



How Trade Policy Has Failed Ohio - and How to Fix It¹

Ohio'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.

Trump Touted His Tariffs as a Silver Bullet for Industry and Jobs, but They've Backfired

- *Trump's tariffs on metals have hurt US industry and jobs.* As Ohio State University researchers have shown, "There are thirty-six jobs in Ohio's metal-using manufacturing industries for every job in steel and aluminum manufacturing."² By raising the prices of the aluminum they need to operate, Trump put US manufacturing at a disadvantage internationally.
- *Predictably, our trading partners retaliated - costing the US even more jobs.* Canada answered Trump's tariffs on aluminum with countermeasures of their own, raising the price of US aluminum and aluminum-containing goods - including washing machines made at the very Ohio plant where Trump first announced the tariffs.³
- *Trump's trade war with China has cost Ohio soybean farmers their biggest market.* In 2016, China bought \$13.7 billion in US soybeans. By 2018 that figure fell by nearly half, to \$7.1 billion. As the Ohio Soybean Association has said, the "tariff on Chinese products and the resulting retaliation by China on soybeans ... makes us less competitive in the global market."⁴

Considering all this unnecessary pain, it is no surprise that *Ohio's job growth has been anemic since Trump took office.* In 2019, before the pandemic, job growth barely registered, at just 3,700 new jobs - only about 10% of their growth in 2016, the year before Trump took office.

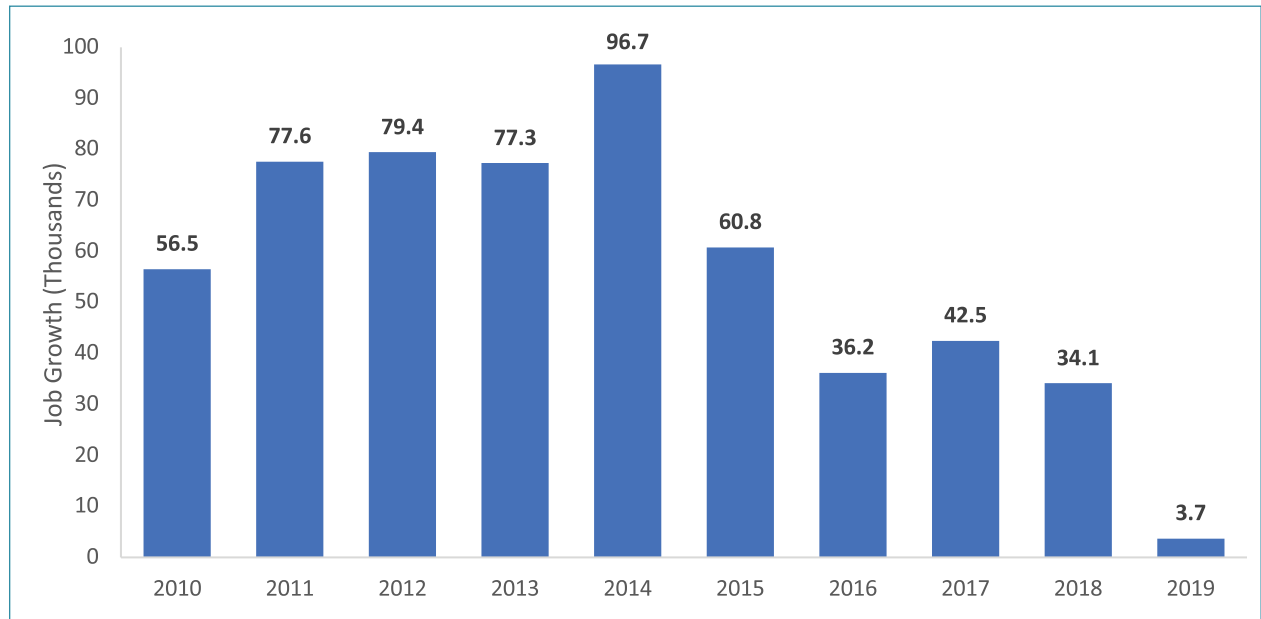
¹ From the new report *How Trade Policy failed U.S. Workers—And How to Fix It* by Sandra Polaski, Sarah Anderson, John Cavanaugh, Kevin Gallagher, Manuel Pérez-Rocha, and Rebecca Ray. Available at: <http://www.bu.edu/gdp/2020/09/15/how-trade-policy-failed-us-workers-and-how-to-fix-it/>

² Hill, Edward (Ned) and Fran Stewart (2019). "The Economic Impact of the Trade Skirmish of 2018 on the Nation and Ohio: Limited Impact Today; Mounting Concern for the Near Future". Available at: <http://glenn.osu.edu/trade-skirmish/TS-attributes/Trade%20Skirmish.pdf>

³ Panetta, Alexander (2020). "Canada to impose \$3.6B in tariffs in response to Trump's move against Canadian aluminum". *CBC News*, Aug 07, 2020. Available at: <https://www.cbc.ca/news/politics/freeland-aluminum-imports-tariffs-trump-1.5677757>

⁴ Ohio Soybean Association (2018). "Ohio Soybean Association Expresses Disappointment and Concern with Chinese Tariffs." Press release, July 6. <https://www.soyohio.org/association/ohio-soybean-association-expresses-disappointment-concern-chinese-tariffs/>.

Job growth in Ohio, 2010-2019



Source: Bureau of Labor Statistics Current Employment Statistics

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 treaty rules that prohibit 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 U.S. workers on the backs of their own workers.* Congressional Democrats' changes to USMCA - the new version of NAFTA - helped place a floor under Mexican wages. These reforms should be strengthened and incorporated into all future agreements.
- *Reform trade advisory panels.* Corporate interests dominate US trade policy through the US Trade Representative's "advisory committees." 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 information on how to make trade policy work for working people, 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*.

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/>