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The real results of Trump's trade tariffs

Opinion by **Editorial Board**

PRESIDENT TRUMP regularly blames Democrat Joe Biden for "shipping your jobs" to China, while boasting that he is bringing them back, in part by "charging China a lot of money, too, with the tariffs," as Mr. Trump put it on Oct. 10. Any voters still inclined to credit the president's narrative need to acquaint themselves with the latest data, which show the paltry results of Mr. Trump's trade policies toward China.

First, some background: As of the end of 2018, Mr. Trump had launched a wave of tariffs on $370 billion worth of Chinese goods, to which China had responded with levies on $185 billion of U.S. goods. Mr. Trump bargained some of these away in a February 2020 "Phase 1" deal with China in which Beijing agreed to cut some of its tariffs and to buy $200 billion worth of specified U.S. products through 2021.

Troubling in theory, because it enshrines the idea of explicit government management of global trade flows, Mr. Trump's deal has been a bust in practice, too. According to a recent report by Chad Bown of the Peterson Institute for International Economics, China has bought only 53 percent of what it should have through September 2020.

Chinese imports from the United States are now lower than they were before the trade war. Some of this shortfall is, of course, due to the coronavirus-induced global downturn, and to other disasters, such as the Boeing 737 Max crashes that have hammered that company's foreign sales, including to China. Yet much of it is due to the fact that Mr. Trump's targets were unrealistic from the start. As Mr. Bown and other analysts noted even before the pandemic hit, U.S. producers often lacked the productive capacity to meet the deal's targets.

The U.S. trade deficit with China now stands exactly where it did when the president took office, having risen during his first 18 months, then come back down in the wake of the tariff war. The U.S.'s global trade deficit, meanwhile, is substantially higher than it was when Mr. Trump took office. As for manufacturing, the tariffs seem to have mainly shifted jobs from industries that do not benefit from such levies to those that do, pretty much as Economics 101 predicts. A December 2019 Federal Reserve paper found that tariffs helped raise manufacturing employment by 0.3 percent in industries exposed to Chinese competition,

while cutting it 1.1 percent in industries that rely in Chinese-made inputs. Meanwhile, factory jobs also suffered somewhat from China's retaliatory tariffs.

Among Mr. Trump's errors, tariffs will be relatively difficult for a possible Biden administration to undo, since they have now acquired political constituencies among those firms and unions that do benefit from them. Though a blunt instrument, the tariffs Mr. Trump imposed also constitute U.S. leverage in negotiations with China — and China's mercantilist policies do call for a U.S. response. Mr. Biden has said he will take on China's abuses, but working in concert with allies rather than antagonizing them as Mr. Trump has. Certainly that would be a smarter approach, which the United States urgently requires.