

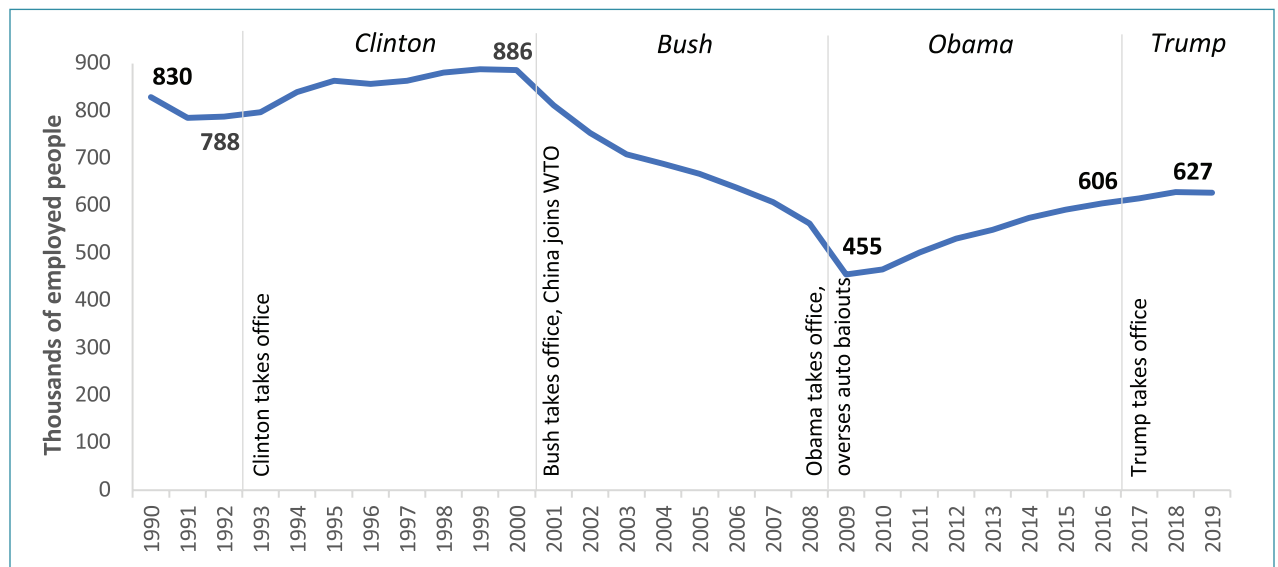
How Trade Policy Has Failed Michigan – and How to Fix It¹

Michigan’s labor problems from “free trade” have been a long time coming, but Trump’s trade wars have made them worse. Since the 1980s, U.S. trade policy has been dominated by the interests of U.S. manufacturers who wanted to offshore their factories to exploit cheap labor overseas. Workers and small businesses, rooted in their American communities, have paid the price. Offshoring has become easier, wages have stagnated, and job growth has dried up.

Campaigning for the presidency in 2016, Donald Trump promised Michigan voters he would “Bring your jobs back to America. ... If I’m elected, you won’t lose one plant.” He further promised, “We’re going to create great jobs and we’re going to get the wages up.”²

Nearly four years later, the reality has been quite different. Fiat Chrysler closed its Conner Avenue assembly plant in Detroit in 2017; General Motors closed the Warren Transmission plant in 2019; and Ford has announced plans to close the engine plant in Romeo, Michigan.³

Michigan Manufacturing Employment by Subsector and Total, 1990-2019



Source: Bureau of Labor Statistics, Current Employment Statistics

¹ From the new report *How Trade Policy Failed U.S. Workers—And How to Fix It* by Sandra Polaski, Sarah Anderson, John Cavanaugh, Kevin Gallagher, Manuel Pérez-Rocha, and Rebecca Ray. Available at: <http://www.bu.edu/gdp/2020/09/15/how-trade-policy-failed-us-workers-and-how-to-fix-it/>
² Trump campaign rally, Grand Rapids, Michigan, October 31, 2016. <https://www.c-span.org/video/?417728-1/donald-trump-campaigns-grand-rapids-michigan>
³ Kiely, Eugene (March 11, 2020). “Eric Trump Wrong About Michigan Manufacturing Jobs”. Factcheck.org The Annenberg Public Policy Center. <https://www.factcheck.org/2020/03/eric-trump-wrong-about-michigan-manufacturing-jobs/>

Michigan lost nearly half of its manufacturing jobs during the Bush administration. Obama oversaw the auto industry bailouts and by the end of his administration, they'd regained about one-third of the lost ground, but that progress stagnated once Trump became president. This sudden stop was felt across all manufacturing industries: metals, automobiles, and others.

One factor contributing to the extremely low job growth during Trump's term was his penchant for waging trade wars. These trade wars were targeted to achieve gains for favored corporations, sectors and political constituencies, not to achieve trade agreements that could actually increase jobs and wages through fair and balanced trade rules. The trade war with China cost Michigan jobs and the resulting agreement for China to purchase agricultural and energy goods did nothing for jobs and wages in the state. Even farmers in Michigan have been net losers, requiring a series of expensive taxpayer bailouts.⁴

America Can - and Must - Do Better

The last several years have shown that picking fights with our customers around the world is not a winning strategy for US workers and industry. To improve working people's standard of living - at home and abroad - we need to work *with* our allies, not *against* them:

- *Reign in footloose capital.* Trump's tariffs haven't stopped offshoring, but we *can* address this problem, by eliminating trade and investment rules that prevent governments from enacting capital controls. We can also reverse the damage done by the 2017 Tax Cuts and Jobs Act, which slashed corporate taxes on foreign profits from 28 percent to 10 percent, giving multinational companies a new incentive to offshore production.⁵
- *Don't let trading partners undercut us workers on the backs of their own workers.* Changes that Congressional Democrats made to USMCA - the new version of NAFTA - have helped place a floor under Mexican wages. These reforms need to be strengthened and incorporated into all future agreements.
- *Reform trade advisory panels.* Corporate interests dominate US trade policy, because they have a front-row seat to negotiations, through "advisory committees" to the US Trade Representative. These closed-door clubs of well-connected corporations have special access and input. Instead, workers, small businesses and public interest groups should be the ones to offer advice on trade, since they live with the consequences.

For more on how trade policy work for working people - in America and around the world - see the new report by the Boston University Global Development Policy Center, Institute for Policy Studies and Groundwork Collaborative, [How Trade Policy Failed U.S. Workers—and How to Fix It](#).

⁴ Barrett, Malachi (Aug 28, 2019). "Michigan farmers brace for new Chinese tariffs as trade war rolls on". Michigan Live. Available at: <https://www.mlive.com/public-interest/2019/08/michigan-farmers-brace-for-new-chinese-tariffs-as-trade-war-rolls-on.html>; Egan, Paul (Dec 14, 2019). "Michigan farmers blast Trump trade policies amid new Chinese tariffs". Detroit Free Press. <https://eu.freep.com/story/news/local/michigan/2019/05/13/michigan-farmers-hurt-chinese-tariffs/1187391001/>

⁵ Stettner, Andrew (2020). "New Trade Deal Won't Bring Back Manufacturing Jobs—but Here's What Could". The Century Foundation. <https://tcf.org/content/commentary/new-trade-deal-wont-bring-back-manufacturing-jobs-but-heres-what-could/>