What Trump’s Aggressive Trade Tactics Have Achieved

*How do the president’s claims about tariffs and trade deficits stack up to reality?*

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Debating trade issues with President Trump’s anti-trade supporters is a constant game of goal shifting. If you point out that the Trump tariffs are raising revenue for Uncle Sam on the backs of American consumers, they reply that China is hurting the most. If you note that the trade war is the main reason the stock market is losing its mind, not actions by Jerome Powell, the Federal Reserve chairman, they reply that China is “a brutal Communist police state that abuses its own people and steals from the world.”

Mr. Trump and his team of unrepentant protectionists have made wild claims about what big tariff hikes and aggressive negotiating tactics will achieve. Let’s pick the top five claims. Have any actually panned out? The answer will not come as a surprise. (It’s no.)

**Claim 1**

Let’s start with an easy one. On March 2, 2018, when Fox Business Network’s “Mornings With Maria” asked whether China would retaliate against the metal tariffs, Mr. Trump’s economic adviser Peter Navarro replied, “I don’t believe any country in the world is going to retaliate for the simple reason that we are the most lucrative and biggest market in the world.”

He was wrong: Everyone has retaliated against us. A recent study by the economists Mary Amiti of the Federal Reserve, Stephen J. Redding of Princeton and David Weinstein of Columbia shows that our trading partners, “especially China, have retaliated with tariffs averaging 16 percent on approximately $121 billion of U.S. exports.”

**Claim 2**

The president said that tariffs are “a powerful way to get companies to come back to the USA.” Mr. Trump can’t do much more than point to anecdotes of companies relocating to the United States. But the broader trend tells a different story. Most companies can’t afford to shift their supply chains to use domestically produced parts or move their production back home. Data show that when companies move out of China, they’re relocating to other countries in Southeast Asia.

Even the Commerce Department acknowledges that companies face a tariff-related challenge when thinking about moving back here. Expect this trend to continue because the future of most manufacturing in America — including the automobile industry — is in exporting. Rising production costs in the United States means that to stay competitive, an increasingly large number of businesses will shift their production abroad.

The bottom line: It means fewer manufacturing jobs here than otherwise, not more.

Tariffs are just not a good way to sustain a domestic manufacturing revival. After picking up some steam in 2017 and 2018 thanks to deregulation and tax reform, the manufacturing sector is cooling down. The latest jobs report shows that in 2019, manufacturing employment has risen by a monthly average of 5,000 jobs. In 2018, that number was 22,000.

A recent survey by the Institute for Supply Management shows manufacturing contracting in September and capital investment growth is slowing down, too. Even the heavily protected steel and aluminum sectors have started to see a decline in jobs this year.

**Claim 3**

On that same day that Mr. Navarro was talking nonsense, the president tweeted that “trade wars are good, and easy to win.” Wrong again. Instead, we found out that they are bad and difficult to wind down. We are nowhere near a trade deal with China. In fact, apart from a deal with South Korea, which required no congressional approval, no comprehensive and better trade deals are yet on the books, and most pending agreements are subpar when compared with what was agreed to in the Trans-Pacific Partnership.

Meanwhile, the trade war has pushed our trading partners to sign trade deal agreements — not with us, but with one another. The list includes Japan and Europe, Europe and the Mercosur zone in South America, and Europe and Mexico. As Chad Bown of the Peterson Institute for International Economics documented, China’s tariffs against the United States rose to 20.7 percent on June 1, 2019 from 8 percent on Jan. 1, 2018 — but its tariffs against all other countries went down from 8 percent to 6.7 percent during that same period.

**Claim 4**

“Our great Patriot Farmers will be one of the biggest beneficiaries” of the trade war with China, Mr. Trump tweeted in May. Also wrong. Farmers have suffered on all fronts in this trade war. For starters, they saw their production costs rise thanks to the metal tariffs that increased the cost of farm equipment.

Farmers have also been devastated by the retaliation from many countries. For instance, soybean exports to China will most likely — and perhaps permanently — be one-third of what they were last year. Exports of dairy products to China have dropped more than 50 percent, too. Obviously, if farmers did so well under Trump’s trade war, he wouldn’t need to provide them with $28 billion in aid.

**Claim 5**

During his campaign, Mr. Trump said that he would wipe away the trade deficit. Aside from the fact that this is a foolish goal, his trade disputes have achieved quite the opposite. As my colleague Daniel Griswold documents, “During President Obama’s second term in office, from 2013 through 2016, the monthly trade deficit in goods and services averaged $40.7 billion; under President Trump the monthly deficit has averaged $50.1 billion.”

A reduction in the bilateral trade deficit is a meaningless measure of success because when one deficit goes down, many others go up. Case in point: The deficit with China is going down, but it has been more than offset by rising bilateral deficits elsewhere, including with Vietnam and Mexico. Imports from China are also down 12 percent, but exports to China are down 19 percent. So even by the president’s own mercantilist standard, he is failing.

The bottom line is that pretty much everything Mr. Trump has promised on the trade front by imposing tariffs hasn’t panned out, even if the president persists in saying the opposite.