TANKERSLEY

MARCH 2, 2018

WASHINGTON — After making good on tax cuts and regulatory rollbacks that business leaders wanted, President Trump has turned to a part of his economic agenda that many of them feared: tariffs.

Those leaders worry that Mr. Trump, by imposing stiff and sweeping tariffs on steel and aluminum, will set off a trade war with other countries. The global tit-for-tat could hurt American exporters and raise costs for manufacturers that rely on a vast supply chain around the world.

If that happens, it will crimp economic growth, undermining the stimulative effects of Mr. Trump's deregulation push and his signature $1.5 trillion tax cut.

The odds of such an outcome now appear to be rising, prompting congressional Republicans to push Mr. Trump in public and in private to reconsider. "If the president goes through with this, it will kill American jobs — that's what every trade war ultimately does," Senator Ben Sasse, Republican of Nebraska, said on Friday. "So much losing."

So far, Mr. Trump is not having any of that criticism, saying on Twitter on Friday that "trade wars are good, and easy to win."

That's not how trade wars usually go.

Even the prospect of a trade war could hurt the economic expansion underway. That's because any uncertainty can prompt companies to curtail investment or hold off on hiring.

If other countries follow up on their threats to retaliate, the pain could be significant. Beyond tariffs, their tools include taking strategic strikes at certain industries or taking their grievances to the World Trade Organization.

Any actions threaten the global supply chains on which the American economy is heavily dependent. The number of workers who will lose out if countries are cut off from America far exceeds the number who stand to gain from the pending tariffs.

"Industries that buy steel and aluminum, not to mention agricultural exporters, employ many times more people than the industries that the president wants to protect," said Peter A. Petri, an economist and trade expert at Brandeis University's International Business School. "Whether we go through with his approach is anyone's guess, but business investment depends on predictable policy, and relentless chaos takes its toll even if cooler heads prevail on the policies that the president is tweeting about."

Mr. Trump's planned tariffs would, in effect, levy a tax of 25 percent on imported steel and 10 percent on imported aluminum. The goal is to counter China, Russia and other countries that have flooded the global markets with cheap products and made it harder for the American steel industry to compete.

If put into effect, the tariffs would raise the price of steel and aluminum, squeezing automakers, beverage manufacturers and other industries that buy a lot of those materials. That would increase prices for consumers, kill some jobs in those industries or both.

The tariffs would almost certainly provoke a response from America's trading partners — and not just China and Russia, because they would apply to every other country. On Friday, the European Union threatened to retaliate by imposing tariffs of its own on some goods from America, including bluejeans, bourbon and motorcycles.

If the back-and-forth stopped there, the American economy would lose 0.1 percent of its output this year, said Mark Zandi, the chief economist at Moody's Analytics. That loss would cost the country 190,000 jobs.

What worries many economists is the prospect that the retaliation will go even further. A cycle of increasingly harsh tariffs would slam the brakes on global growth.

Here is one way the dispute could worsen: By provoking responses from Canada and Mexico, the tariffs could derail the current renegotiation of the North American Free Trade Agreement. Mr. Trump could pull the United States out of that agreement, which would erect new and damaging trade barriers on agricultural exports from states such as Iowa.

Another possibility is that other countries could file complaints with the World Trade Organization. The W.T.O. could declare that the tariffs violated global trading rules, but the Trump administration, which has marginalized the organization, could choose to ignore it.

Such a move would stir chaos in the global trading regime. It would be like ejecting the referee from a playoff basketball game. A free-for-all could ensue, with countries levying tariffs or subsidizing domestic exporters in ways the W.T.O. would never allow.

Mr. Zandi estimates that a Nafta breakdown would cost the United States 1.8 million jobs. He calculates that a full global trade war, while far less likely, would carry much higher risks, including nearly four million lost American jobs.

"The economic fallout from such a war could be serious," he said, "ending in a global recession."

Others expressed less concern: In an era of globalization, the talk of retaliation may be stronger than the actual action. And some economists, particularly those on the left, even saw a possible bright side.

Jared Bernstein, an economist in the Obama administration who is now at the Center on Budget and Policy Priorities, expects some counter-tariffs, maybe from China on food products.

"You always hear trade war at these moments," Mr. Bernstein said. "That doesn't mean that's always wrong, but it usually is."

Thea M. Lee, a trade economist and the president of the Economic Policy Institute, a liberal think tank, said the tariffs could actually help global markets. They would punish countries that overproduce steel and aluminum, she said, and bring stability and certainty to producers of those metals in the United States.

"It's not actually in anybody's interest to spiral downward and get into a massive retaliatory situation," Ms. Lee said. "I think there will be some immediate reactions, but I don't think it will spiral out of control."

From the beginning of his insurgent 2016 presidential campaign, Mr. Trump has seen "winning" on trade as critical for the economy. Reducing trade deficits, he has argued, will work in tandem with lowering taxes and reducing federal regulations to supercharge growth.

Mr. Trump took several steps last year to freeze or roll back regulations, and he signed a $1.5 trillion tax-cut bill in December. He also took initial steps to reorient trade policy, pulling out of the Trans-Pacific Partnership and embarking on the fractious renegotiation of Nafta.

While economic growth accelerated, the trade deficit in goods and services widened to $566 billion last year, the largest amount since 2008. The goods deficit with China hit $375 billion, a record.

The tariffs that Mr. Trump announced Thursday were his boldest move yet on trade. They were also a reminder to the Republican establishment that his theory of the economy is sometimes at odds with traditional free-market conservatism, despite much overlap.

On Thursday, the conservative Wall Street Journal editorial board called the tariffs the "biggest policy blunder of his presidency." The top two Republicans in Congress — the Senate majority leader, Mitch McConnell, and the House speaker, Paul D. Ryan — were imploring Mr. Trump privately to reconsider.

Mr. Trump, though, casts himself as protecting an industry that he sees as endangered. Raw steel production in America remains higher than it was 25 years ago, but it is down significantly from the 1970s. Just under 140,000 Americans work in the steel industry, according to the American Iron and Steel Institute.

While Mr. Trump's stand is likely to give him a boost in industrial states like Ohio and Pennsylvania, which were both key to his 2016 victory, a trade war may harm other manufacturing strongholds that are home to his base voters.

Last year, researchers at the Brookings Institution's Metropolitan Policy Program reported that smaller metropolitan areas would be disproportionately hurt by a trade shock. The 10 that were most vulnerable, because of their economic reliance on exports, were in Indiana, Texas, Louisiana, South Carolina and Alabama — all states Mr. Trump carried.

Document Three

Why steel tariffs failed when Bush was president

By DOUG PALMER

03/07/2018

When George W. Bush tried to save the steel industry in 2002 by raising tariffs on selected steel products, many Republicans and business groups say the result was a disaster. More jobs were lost than saved. The states he sought to help suffered. And in the end, the tariffs were overturned.

Now, President Donald Trump is considering an even broader action on all steel and aluminum imports. And despite studies showing Bush's tariffs did more harm than good, the New York businessman appears confident he'll save jobs, and that the move will be popular with those who put him in office.

History suggests that Trump, too, will be disappointed: At the very least, Bush's tariffs showed how efforts to help one industry with trade restrictions often anger dozens of others, and alienate longstanding trading partners who feel compelled to strike back. The European Union and Japan quickly responded by threatening to retaliate on American goods and more than a dozen countries challenged the action at the World Trade Organization.

The move also eroded the goodwill that countries felt for the United States after the Sept. 11 attacks and helped cement the idea of Bush as a cowboy unilateralist who cared little about what the rest of the world thought.

Sen. Lamar Alexander (R-Tenn.) tried to use that history as a cautionary tale last month. In a televised White House meeting with Trump, he described how after Bush's tariffs were put in place, auto-parts manufacturers left the U.S. so they could make their parts with cheaper steel and then ship them back to the U.S. — cutting jobs for American workers while also avoiding tariffs.

"We found there were 10 times as many people in steel-using industries as there were in steel-producing industries," Alexander said. "They lost more jobs than exist in the steel industry."

Trump, though, was unmoved.

"Lamar, it didn't work for Bush, but nothing worked for Bush," the president interrupted. "It did work for others. But you're right, it did not work for Bush."

On Wednesday, however, there were signs that some of those concerns might finally be registering. White House press secretary Sarah Huckabee Sanders said Trump still intended to sign orders to impose the duties by week's end, but she noted that Canada, Mexico and other countries could be excluded if the president decides that is in the national security interest of the United States.

In the case of the Bush tariffs, the WTO ultimately decided they did not conform with global rules. Facing retaliation from the EU and others, Bush removed the tariffs after just 18 months, instead of having them in place for three years as he wanted.

For Dave Arndt, president and CEO of Pentaflex, an auto-parts manufacturer based in Springfield, Ohio, those days are a painful memory.

At the time, he was working for another supplier that had a contract with one of the Big Three automakers. The company's situation deteriorated rapidly when Bush imposed the steel tariffs and its customer balked at absorbing the higher cost.

"That was one of the key reasons that pushed us into Chapter 11," Arndt said. "We were a three-quarter of a billion dollar company with a couple thousand workers that went out of business. So we had a very bad experience."

Arndt is worried about reliving the 2002 experience if Trump imposes tariffs, although he hopes his new company is better insulated.

"We buy about 15 percent of our steel from Canada and about 5 percent from Korea. So if there was to be a tariff on Korea or Canada, that would dramatically affect my business as well," Arndt said.

The Bush tariffs were costly to consumers, too. A January 2003 study by the Peterson Institute for International Economics estimated that the steel tariffs may have temporarily increased steel industry employment by around 3,500 workers — but at a cost to consumers of around $400,000 per job.

"On balance, the policy has not been nearly as helpful to the US steel industry as partisans hoped," the report said. "At the same time, it is not nearly as bad as some steel consumers and foreign exporters may have feared. Nevertheless, the policy should be dramatically changed in the coming months to avoid potentially ugly consequences."

Part of the reason the tariffs' effects on domestic manufacturers and trading partners was not as bad as expected was that Bush began granting exclusions almost as soon as they were in place. That was in response to angry steel-consuming companies worried they would not be able to get the product they needed.

By the end of 2002, the Commerce Department had excluded about 25 percent of the 14 steel product lines covered by Bush's order — representing roughly 3.5 million short tons of imported steel, the Peterson Institute report said.

Under the banner of the Consuming Industries Trade Action Coalition, manufacturers opposed to the tariffs commissioned their own study from the Trade Partnership, a research and analysis firm whose work is often used by free-trade advocates.

That February 2003 report estimated that Bush's steel tariffs cost 200,000 jobs by boosting the costs of nonsteel manufacturers. The estimated job loss was more than the total employment in the steel industry, which was 187,000 in December 2002.

The biggest job losses were in California (about 19,000 jobs) and Texas (nearly 16,000 jobs). But Rust Belt states like Ohio (10,500 jobs lost), Michigan (almost 10,000 jobs lost), Illinois (9,600 jobs lost) and Pennsylvania (8,400 jobs lost) also suffered, the report found. Still, Bush won West Virginia and Ohio again in 2004.

Those in the steel industry, however, believe the Trade Partnership's estimates of job losses from the Bush steel tariffs are grossly exaggerated.

"There was no harm to any other industry. No harm. Zero job losses. Anybody quoting anything different to you is making the numbers up," said Dan DiMicco, a former steel industry executive who is one of Trump's strong trade supporters. "Any job losses that might have occurred, occurred because we were in a recession, not because of the steel prices from the tariffs."

In 2002, DiMicco was chairman of Nucor Corp., one of the largest U.S. steel companies, and leader of the charge for import relief. However, DiMicco's memory that the U.S. was in a recession in 2002 conflicts with the facts. The U.S. economy grew 1.9 percent that year and 3.0 percent in 2003, according to Commerce Department data.

Even though Bush's steel tariffs lasted 18 months and were weakened with exclusions, they gave the U.S. industry valuable time to restructure and become stronger, he said.

The problems caused by China's flooding the market with cheap steel are even more severe today, he said. China went from producing less than 200 million tons of steel in 2002 to more than 800 million tons annually now. That has inundated global markets with overproduction and put stress on steel sectors around the world, DiMicco said.

Trump's plan, unless it's scaled back when final details are announced, would impose a 25 percent tariff on all steel imports and a 10 percent tariff on all aluminum.

In anticipation of that, U.S. Steel Corp. announced Wednesday it would restart one of two blast furnaces at its steel mill in Granite City, Illinois, and rehire approximately 500 employees.

But others still anticipate greater losses in other parts of the economy that would outweigh any job gains.

The Trade Partnership, this time on its own initiative, ran the numbers through its economic models and came up with the estimate that Trump's tariffs would create about 33,464 jobs in the steel and aluminum sectors, but cost 179,334 jobs throughout the rest of the economy — for a net loss of nearly 146,000 jobs.

Construction, distribution and other service sectors would take the biggest hit — a combined loss of 142,305 jobs — because demand for their services would be reduced as companies cut costs to deal with the effects of higher steel and aluminum prices, the new Trade Partnership report found.

But the report also forecast job losses in manufacturing sectors such as fabricated metals (12,802 jobs), motor vehicles and parts (5,052 jobs) and a catchall category know as "other machinery" (5,247 jobs).

Another analytical firm, HARBOR Aluminum, estimated a 10 percent aluminum tariff would create around 1,900 aluminum smelting jobs over the next two years, but destroy from 23,000 to 90,000 direct jobs in the U.S. manufacturing sector.

Most of the job losses would be in companies that fall in three categories: fabricated metal products, machinery, electrical equipment, appliances and components; motor vehicles, bodies, trailers and parts, and other transportation equipment; and furniture and related products, the report said.

Gary Hufbauer, one of the authors of the 2003 Peterson Institute study on Bush's steel tariffs, said he believed the Trade Partnership may be overestimating the job gains and losses from Trump's proposed action.

But he agreed the tariffs would cost more job than they would create.

"It's a very, very expensive way to save jobs or create employment," Hufbauer said. "What they really want to do is put money in the pockets of Nucor, U.S. Steel and so forth, which is what this policy will do."

Document Four

Steel tariffs: Playing Trump's protectionist game

March 13, 2018 1:35 PM CDT

BY C.J. ATKINS

Just like the retailers and manufactures who dutifully awarded one-time bonuses to employees immediately after the passage of the GOP tax cut bill, Republic Steel lined up to play its part last week following Trump's imposition of new tariffs on imported steel and aluminum. In a move so smooth it could have been scripted by a public relations wizard, within hours of Trump signing off on the hefty new import taxes, the Canton, Ohio-based company announced it would again fire up its plant in Lorraine and create 1,000 new jobs.

Republic fulfilled its role in Trump's political PR game, but it wasn't the only one. Some critics argue there are a few in the labor movement, as well as some Democratic politicians, who have also been a little too eager to join the chorus.

They point to figures like United Steelworkers (USW) International President Leo Gerard, who said that Trump's tariff decision "aligns with what every citizen knows: these products are vital to our national security." He was echoing Trump's official rationale for the new duties: that U.S. steel is vital to production of U.S. war machines.

Noting another aspect of the pro-tariff argument, Sen. Sherrod Brown of Ohio praised Trump, saying, "This welcome action is long overdue for shuttered steel plants across Ohio and steelworkers who live in fear that their jobs will be the next victims of Chinese cheating."

For the Steelworkers and the Democrats that they have long backed, the embrace of the White House's latest move is being spun as a sort of "getting what we can out of Trump" tactic. To be sure, there is substance to the claim; it's not like the USW is enlisting in the Trump army lock, stock, and barrel. Gerard says the tariffs are "only one of the many issues" his members care about, and, indeed, at the same time that the union is lauding Trump's tariffs, it is also working hard to block his guy, right-to-work Republican Rick Saccone, from winning a Congressional seat in Pennsylvania's steel country.

Gerrard, Brown, and others have been put into a tough spot, and that's exactly where Trump wants them. He has signaled he's willing to adopt portions of their agenda on trade—an agenda which for so long has been spurned by the free trade mantra that dominates the leadership of both of the mainline political parties. How could they not express some satisfaction and even grudging acknowledgement of Trump's efforts?

When Leo Gerard says, "For too long, our political leaders have talked about the problem but have largely left enforcement of our trade laws up to the private sector," he's absolutely right. For decades, workers (and not just those in the U.S.) have been hung out to dry as globalization proceeded apace with only minimal efforts made to help them navigate the transition of industrial and technological change.

Shareholder interests alone have dominated the economic conversation and shaped trade agreements. The need for a not just fairer trade, but for a smarter and more cooperative international regulatory regime has been apparent to unions and progressive economists for a long time.

However, can protectionism—which is really what these tariffs amount to—save the day for steel? And even if tariffs were a part of the solution to the woes of unfair trade and abusive labor practices overseas, is what Trump's proposing actually going to help?

It is estimated that a maximum of 140,000 people are directly employed in the steel industry in the United States, though some estimates put the number closer to 90,000. It is these workers—and even more so their bosses in the Steel Manufacturers Association—who are the supposed beneficiaries of any ramping-up of U.S. steel production. They'll have greater job security, and new jobs will be created as plants like the one in Lorraine come back on-line.

But citing figures from the Commerce Department, automakers and major industrial equipment manufacturers claim that 6.5 million Americans are employed in downstream manufacturing industries that consume steel and aluminum—including cars, aircraft, aluminum cans and other products, pipe manufacturing, and building materials. As tariffs bump up the price of the metals their industries rely on, they argue that the country may actually end up losing jobs.

It's a bit of whom do you believe: this capitalist or that one? But there are reports suggesting that when George W. Bush implemented steel tariffs in 2002, as many as 200,000 jobs were lost in downstream industries—a number greater than the size of the entire U.S. steel-producing workforce at the time.

All that to say, it is not at all clear that Trump's tariffs will be a net gain for U.S. workers. They may arguably be a boon to steel workers, but whether the total job impact will be positive is debatable. And even for steel workers, the long-term outlook is not assured; Bush's tariffs slowed the decline in the number of U.S. steel jobs, but only temporarily.

As for the national security argument? Totally bogus.

Under a 1933 law, the Pentagon is required to give preferential treatment to domestic suppliers of steel and aluminum construction materials UNLESS the country's producers cannot meet demand. Even with the most massive military machine on Earth, the Pentagon currently only consumes 3 percent of U.S.-made steel and aluminum. Over two-thirds of all steel used in the United States is still domestically-produced, so there is absolutely zero chance that America would be unable to meet its metal needs in case of a war. But national defense is always a go-to argument when you want to stop a policy debate.

So how about the dumping claim—the oft-repeated desire to stop China from flooding the U.S. market with cheap steel? China now accounts for nearly half of global steel production, and without doubt that country's production has pushed down the international price for the metal. But the China-bashing that Trump and his entourage (and some union leaders) engage in just doesn't hold up when you look at the numbers.

Producing a tiny 2.4 percent of the raw steel consumed in the U.S., China doesn't even make the top-ten list of foreign importers. All the talk of stopping Chinese dumping is a political show staged by Trump. He is pitting worker against worker, both domestically and internationally. Chinese workers are not the problem. Chinese steel is not the problem. Policies that force workers to compete on wages and investment decisions made for private economic interests rather than social benefit are the problem.

Trump is already looking ahead to the midterm elections and, even further, to 2020. The tariffs are not just a manifestation of the economic nationalist outlook that he has spouted for decades; they are also a part of a strategy to hold onto and expand upon the 43 percent of union households who voted for him in 2016.

If he is to maintain his advance into former Democratic strongholds like Michigan, Pennsylvania, Ohio, and Wisconsin, he knows that driving a wedge into organized labor is a necessity. And tariffs may be just the thing that will do the trick. As for the rest of the Republican Party, the ideological blinders of free trade (and campaign contribution checks) are forcing many to keep their distance from Trump, even though there could be some electoral gain for them.

Trump is hoping that Leo Gerard is correct when he says it will be "very hard" for union steelworkers to forget what Trump has done for them when it comes time to head to the voting booth. That is precisely the calculation that Trump is making with these tariffs. It is a dangerous game for unions and liberal politicians, but given their constituencies' demands and the fact that a president is finally calling for some of the things they've been demanding for a generation, their options are limited.

Labor and progressives should be cautious of anything Trump puts on the table; he's not thinking of their interests with any of his proposals—these tariffs included.

As for the long-term way out, the dilemma brings to mind the words of Frederick Engels from some 130 years ago: "Protection is at best an endless screw, and you never know when you have done with it. By protecting one industry, you directly or indirectly hurt all others, and have therefore to protect them too. By so doing, you again damage the industry that you first protected, and have to compensate it; but this compensation reacts, as before, on all other trades, and entitles them to redress, and so on ad infinitum."

There is no easy answer to the problems of unfair trade, but knee-jerk protectionism is not likely to be part of it.

Document Five

Trump's steel, aluminum tariffs will protect American jobs, security: Teamsters' Hoffa

By Megan Henney
Published March 21, 2018

President Trump's controversial imposition of tariffs on steel and aluminum imports, which critics warn could trigger an international trade war, has found a new vocal supporter: labor union leader James Hoffa.

Hoffa, president of the International Brotherhood of Teamsters (IBT), promised that Trump's tariffs will not only bring jobs back to the U.S., but will protect the country's national security interests. The IBT represents more than 1.3 million members in both blue-collar and professional workers in the private and public sectors.

"There's a national emergency right now to protect American jobs," Hoffa told FOX Business' Maria Bartiromo during an interview on Wednesday. "We need steel for national security, we need aluminum. We need to have strong, strong companies here. This is the beginning of something that will save American jobs and protect American security."

Trump announced the tariffs – 25% on steel and 10% on aluminum – two weeks ago, arguing they would protect U.S. companies and allow for the creation of new manufacturing plants, one of his main promises during the 2016 presidential campaign.

Within days, the leader of the European Union threatened to slap import duties on major U.S. products, including Harley-Davidson, bourbon and Levi's Jeans, a direct retaliation to Trump's plan to place steep tariffs on steel and aluminum imports.

Already, Electrolux, a Swedish appliance company, announced plans to delay the $250 million expansion of its plant in Springfield, Tennessee, citing Trump's tariffs and the potential increase of steel in the U.S. market, as first reported by Reuters.

But Hoffa dismissed concerns of a trade war, citing unfair trade practices between the U.S. and its allies. For instance, the EU imposes a 10% tax on American cars, while the U.S. levy on European cars is only 2.5%.

"We've had tremendous dumping here," Hoffa said. "We've had steel companies go out of business. We need steel, we need aluminum, for national security. This is deliberate dumping by China, Vietnam, whoever can do it, and they keep sending it here. They need to stop, and this is basically a way to level the playing field."

Since Trump announced the tariffs, U.S. Steel Corp. said it would restart one of two blast furnaces at a dormant steel-making facility in Illinois, a move that could employ more than 500 people.

"These are things to have to be done, that nobody had the guts to do," he said.

Document Six

Trump trade tariffs will hurt America's economy

James C. Miller III

President moves to punish nations he says are unfairly dumping cheap steel into the U.S., carves out exclusions for Canada and Mexico; chief White House correspondent John Roberts reports.

President Trump signed proclamations Thursday placing tariffs on steel and aluminum imports in a highly anticipated move that tracks with his consistent promises on the campaign trail to take an "America First" approach to trade agreements that he said disadvantaged the U.S.

The president agreed to temporarily exempt Canada and Mexico from the new tariffs – 25 percent on imported steel and 10 percent on imported aluminum – and said he might later exempt other allies. He said the tariffs will go into effect in 15 days. President Trump said he wants to see how the renegotiation of the North American Free Trade Agreement (NAFTA) progresses before deciding whether to apply the tariffs to Canada and Mexico.

Unfortunately, the president's hardline protectionist agenda on trade contradicts his broader stated goal of Making America Great Again.

Steel and aluminum are essential to the American economy – and we rely heavily on imports. The U.S. is the world's largest steel importer, getting the metal from more than 110 different countries. Our largest trading partners in steel are Canada, South Korea, Mexico, and Brazil, which together supply about half our needs and which are important partners in trading beyond metals.

Similarly, we import aluminum from many countries, including Canada, Russia and the United Arab Emirates. Some 90 percent of the 5.5 million tons of aluminum we use each year is imported.

Imported steel and aluminum are used in everything from infrastructure projects, to consumables, to medical devices and airplanes. Tariffs against them will surely raise prices for consumers across the board and threaten jobs as well.

America's energy sector, which has exploded in recent years, is particularly vulnerable to tariffs on imported steel and aluminum. More than three quarters of the steel used in pipeline construction is imported, and dollars expended on that activity largely end up in the pockets of American workers.

But while slapping tariffs on steel and aluminum imports will have a ripple effect that will burden certain industries and ultimately reach consumers' wallets in countless ways, it could be particularly harmful to our delicate trade relationships.

Already, as trade representatives from the U.S, Canada, and Mexico continue to debate the future of NAFTA, the announced tariffs are having an effect. President Trump indicated that although Mexico and Canada are exempt from the tariffs for now, those exemptions are not open-ended.

The term "trade war" is not necessarily bilateral. President Trump's move on steel and aluminum imports will affect many countries, not just those who send us those two metals. And although the president said he believes that "trade wars are good," the domino effect arising from these tariffs could ignite countless retaliatory actions against the United States and other countries that would slow the entire world economy, in which case we'd all lose.

China has indicated that although it does not want a trade war with the U.S, it will not take the tariffs lying down. Zhang Tesui, China's vice foreign minister, said that his country would "not sit idly by and watch as China's interests are damaged," pointing to likely retaliation in the form of trade restrictions.

A trade war between the U.S. and China would have dire consequences for countries across the globe, with few players in Asia and North America likely to remain unaffected.

The reality is that free trade is good for all of us. It enables comparative advantage, encourages innovation, increases access to higher-quality goods at lower prices, and facilitates economic growth and global cooperation.

Free trade eases inflationary pressure and encourages fairness and growth. And in the U.S, at least half of imports are not consumer goods. They are components of U.S. products that are assembled here. Keeping the prices of those inputs low creates more jobs at home and promotes economic growth.

The global economy is an intricate web of relationships, a fragile network of interdependence that is sensitive to any change. And although President Trump's emphasis on American workers and businesses is commendable, the protectionist approach to trade he is pursuing is incompatible with his stated goal of Making America Great Again.

Document Seven

The Case for Trump's Tariffs and 'America First' Economics

By DANIEL McCARTHY

MARCH 8, 2018

In his campaign, Donald Trump stressed "America First" economic nationalism. But in his first year in office, the theme languished. So when he recently announced that he intended to impose steep tariffs on steel and aluminum, Republicans were as surprised as anyone.

The conservative press and right-leaning think tanks were outraged. The director of the National Economic Council, Gary Cohn, resigned in protest. Conservatives and free-market theorists could forgive Mr. Trump many sins, but to actually flirt with economic nationalism was inexcusable.

For 25 years, free-trade orthodoxy has been a bipartisan consensus among America's policy elite. Conservatives might editorialize about it more, but liberal presidents arguably advanced free trade the most, from Bill Clinton's signing of the North American Free Trade Agreement to Barack Obama's negotiation of the Trans-Pacific Partnership. (George W. Bush, by contrast, put tariffs on steel, though he did so without the trade-war rhetoric that Mr. Trump has relished.) With his signing on Thursday of a tariff order, Mr. Trump appears once again to be setting himself against the mandarins of both parties.

That has been a politically successful strategy for him in the past. But while his approval ratings may benefit from a brawl over trade, the more important question is whether economic nationalism is any good for the country. In principle, it is.

Economic nationalism differs from free-trade ideology in having three distinct goals rather than one. The first isn't discussed very often in a time of relative global peace: maintaining the industries necessary for prevailing in a large-scale war. The Civil War might have had a different outcome had the North not possessed an overwhelming advantage in industrial capacity over the Confederacy.

Likewise, there would not have been a Western Front in World War II if the United States had not had the industrial strength to back Britain's defiance of Nazi Germany. That the United States could wage war on Germany and imperial Japan simultaneously was a function of the rapidity with which civilian industry could be adapted for military needs. The United States had the raw resources, the energy capabilities and the factories necessary to conduct a two-front war. Such capacity in the service of national defense will sooner or later be needed again. Strength has to be held in reserve.

The second goal of economic nationalism is no less important than being prepared for the exigency of war. From the time of the Constitution's drafting, American statesmen have seen the need to preserve a middle layer in the nation's economic order. As far back as Aristotle, a secure middle class has been thought essential to the well-being of a constitutional republic.

Such a middle class is hard to imagine in a postindustrial nation consisting of a tiny capital-controlling elite and a vast population of Amazon warehouse workers. That a sort of postindustrial middle class might be sustained by universities and hospitals, as it is in places like Pittsburgh, is not a comforting thought to the conservative kind of economic nationalist. Productive industries with a measure of trade protection are still private, profit-seeking firms; in short, they are capitalist institutions, which hospitals, in effect, and universities, in most cases, are not. Economic nationalists are intent upon protecting not only certain industries but also a multilayered free-market political and economic order that is anchored by a healthy middle class.

The third objective of economic nationalism is the most general and the one that most closely matches the aims of free-market ideology: namely, to foster prosperity. Economic nationalists do not accept the claims made by extreme free-traders that any degree of industrial protection must inevitably lead to less national wealth. But so what if it does? If the price of national security and a durable, free middle class is a modest reduction in gross domestic product, the economic nationalist is willing to pay it.

Free-traders are not indifferent to national security nor blind to the benefits a nation derives from having a middle class. But the priority of goods is different: Free-traders tend to believe that only by making economic efficiency the supreme goal of public policy can those other ends be achieved. Division of labor produces greater wealth, and so free trade makes everyone better off, with the harm to those whose manufacturing jobs are lost outweighed by the good that comes from, say, cheaper flat-screen televisions. Dollars decide. The figures are the outward and visible signs of the fundamental economic truth.

The middle class, by this reckoning, must take care of itself, finding new ways to make a living if the factories close. With more wealth available in the aggregate, thanks to the efficiencies of trade and specialization, some happy outcome is sure to materialize. If we cannot say what it is, that only means that spontaneous order has a pleasant surprise in store for us.

As for national security, exceptions might have to be made; even The Wall Street Journal has recently editorialized against the takeover of the United States communications chip manufacturer Qualcomm by the Singapore-based Broadcom on national-security grounds. But free-trade ideologues say exceptions should be made only case by case, with the benefit of the doubt falling on the side of trade and foreign deals.

To free-traders, economic nationalism is simply unnatural, an effort to artificially prolong the lives of aged industries. And since technology eliminates more jobs than trade does, the free traders ask, is the economic nationalist's next step Luddism?

The fact that technology reduces well-paid industrial employment is no reason to reduce it further through open trade policies. And the example of China today, as well as that of the United States in the 19th century, shows that preference for domestic producers does not have to mean fossilization. Nationalist economies have some of the world's most impressive records of growth and technical advancement.

Tariffs are not magic. Sometimes the unintended consequences at home and retaliation from overseas can be devastating. But trade wars, like shooting wars, shouldn't be avoided with pre-emptive surrender, which is what the free-trade regime amounts to for America's long-term security and middle-class prosperity. Steel towns throughout the Northeast and Midwest have been losing a trade war for decades because they cannot count on their leaders in Washington to fight for them.

Free trade is a clear and simple rule, and the economic theory of which it is a part is elegant and logical. But it is only a partial truth. The value of the middle class has to be weighed in political terms, not merely economic ones, and national security has a strategic logic all its own that springs from different and darker assumptions about human nature than the hopeful logic of economic efficiency.

To reduce public policy to a single dimension, as free-trade ideologues do, is foolish and dangerous. Yet it is attractive because it provides definite answers to difficult questions, even if those answers are less than complete.

Economic nationalism, on the other hand, requires constant balancing and adjustment if it is to be pursued correctly. Mr. Trump's steel and aluminum tariffs may not work. But they are a first attempt at finding an alternative to a free-trade system that has built up the People's Republic of China while hollowing out the factory towns that once made America great.

Document Eight

Trump Advisers Fervently Defend Tariffs (Unless They Change, That Is)

By ANA SWANSON

MARCH 4, 2018

WASHINGTON — The White House continued to sow uncertainty on Sunday about the stiff tariffs President Trump said he would impose on steel and aluminum imports as key advisers defended the policy but left room for the president to change his plans.

Peter Navarro, an adviser and the architect of many of Mr. Trump's campaign trade promises, confirmed on Sunday that the president would not exclude any country from the tariffs but said individual companies could apply for exemptions for certain products.

Mr. Trump, meanwhile, engaged in a weekend-long tweet storm defending his policies and saying the United States had been on the "losing side" of global trade deals for too long.

"We are on the losing side of almost all trade deals," Mr. Trump tweeted on Sunday night. "Our friends and enemies have taken advantage of the U.S. for many years. Our Steel and Aluminum industries are dead. Sorry, it's time for a change! MAKE AMERICA GREAT AGAIN!"

Mr. Trump rattled stock markets last week with his impromptu announcement that he would impose tariffs of 25 percent on steel imports and 10 percent on aluminum imports and as business executives said the president would make no country exceptions.

"As soon as he starts exempting countries, he has to raise the tariff on everybody else," Mr. Navarro said on "Fox News Sunday." "As soon as he exempts one country, his phone starts ringing from the heads of state of other countries."

But Mr. Navarro left room for change in the timing of the tariffs, which the president said would be signed this week. "Toward the end of the week," Mr. Navarro said in a separate appearance on CNN's "State of the Union," when asked when the tariffs would be announced. "At the latest, it would be the following week."

Wilbur Ross, the secretary of commerce, also appeared to leave room for the president to change his mind.

"Whatever his final decision is, is what will happen," Mr. Ross said on NBC's "Meet the Press." "What he has said he has said. If he says something different, it'll be something different."

"If he for some reason should change his mind, then it will change," Mr. Ross added, noting that he had no reason to believe that the president would do so.

That followed similar equivocation by Sarah Huckabee Sanders, the White House spokeswoman, who was asked on Friday whether Mr. Trump was committed to the tariffs he announced in a hastily arranged meeting on Thursday. "Never say never, but I think he's pretty committed to moving this forward," she said.

The announcement of tariffs on Thursday capped off a chaotic week at the White House, which has been bedeviled by staff departures and fierce disputes over policy. Some top White House staff were unaware the president was going to roll out these tariffs until he did so on national television.

Mr. Navarro and Mr. Ross have been among the staunchest defenders of the trade action, which would hit global trading partners like Canada and South Korea much more than China, which the administration has described as the primary culprit in putting American metal makers out of business. Both men backed the tariffs, saying the benefits to American metal makers would be considerable and the costs to industries that use those metals in their products — like automakers and food packagers — negligible.

Mr. Ross described the effect of the tariff as "a fraction of a penny on a can of beer." Mr. Navarro clashed with Chris Wallace of Fox News, who tried to get the economic adviser to admit that those costs, when multiplied by all products that use steel and aluminum over the entire economy, would escalate into the billions of dollars. Mr. Navarro said he saw the costs as "insignificant" in the mission to preserve the steel and aluminum industries, which have seen factories pick up and move from the United States to cheaper parts of the world.

The White House's plan continued to face fierce criticism, including from Republicans who believe free trade is in the interest of the economy.

Senator Lindsey Graham, Republican of South Carolina, criticized the tariffs for falling more heavily on American allies than on China, which he said had earlier flooded the global market with steel.

Economists say the tariffs, if applied without exceptions, would harm allies like Canada, South Korea and the European Union, which export more steel to the United States than China does. Shortly after the tariffs were announced, the European Union responded by saying that it was already preparing to levy retaliatory tariffs on American products, including orange juice, bluejeans and Harley-Davidson motorcycles.

"You're letting China off the hook," Mr. Graham said on CBS's "Face the Nation." "China wins when we fight with Europe."

Joshua B. Bolten, the head of the Business Roundtable and chief of staff in the George W. Bush administration, called the tariffs "a huge mistake."

Speaking on "Fox News Sunday," Mr. Bolten acknowledged that the president was trying to fulfill his campaign promises and help American workers in the steel and aluminum industries. But Mr. Bolten said the tariffs would cause "huge damage across broad sectors of the economy" that use steel and aluminum in their products, or that face retaliation from angry trading partners.

That did not dissuade Mr. Navarro, who doubled down on comments he made on Friday arguing that trading partners would not retaliate against the United States because they fear losing access to the valuable American market.

"All we are asking for is fair and reciprocal trade," Mr. Navarro said on "Fox News Sunday." "What we need to do here is keep the rhetoric down."

Since the announcement, the president has only ratcheted up his language on trade, tweeting several times about trade policy and the disadvantage he believes the United States faces. He criticized past trade policy, threatened to levy a tax on countries that retaliated against the tariffs and called for rebuilding the steel industry.

“When a country (USA) is losing many billions of dollars on trade with virtually every country it does business with, trade wars are good, and easy to win,” he tweeted on Saturday.

Document Nine

Why the White House Worries About Trade Deficits

By Peter Navarro
Updated March 5, 2017 6:21 p.m. ET

Do trade deficits matter? The question is important because America's trade deficit in goods is large and persistent, about $2 billion every day.

The economic argument that trade deficits matter begins with the observation that growth in real GDP depends on only four factors: consumption, government spending, business investment and net exports (the difference between exports and imports). Reducing a trade deficit through tough, smart negotiations is a way to increase net exports--and boost the rate of economic growth.

Suppose America successfully negotiates a bilateral trade deal this year with Mexico in which Mexico agrees to buy more products from the U.S. that it now purchases from the rest of the world. This would show up in government data as an increase in U.S. exports, a lower trade deficit, and an increase in the growth of America's GDP.

Similarly, if the U.S. uses its leverage as the world's largest market to persuade India to reduce its notoriously high tariffs and Japan to lower its formidable nontariff barriers, America will surely sell more Washington apples, Florida oranges, California wine, Wisconsin cheese and Harley-Davidson motorcycles. Just as surely, the U.S. trade deficit would fall, economic growth would increase, and real wages would rise from Seattle and Orlando to Sonoma and Milwaukee.

Now, what about the investment term in the GDP equation? When U.S. companies offshore their production because of America's high taxes or burdensome regulations, that shows up in government data as reduced nonresidential fixed investment--and a growth rate lower than it would be otherwise.

That isn't the end of the story. If such offshored production then generates products for export back into the U.S.--say, an American consumer buys a Ford Focus imported from Mexico rather than assembled in Detroit--the trade deficit rises, further reducing growth.

To better understand these complex adjustments, consider Carrier. Its management had announced the company would close its air-conditioner factory in Indianapolis and move to Mexico--and then sell products back into the U.S. tariff-free. But President-elect Trump and Vice President-elect Pence negotiated a deal to keep Carrier in the U.S. and expand its facilities. How will this show up in government statistics? Fixed nonresidential investment will increase rather than decrease. Imports from Mexico will be lower than they would be otherwise, and U.S. exports will be higher. In today's parlance, that's "all good."

The national-security argument that trade deficits matter begins with this accounting identity: Any deficit in the current account caused by imbalanced trade must be offset by a surplus in the capital account, meaning foreign investment in the U.S.

In the short term, this balance-of-payments equilibrium may be benign, as foreigners return our trade-deficit dollars to American shores by investing in U.S. bonds and stocks and perhaps by building new production facilities. The extra capital keeps mortgage rates lower, the stock market abundantly capitalized, and Americans more fully employed.

But running large and persistent trade deficits also facilitates a pattern of wealth transfers offshore. Warren Buffett refers to this as "conquest by purchase" and warns that foreigners will eventually own so much of the U.S. that Americans will wind up working longer hours just to eat and to service the debt.

Dark though it is, Mr. Buffett's scenario may still be too rosy. Suppose the purchaser is a rapidly militarizing strategic rival intent on world hegemony. It buys up America's companies, technologies, farmland, food-supply chain--and ultimately controls much of the U.S. defense-industrial base. How might that alternative version of conquest by purchase end for our sons and daughters? Might we lose a broader cold war for America's freedom and prosperity, not by shots fired but by cash registers ringing? Might we lose a broader hot war because America has sent its defense-industrial base abroad on the wings of a persistent trade deficit?

Today, after decades of trade deficits and a mass migration of factories offshore, there is only one American company that can repair Navy submarine propellers--and not a single company that can make flat-panel displays for military aircraft or night-vision goggles. Meanwhile, America's steel industry is on the ropes, its aluminum industry is flat on its back, and its shipbuilding industry is gathering barnacles. The U.S. has begun to lose control of its food-supply chain, and foreign firms are eager to purchase large swaths of Silicon Valley's treasures.

Much of Wall Street and most economists simply don't care. But to paraphrase Mike Pence on the 2016 campaign trail, the people of Fort Wayne know better. The analysts at the Pentagon know better, too. That's why, for both economic and national-security reasons, it is important to bring America's trade back into balance--through free, fair and reciprocal trade.

Mr. Navarro is director of the White House National Trade Council. This article is adapted from his March 6 address in Washington before the National Association of Business Economists.

Document Ten

How Trump's Protectionism Backfires

By EDUARDO PORTER and GUILBERT GATES

MARCH 20, 2018

Tupelo fell hard for Donald Trump. The blue-collar enclave in northeastern Mississippi — birthplace of Elvis Presley and the American Family Association — was once home to a vibrant business in upholstered furniture. But as Chinese imports flooded in, the local economy buckled.

There are fewer jobs in Tupelo today than there were at the millennium. Middle-income families are making almost 20 percent less, after inflation, than they did then. Mr. Trump's offer to build a wall against Chinese imports was just what Tupeloans wanted to hear.

Republicans could not lose in this deep red enclave in the buckle of the Bible Belt. Still, in the 2016 election, Mr. Trump carried Lee County, where Tupelo sits, by a 38-percentage-point margin over Hillary Clinton — nine percentage points more than Mitt Romney's lead over Barack Obama four years before.

And yet it's not working out great for the working men and women of Tupelo. Indeed, President Trump's first big trade barrier — tariffs against steel and aluminum imports — is, again, threatening to undermine their livelihood.

For every job in Tupelo producing steel or aluminum, there are 200 jobs in industries that consume them that could be put at risk as tariffs push up the prices of these metals, according to research from Jacob Whiton and Mark Muro of the Brookings Institution.

This is true across the country. The lesson the White House has yet to figure out is that the tariffs meant to protect the businesses that make these metals will end up hamstringing the industries that rely on them.

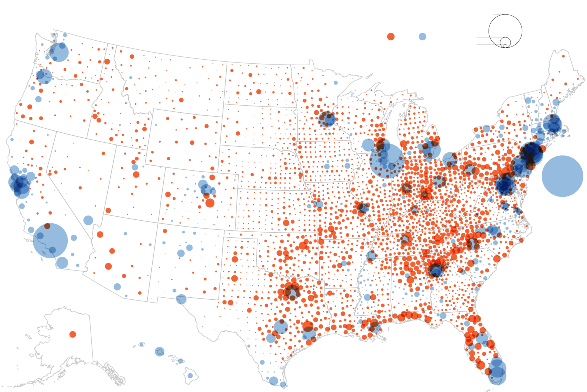
The United States has been here before. When President George W. Bush imposed emergency tariffs on imported steel in 2002, prices of steel shot up. According to a survey by the International Trade Commission, almost one in five furniture and hardware producers, as well as a third of electrical appliance makers and one in 10 auto-parts suppliers, responded by relocating production abroad. Another study found that industries that use steel lost 200,000 jobs. That is more than all the jobs in the steel industry itself.

All sorts of industries use aluminum and steel. There are cutlery makers and producers of railway cars; furniture manufacturers and pickled vegetable canners; tire makers and wire makers and manufacturers of all sorts of auto parts. Mr. Whiton and Mr. Muro's research underscores just how big a footprint the steel- and aluminum-consuming industries have compared with steel and aluminum producers.

Steel- and aluminum-producing industries employ some 95 workers in the Tupelo commuting zone — an area centered on Tupelo that comprises Lee and a clutch of five smaller counties, according to Mr. Whiton and Mr. Muro's analysis.

By contrast, 20,294 people in the area — almost one in four — work in industries that consume either metal. There are the workers assembling lawn mowers at the MTD factory and the workers at Jesco, a steel fabrication plant that serves the construction industry. There are the workers slapping together Corollas at the Toyota plant in Blue Springs a few miles northwest, and their colleagues close by at Toyota's auto parts manufacturing plant.

An analysis from the Council on Foreign Relations concluded that Mr. Trump's tariffs could kill up to 40,000 jobs in the auto industry alone.



Results of the 2016 Presidential election

No place in Virginia swung for the president more than Bland County, where 82 percent of voters chose Mr. Trump. The county supports 11 steel- and aluminum-producing jobs, according to Mr. Muro and Mr. Wilton's data. Steel- and aluminum-consuming industries, by contrast, employ 468.

In Mercer County, Ohio, another Trump stronghold, consuming industries employ eight times as many workers as producers. Then there is Macomb County, stretching northeast from Detroit. After voting twice for Barack Obama, Macomb's voters gave the county — and arguably the state of Michigan — to Mr. Trump. He won the county by 48,348 votes. His margin in the entire state was only 13,107.

Mr. Trump's campaign strategy was almost custom cut for Macomb's overwhelmingly white and blue-collar voters. His appeal to protect the homeland from foreign goods resonated in this hub of the auto industry, where robots have replaced much of the working class. Since 2000, Macomb has lost a third of its jobs in manufacturing, the industry that is still the county's biggest employer.

The problem with Mr. Trump's remedy, as far as Macomb's workers are concerned, is that this manufacturing industry uses lots of steel. According to the Brookings data, almost 16 percent of the jobs in the county are in industries that consume steel and aluminum, while 0.2 percent — 478 jobs — depend on producers.

Still, the demand for protectionism from Mr. Trump's voters comes from real pain. Macomb and Tupelo have lost much of what they called the middle class when good jobs in manufacturing industries disappeared.

Seminal work by David Autor of the Massachusetts Institute of Technology, David Dorn at the University of Zurich and Gordon Hanson at the University of California, San Diego, shows that workers in counties whose industries were exposed to competition from China lost jobs and suffered declines in wages.

For instance, the surge of Chinese furniture into the United States between 1990 and 2007 amounted to more than $43,000 per each American worker toiling in the business. In the Tupelo commuting zone, where one in five workers made furniture, it hurt.

Professors Autor, Dorn and Hanson estimated that, in total over the period, Tupelo's workers suffered a $14,120 "China shock" — $14,120 worth of goods per worker that, with other things remaining equal, would have been made by the area's labor force had they not been imported from China. On average, every $1,000 worth of "shock" reduced the household wage and salary income for working-age adults by $549 per year, they estimated.

These workers are right to be angry. Policymakers of both parties have long ignored their plight, espousing "free trade" on the grounds that it enhances overall economic growth, while doing next to nothing to help those on the losing side.

And still, protectionism is the wrong tool to improve workers' lot. It will do nothing to stop automation, for one. Critically, while perhaps protecting some workers in one, narrow industry, it will probably hurt many others.

To paraphrase Paul Krugman, if China is a truck that ran roughshod over the workers of Tupelo, Mr. Trump's protectionism amounts to putting the truck's gear in reverse and running them over again.

Document Eleven
I hate Trump, but I love these tariffs

BY KRYSTAL BALL
3/10/18
On March 8, 2018, President Trump imposed 10-25 percent tariffs on imported steel and aluminum, with Canada and Mexico exempted. In a rare sign of bipartisan unity in support of their mutual corporate overlords, both Democrats and Republicans condemned the tariffs.

Republicans are supposed to be the party of free trade, so it isn't a complete surprise that they discovered a principle of some kind hidden in the wreckage of their party. Democrats, on the other hand, are so obsessed with opposing Trump at every turn that they can't even stop to think for a moment about what might be good for working-class people — the constituency that they are supposed to represent.

Before you go shouting about my macroeconomic illiteracy or the Smoot-Hawley tariffs of the 1930s, or, in the words of Paul Krugman, the "very salutary" effect of the world trading system, let me remind you of something. Donald Trump is president. And Donald Trump is president because we have gutted the working class of this country and had corporate America so co-opt the machinery of government that there is never a win for the blue-collar worker. Never.

People are so despondent for some evidence that their government can do something to help them that they elected a charlatan who simply acknowledged the manifestly obvious fact that both parties were screwing them.

So, let me be clear here. It is true that, in general, free trade provides net macroeconomic benefits versus a more protectionist approach. It is true that the net macroeconomic effects of these types of tariffs might even be slightly negative, though their effects are likely to be modest. But here's the key — these tariffs are evidence that the government can actually do something targeted to help blue-collar workers.

The very foundations of our democratic system are strained and buckling because so many working-class people, especially in economically depressed areas such as West Virginia, Michigan and pretty much all of rural America, believe the government has abandoned them and that they have no stake in the system. Trump got this about coal and Carrier, and he gets this about tariffs.

"But it's just political theater," you might say. Well, politics is the art of making abstract policies resonate emotionally — and these tariffs resonate emotionally and they are good politics.

The tariffs also point out a huge problem in the way we have approached economic growth over the past several decades. We used to be told, "Look, it doesn't matter what the distributional impacts of economic growth are, we just need growth. It will lift all boats and, if the benefits are concentrated at the top, we can fix that." Well, we've been waiting a long time for that fix and I have news for you, it's not coming anytime soon.

If voters sent any message with Trump's election, it was this: "We are not going to stand by and watch you buy a bulletproof Tesla with your massive wealth gains while we sit here and get a third job to afford to put food on the table. So, if we have to tip the whole table over, so be it."

Democrats should listen to the people they are supposed to represent and start advocating pro-worker policies, period. If we spent more time on pro-worker policies and less time feeding the macroeconomic demands of our corporate overlords, maybe we wouldn't have President Donald Trump.

So, yes, though I hate Trump's ignorance, his racism and misogyny, his manifest incompetence and the cynicism underlying these tariffs, I do love these tariffs. I love watching Wall Street squirm. And I love any policy, however small, that shows working people that the system can actually stand up for them and against the multinationals.

Document Twelve

Trump Tariffs: Why $100 Billion China Trade War Threat May Be Good News

JED GRAHAM

4/06/2018

President Trump's latest threat to double down on his China trade war would be so bad that it may actually be good news in disguise.

Yet his proposal to slap tariffs on another $100 billion worth of Chinese imports could signify that Trump now recognizes a trade war won't be "fun" or "easy to win."

The Dow Jones, S&P 500 index and Nasdaq composite all tumbled more than 2% on the stock market today. The S&P 500 index undercut its 200-day line once again intraday, but closed above that key support. The Dow Jones, with a number of components that could be collateral damage in a trade war with China, led the way lower.

Boeing (BA) lost 3.1%, Caterpillar (CAT) 3.5%, Nike (NKE) 2.9%, Cisco Systems (CSCO) 2.6%, Intel (INTC) 3.2% and Apple (AAPL) 2.6%. Apple, Intel, Boeing, Cisco and Nike rank among companies with the highest volume of sales to China.

Trump's late Thursday statement decried China's plan to retaliate with tariffs that match U.S. trade restrictions blow for blow. "China has chosen to harm our farmers and manufacturers," Trump's statement read. In other words, China's strategy may be working.

China Trade War Hits U.S. Agriculture

American farmers, and agricultural equipment makers like Deere & Co. (DE), may be among the biggest losers in a China trade war.

Trump said that he's tasked the Department of Agriculture with working on ways "to protect our farmers and agricultural interests." That may be hard to do without an emergency congressional appropriation.

Billions of dollars are at stake for U.S. farmers, with China imposing 25% tariffs on $14 billion worth of soybeans alone. Corn, cotton, tobacco and other crops also face tariffs. GOP lawmakers from farm states are said to worry about what Trump's trade war could do to their electoral prospects. At the least, Trump tariffs threaten to undermine the GOP's message about tax cuts finally unleashing economic growth.

So it's not clear that Trump and the GOP are prepared for the fallout from China's retaliatory measures against the first $50 billion worth of Chinese imports he plans to target.

Trump's 25% tariffs on high-tech imports won't take effect for at least a month. That will give businesses a chance to comment and negotiations to proceed. But the calm before any storm may last much longer if Trump wants protections in place for U.S. farmers.

Hard To Shield American Consumer

Further, the likelihood of Trump tariffs on up to another $100 billion worth of Chinese imports seems low. U.S. trade officials bent over backwards to avoid hitting Chinese imports that would harm American consumers. Nike shoes and Apple iPhones were left unscathed. Doubling down on tariffs without hitting consumers may not be possible.

The takeaway for investors is that Trump's China trade war will likely be mostly talk for months to come. Further, Trump is probably discovering he has less leverage than he believed. As trade war costs hit home increasingly as Trump escalates, there's a good chance he will make a concerted effort at negotiation. While he'll hold out the threat of using a hammer, he doesn't have much of a hammer at his disposal.

Document Thirteen

Don’t Worry About Trump’s Tariffs

By Josh Bivens

March 5, 2018

Last week President Trump announced new tariffs on steel and aluminum products, and the response couldn’t have been more negative — critics warned of trade wars, recession, global instability. But the blowback is overblown, and seems to constitute reflexive anti-Trump sentiment rather than careful economic reasoning.

To be clear, there’s plenty to hate about the policy course charted by the Trump administration. His anti-trade stance is of a piece with an agenda rooted in xenophobia and bigotry that has favored the rich over low- and moderate-wage workers. But despite this record, and despite the near-dogma status of free trade among economic writers, the proposed tariffs won’t end the world, and may even do some good.

First, let’s take them for what they are: temporary relief for specific sectors (steel and aluminum) facing a specific problem (global excess production capacity, propped up by foreign governmental subsidies). America has taken steps like this before, and did not slide down any slippery slope to autarky. This means that big-picture principles — like, “Free trade is good,” or, “Globalization decimated the American working class” — aren’t very helpful in assessing them.

For example, America’s trading partners have had to agree to increase their levels of intellectual property protection as a condition for more open access to American markets in agreements like Nafta and the proposed Trans-Pacific Partnership. Yet proponents of these agreements have felt free to call them “free trade” treaties, even as these agreements instituted far higher levels of effective protection for specific sectors (mostly pharmaceuticals and software) than what was announced this past week for steel and aluminum.

It seems clear that protection for the profits of pharma and software companies agitates business writers and some economic policy experts far less than protection for manufacturing sectors heavy with blue-collar jobs. Is it any real shock that many believe that the rules of the game governing globalization have been rigged against typical American workers?

If we accept for a second that inconsistently applied first principles won't get us very far in assessing the pros and cons of last week's tariff announcements, it's worth thinking about the specific challenges facing American steel and aluminum producers and how trade policy might help them.

Start with something everybody agrees upon: Global steel and aluminum sectors have large amounts of excess productive capacity. The problem is large enough that last year the Organization for Economic Cooperation and Development issued a report on global excess steel capacity.

Generally, excess capacity pushes down prices, and less efficient firms that cannot make profits at these lower prices simply go out of business, pulling down capacity until it matches demand. But foreign producers of steel and aluminum, efficiently or not, have often been insulated from this competitive winnowing by government industrial policy that props them up — a fact bemoaned by both the G-20 and the Obama administration.

The proposed tariffs can provide a countervailing force against these foreign subsidies and protect American metal producers until a comprehensive solution is found. Am I confident that the Trump administration will back a smart and efficient solution to the larger problem? Not really — but this doesn't mean we shouldn't be happy to have some breathing room to find one.

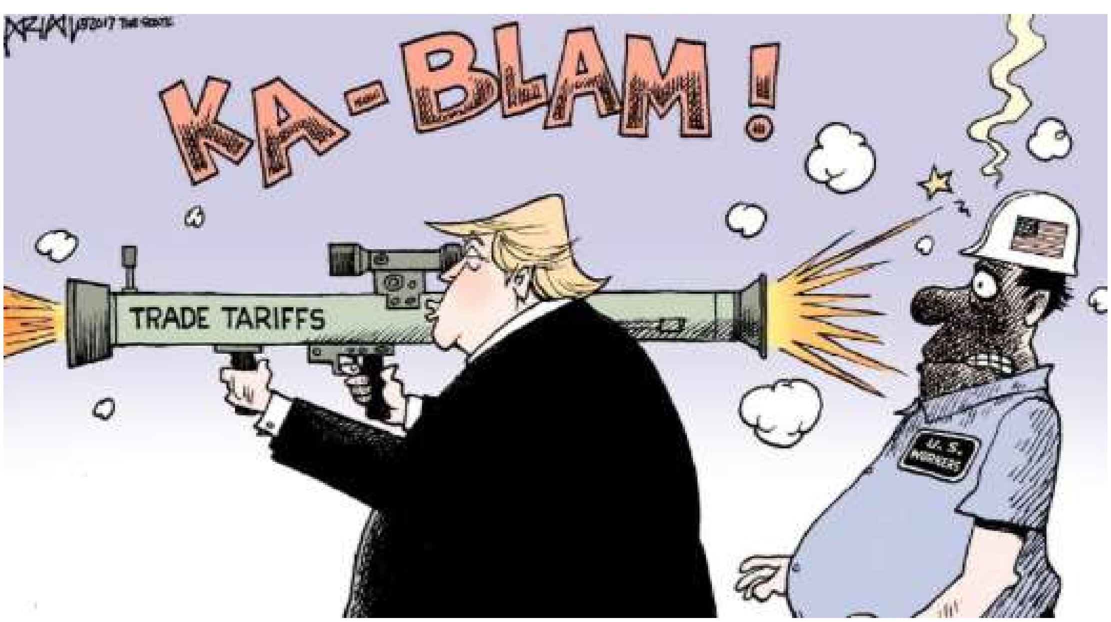
Some would argue that we should just see foreign steel subsidies as a boon for American consumers, who can now enjoy lower prices driven by cheaper steel. But here's where the relative size of these "killer" tariffs becomes clear — we're talking about fractions of a percent in prices, one way or the other. And again, no one is telling pharmaceutical companies and their workers that their protections need to be stripped away so that others can enjoy cheaper prices.

The real problem with last week's tariffs is that they're an ad hoc and insufficient ameliorative fix for continuing policy failures that have decimated American manufacturing employment for almost two decades. The two main failures have been macroeconomic policy that has accepted long and slow post-recession recoveries, and exchange rate policies that have allowed the value of the dollar to stick at levels too high to balance (or even nearly balance) manufacturing trade flows. This means that each job displaced by manufacturing imports is not balanced by a job supported by manufacturing exports.

It's tempting to evaluate economic policy these days with a rule of "if Trump is for it, I'm against it." After all, this rule would lead to the right stance far more often than not. But a better framework is to ask: "Is it good for the bottom 90 percent of American workers and the families they help support?" And on this latter question, criticism of last week's tariffs largely misses the mark.

Document Fourteen

Document Fifteen



Document Sixteen

Document Seventeen

Full transcript: Donald Trump's jobs plan speech

Declaring America's Economic Independence

It is great to be here. I'd like to thank Alumisource and all the amazing workers here for hosting us.

Today, I am going to talk about how to Make America Wealthy Again.

We are thirty miles from Steel City. Pittsburgh played a central role in building our nation.

The legacy of Pennsylvania steelworkers lives in the bridges, railways and skyscrapers that make up our great American landscape.

But our workers' loyalty was repaid with betrayal.

Our politicians have aggressively pursued a policy of globalization - moving our jobs, our wealth and our factories to Mexico and overseas.

Globalization has made the financial elite who donate to politicians very wealthy. But it has left millions of our workers with nothing but poverty and heartache.

When subsidized foreign steel is dumped into our markets, threatening our factories, the politicians do nothing.

For years, they watched on the sidelines as our jobs vanished and our communities were plunged into depression-level unemployment.

Many of these areas have still never recovered.

Our politicians took away from the people their means of making a living and supporting their families.

Skilled craftsmen and tradespeople and factory workers have seen the jobs they loved shipped thousands of miles away.

Many Pennsylvania towns once thriving and humming are now in a state despair.

This wave of globalization has wiped out our middle class.

It doesn't have to be this way. We can turn it all around - and we can turn it around fast.

But if we're going to deliver real change, we're going to have to reject the campaign of fear and intimidation being pushed by powerful corporations, media elites, and political dynasties.

The people who rigged the system for their benefit will do anything - and say anything - to keep things exactly as they are.

The people who rigged the system are supporting Hillary Clinton because they know as long as she is in charge nothing will ever change.

The inner cities will remain poor.

The factories will remain closed.

The borders will remain open.

The special interests will remain firmly in control.

Hillary Clinton and her friends in global finance want to scare America into thinking small - and they want to scare the American people out of voting for a better future.

My campaign has the opposite message.

I want you to imagine how much better your life can be if we start believing in America again.

I want you to imagine how much better our future can be if we declare independence from the elites who've led us to one financial and foreign policy disaster after another.

Our friends in Britain recently voted to take back control of their economy, politics and borders.

I was on the right side of that issue - with the people - while Hillary, as always, stood with the elites, and both she and president Obama predicted that one wrong.

Now it's time for the American people to take back their future.

That's the choice we face. We can either give in to Hillary Clinton's campaign of fear, or we can choose to Believe In America.

We lost our way when we stopped believing in our country.

America became the world's dominant economy by becoming the world's dominant producer.

The wealth this created was shared broadly, creating the biggest middle class the world had ever known.

But then America changed its policy from promoting development in America, to promoting development in other nations.

We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements, and cheat in every way imaginable.

Trillions of our dollars and millions of our jobs flowed overseas as a result.

I have visited cities and towns across this country where a third or even half of manufacturing jobs have been wiped out in the last 20 years.

Today, we import nearly $800 billion more in goods than we export.

This is not some natural disaster. It is politician-made disaster.

It is the consequence of a leadership class that worships globalism over Americanism.

This is a direct affront to our Founding Fathers, who wanted America to be strong, independent and free.

Our Founding Fathers Understood Trade

George Washington said that "the promotion of domestic manufactur[ing] will be among the first consequences to flow from an energetic government."

Alexander Hamilton spoke frequently of the "expediency of encouraging manufactur[ing] in the United States." The first Republican President, Abraham Lincoln, warned that: "The abandonment of the protective policy by the American government… must produce want and ruin among our people."

Our original Constitution did not even have an income tax. Instead, it had tariffs - emphasizing taxation of foreign, not domestic, production.

Yet today, 240 years after the Revolution, we have turned things completely upside-down.

We tax and regulate and restrict our companies to death, then we allow foreign countries that cheat to export their goods to us tax-free.

As a result, we have become more dependent on foreign countries than ever before.

Ladies and Gentlemen, it's time to declare our economic independence once again.

That means reversing two of the worst legacies of the Clinton years.

America has lost nearly one-third of its manufacturing jobs since 1997 - even as the country has increased its population by 50 million people.

At the center of this catastrophe are two trade deals pushed by Bill and Hillary Clinton.

First, the North American Free Trade Agreement, or NAFTA. Second, China's entry into the World Trade Organization.

NAFTA was the worst trade deal in history, and China's entrance into the World Trade Organization has enabled the greatest jobs theft in history.

It was Bill Clinton who signed NAFTA in 1993, and Hillary Clinton who supported it.

It was also Bill Clinton who lobbied for China's disastrous entry into the World Trade Organization, and Hillary Clinton who backed that terrible agreement.

Then, as Secretary of State, Hillary Clinton stood by idly while China cheated on its currency, added another trillion dollars to our trade deficits, and stole hundreds of billions of dollars in our intellectual property.

The city of Pittsburgh, and the State of Pennsylvania, have lost one-third of their manufacturing jobs since the Clintons put China into the WTO.

Fifty thousand factories across America have shut their doors in that time.

Almost half of our entire manufacturing trade deficit in goods with the world is the result of trade with China.

It was also Hillary Clinton, as Secretary of State, who shoved us into a job-killing deal with South Korea in 2012.

As reported by the Economic Policy Institute in May, this deal doubled our trade deficit with South Korea and destroyed nearly 100,000 American jobs.

As Bernie Sanders said, Hillary Clinton "Voted for virtually every trade agreement that has cost the workers of this country millions of jobs."

Trade reform, and the negotiation of great trade deals, is the quickest way to bring our jobs back.

To understand why trade reform creates jobs, we need to understand how all nations grow and prosper.

Massive trade deficits subtract directly from our Gross Domestic Product.

From 1947 to 2001 - a span of over five decades - our inflation-adjusted gross domestic product grew at a rate of 3.5%.

However, since 2002 - the year after we fully opened our markets to Chinese imports - that GDP growth rate has been cut almost in half.

What does this mean for Americans? For every one percent of GDP growth we fail to generate in any given year, we also fail to create over one million jobs.

America's "job creation deficit" due to slower growth since 2002 is well over 20 million jobs - and that's just about the number of jobs our country needs right now to put America back to work at decent wages.

The Transpacific-Partnership is the greatest danger yet.

The TPP would be the death blow for American manufacturing.

It would give up all of our economic leverage to an international commission that would put the interests of foreign countries above our own.

It would further open our markets to aggressive currency cheaters. It would make it easier for our trading competitors to ship cheap subsidized goods into U.S. markets - while allowing foreign countries to continue putting barriers in front of our exports.

The TPP would lower tariffs on foreign cars, while leaving in place the foreign practices that keep American cars from being sold overseas. The TPP even created a backdoor for China to supply car parts for automobiles made in Mexico.

The agreement would also force American workers to compete directly against workers from Vietnam, one of the lowest wage countries on Earth.

Not only will the TPP undermine our economy, but it will undermine our independence.

The TPP creates a new international commission that makes decisions the American people can't veto.

These commissions are great Hillary Clinton's Wall Street funders who can spend vast amounts of money to influence the outcomes.

It should be no surprise then that Hillary Clinton, according to Bloomberg, took a "leading part in drafting the Trans-Pacific Partnership".

She praised or pushed the TPP on 45 separate occasions, and even called it the "gold standard".

Hillary Clinton was totally for the TPP just a short while ago, but when she saw my stance, which is totally against, she was shamed into saying she would be against it too – but have no doubt, she will immediately approve it if it is put before her, guaranteed.

She will do this just as she has betrayed American workers for Wall Street throughout her career.

Here's how it would go: she would make a small token change, declare the pact fixed, and ram it through.

That's why Hillary is now only saying she has problems with the TPP "in its current form," – ensuring that she can rush to embrace it again at her earliest opportunity.

If the media doesn't believe me, I have a challenge for you. Ask Hillary Clinton if she is willing to withdraw from the TPP her first day in office and unconditionally rule out its passage in any form.

There is no way to "fix" the TPP. We need bilateral trade deals. We do not need to enter into another massive international agreement that ties us up and binds us down.

A Trump Administration will change our failed trade policy - quickly

Here are 7 steps I would pursue right away to bring back our jobs.

One: I am going to withdraw the United States from the Trans-Pacific Partnership, which has not yet been ratified.

Two: I'm going to appoint the toughest and smartest trade negotiators to fight on behalf of American workers.

Three: I'm going to direct the Secretary of Commerce to identify every violation of trade agreements a foreign country is currently using to harm our workers. I will then direct all appropriate agencies to use every tool under American and international law to end these abuses.

Four: I'm going tell our NAFTA partners that I intend to immediately renegotiate the terms of that agreement to get a better deal for our workers. And I don't mean just a little bit better, I mean a lot better. If they do not agree to a renegotiation, then I will submit notice under Article 2205 of the NAFTA agreement that America intends to withdraw from the deal.

Five: I am going to instruct my Treasury Secretary to label China a currency manipulator. Any country that devalues their currency in order to take advantage of the United States will be met with sharply

Six: I am going to instruct the U.S. Trade Representative to bring trade cases against China, both in this country and at the WTO. China's unfair subsidy behavior is prohibited by the terms of its entrance to the WTO, and I intend to enforce those rules.

Seven: If China does not stop its illegal activities, including its theft of American trade secrets, I will use every lawful presidential power to remedy trade disputes, including the application of tariffs consistent with Section 201 and 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962.

President Reagan deployed similar trade measures when motorcycle and semiconductor imports threatened U.S. industry. His tariff on Japanese motorcycles was 45% and his tariff to shield America's semiconductor industry was 100%.

Hillary Clinton, and her campaign of fear, will try to spread the lie that these actions will start a trade war. She has it completely backwards.

Hillary Clinton unleashed a trade war against the American worker when she supported one terrible trade deal after another – from NAFTA to China to South Korea.

A Trump Administration will end that war by getting a fair deal for the American people.

The era of economic surrender will finally be over.

A new era of prosperity will finally begin.

America will be independent once more.

Under a Trump Presidency, the American worker will finally have a President who will protect them and fight for them.

We will stand up to trade cheating anywhere and everywhere it threatens an American job.

We will make America the best place in the world to start a business, hire workers, and open a factory.

This includes massive tax reform to lift the crushing burdens on American workers and businesses.

We will also get rid of wasteful rules and regulations which are destroying our job creation capacity.

Many people think that these regulations are an even greater impediment than the fact that we are one of the highest taxed nations in the world.

We are also going to fully capture America's tremendous energy capacity. This will create vast profits for our workers and begin reducing our deficit. Hillary Clinton wants to shut down energy production and shut down the mines.

A Trump Administration will also ensure that we start using American steel for American infrastructure.

Just like the American steel from Pennsylvania that built the Empire State building.

It will be American steel that will fortify American's crumbling bridges.

It will be American steel that sends our skyscrapers soaring into the sky.

It will be American steel that rebuilds our inner cities.

It will be American hands that remake this country, and it will be American energy - mined from American resources - that powers this country.

It will be American workers who are hired to do the job.

We are going to put American-produced steel back into the backbone of our country. This alone will create massive numbers of jobs.

On trade, on immigration, on foreign policy, we are going to put America First again.

We are going to make America wealthy again.

We are going to reject Hillary Clinton's politics of fear, futility, and incompetence.

We are going to embrace the possibilities of change.

It is time to believe in the future.

It is time to believe in each other.

It is time to Believe In America.

This Is How We Are Going To Make America Great Again – For All Americans.

We Are Going To Make America Great Again For Everyone – Greater Than Ever Before.

Thank you.

Document Eighteen

Democratic congresswoman supports Trump's tariffs: We can't afford to lose US steel production

Published 4:18 PM ET Fri, 2 March 2018

Trump announced Thursday that the U.S. will impose a 25 percent tariff for steel and a 10 percent tariff for aluminum as early as next week.

"Regions like my own have been heavily harmed by this very unreciprocal trade across the board, almost in every sector. Steel has been particularly hard hit," said Kaptur, who represents Ohio's 9th District in the northern part of the state.

"We cannot afford to lose the steel production platform of this country. So we have to find our way through the thicket and begin to rebuild critical industries just as we've done with our automotive industry," she said on "Power Lunch."

"We have to have markets that are open and free. When markets become controlled or the United States becomes a dump market and jobs are wiped out and entire platforms are wiped out, we lose our defense industrial base," Kaptur said.

She is not alone among her Democratic colleagues in supporting Trump's tariff proposal.

Democrat Bill Richardson, former governor of New Mexico and former U.S. Ambassador to the United Nations, told CNBC on Friday that while he doesn't agree with Trump's stance on things like NAFTA, he thinks the tariffs make sense in this case.

That's because China doesn't play by the rules, he said in an interview with "Closing Bell."

"I think of those Ohio steelworkers in the Midwest that have been suffering," Richardson said.
"I"m going to give the president my support on this one because I think we send a signal to China that needs to be sent, one that we expect you to stop playing around with intellectual property and dumping steel."

Sen. Sherrod Brown, D-Ohio, applauded the tariffs as well.

"This welcome action is long overdue for shuttered steel plants across Ohio and steelworkers who live in fear that their jobs will be the next victims of Chinese cheating," he said in a statement Thursday.

After Trump's announcement, Chinese officials urged the U.S. to support global trade.

Hua Chunying, spokesperson for the Chinese Ministry of Foreign Affairs, said if other countries followed in the steps of the U.S. it "will definitely inflict serious impacts to the international trade order."

"We urge the U.S. to be restrained in taking trade protection measures, follow the multilateral trade rule, and positively contribute to the global economic and trade order," he said.

— *CNBC's Evelyn Cheng contributed to this story.*