



# Issue Brief

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**By Bryan Riley**

## **Costly Trade Policies Undermine President Trump's Accomplishments**

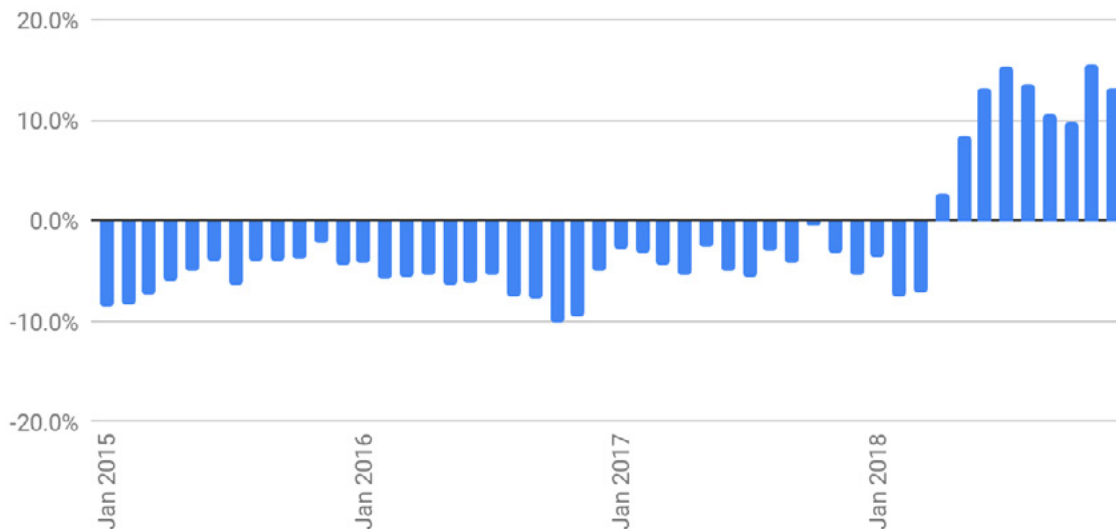
The White House recently released a list titled “The Historic Results of President Donald J. Trump’s First Two Years in Office.” The White House’s list of historic results includes some real accomplishments, but it also contains several notable trade policy failures. We hope that the Trump Administration will reconsider its trade war after analyzing the disastrous results.

**White House:** “President Trump imposed tariffs to protect American-made washing machines and solar products.”

**Impact:** The Trump administration’s washing machine tariffs took Americans to the cleaners. From November 2012 to President Trump’s 2017 inauguration, the price of laundry machines prices fell by more than 20 percent, to the benefit of American families. After the Trump administration restricted washing machine imports, prices surged by 17 percent, according to the Bureau of Labor Statistics

As a result of higher prices, Americans either had to delay their purchases or were left with fewer dollars to spend elsewhere, weakening U.S. economic security.

## 12-Month Price Change, Washing Equipment



Source: BLS, Laundry equipment in U.S. city average, all urban consumers, seasonally adjusted

A similar story occurred in the market for solar panels. According to a [report](#) from the online solar marketer EnergySage, the Trump administration's solar taxes increased the average price of residential solar installations by \$960 compared to what the cost would have been in the absence of tariffs, leaving Americans with less money to spend elsewhere and weakening U.S. economic security.

**The White House:** "One of the President's first actions after taking office was withdrawing the United States from the terrible Trans-Pacific Partnership."

**Impact:** After the United States quit the Trans-Pacific Partnership (TPP) instead of working to improve it, other governments moved ahead without the United States. Exporters in those countries now have an edge over U.S. exporters. For example, [according](#) to the U.S. Meat Export Federation, Japan's participation in the new Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), combined with the new Japan-European Union Economic Partnership Agreement, will cost U.S. meat exporters \$600 million a year by 2023. Abandoning the TPP and launching trade actions against other allies weakened U.S. global influence.

**The White House:** "The Administration authorized \$12 billion to aid farmers affected by unfair retaliatory tariffs."

**Impact:** The \$12 billion in [unfunded subsidies to farmers would not have been needed](#) if not for the Trump administration's misguided trade actions. Pat Roberts (R-KS), chairman of the Senate Agriculture Committee, [observed](#): "We don't need another subsidy program. We need to sell our product." The costly farm handout came after the administration [mistakenly](#) thought other countries wouldn't retaliate against U.S. tariffs, a costly miscalculation. Adding \$12 billion in deficit spending weakens the U.S. economy.

## Key Facts:



The White House's recent compilation of "historic results" from President Trump's first two years in office includes several trade actions that undermine his legitimate accomplishments.



Restrictions on Americans' freedom to spend their money on imports ranging from washing machines to steel weaken both the U.S. economy and our national security.



Economists overwhelmingly agree that the Trump administration's trade restrictions injure the great majority of Americans while provoking other countries to levy retaliatory duties against our goods.

**The White House:** “President Trump has expanded market access for American agricultural producers.”

**Why the White House trade policy is a failure for farmers:** U.S. farmers and ranchers are often [described](#) as “collateral damage” in the Trump administration’s trade war. As American Farm Bureau Federation President Zippy Duvall [explained](#):

“White House trade advisor Peter Navarro’s recent comments that the damage this trade war is doing to certain sectors of the U.S. economy, of which we all know includes agriculture, is little more than a ‘rounding error’ are out of touch with the pain our farmers and ranchers are experiencing. Making farmers and ranchers pawns in this chess game is extremely risky for our nation’s agriculture economy and food security. Prices for all of our export-sensitive farm goods have tanked since May, when this tariff game started.”

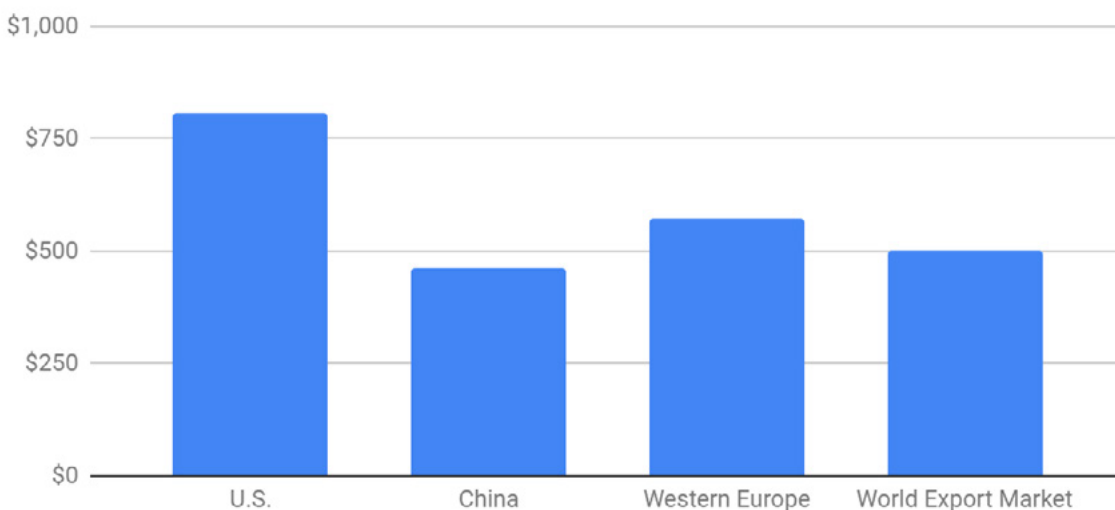
A stronger and fairer approach for farmers was taken by President Reagan when he ended the U.S. grain embargo of the Soviet Union: Reagan said, “I indicated my opposition to the curb on sales because American farmers had been unfairly singled out to bear the burden of this ineffective national policy.”

**The White House:** “American steel and aluminum jobs are coming back following President Trump’s tariffs to protect domestic industries that are vital to national security.”

**Why this is a mistake:** Since President Trump took office, the cost of hot-rolled band steel for U.S. manufacturers has [increased](#) by 20 percent. Americans pay much higher prices for steel and aluminum than our foreign competitors pay. As a result, the administration’s steel and aluminum tariffs are weakening U.S. economic and national security. The Trump administration’s goal should be to make it easier to do business in the United States, not to make it more expensive to manufacture here.

### Hot-Rolled Band Steel

Price Per Metric Ton



Source: SteelBenchmarker.com

**The White House:** “President Trump is holding China accountable for its unfair trade practices, such as the theft of intellectual property, by imposing tariffs on \$250 billion in Chinese goods.”

**Impact:** The goal of U.S. policy should be to encourage market-oriented reforms, not to impose billions of dollars in new taxes on Americans. [According](#) to the Office of the U.S. Trade Representative, the Trump administration’s trade actions have been unsuccessful: “China fundamentally has not altered its acts, policies, and practices related to technology transfer, intellectual property, and innovation, and indeed appears to have taken further unreasonable actions in recent months.”

Ironically, the President’s stated goal—forcing China to make big improvements to its intellectual property and technology transfer policies—would, if successful, unleash a massive wave of outsourcing from the United States to China, by making China a better place to do business.

**The White House:** “The President renegotiated the United States–Korea Free Trade Agreement to preserve and grow jobs in the American auto industry and increase American exports.”

**Impact:** The President actually [weakened](#) the U.S.-Korea Free Trade Agreement by extending U.S. tariffs on imported pickup trucks until 2041. Extending tariffs is the opposite of what free trade agreements are supposed to do.

#### **Lessons for the Trump administration:**

Last year more than 1,100 economists, including 15 Nobel laureates, advised President Trump:

“We are convinced that increased protective duties would be a mistake. A higher level of protection would raise the cost of living and injure the great majority of our citizens. Such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. A tariff war does not furnish good soil for the growth of world peace.”

Instead of doubling down on its costly and self-destructive trade policies, the Trump administration should notify Americans that it will follow that wise advice in 2019. The White House’s attempt to convince people that imposing self-destructive trade taxes and regulations is some kind of historic accomplishments only detracts from any legitimate successes that the administration has achieved.



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