Tariffs are Good   
Opposition Brief by Naomi Mathew



Tariffs are an example often used to illustrate how “unfair” fair trade is. Despite the claim that tariffs are harmful, the evidence shows that tariffs can have a positive impact.

In NCFCA Lincoln-Douglas Release #06: “Property” (NEG) (9/10/2018) Mark Csoros writes:

Mark Perry of the American Enterprise Institute wrote in 2016 that

“…protectionist trade policies like a 266% tariff provide significant, concentrated benefits for a small number of well-organized, rent-seeking domestic firms like Big Steel…. but at the expense of much higher costs and possible job losses that are imposed on hundreds of millions of disorganized and dispersed consumers and the domestic firms that use steel as an input.”[[1]](#footnote-1)

When the government puts tariffs on steel, it’s imposing a tax designed to help a certain class of citizen, specifically those who work in the American steel industry. But that benefit comes at a cost to the property of every other American, who now has to pay more for any product that used steel as an input. Every paycheck is now worth less, because the cost of cars, construction, and cutlery has now increased.

Mark uses the example of tariffs to argue that fair trade is unfair. This opposition brief gives you evidence to dispute that. The evidence in this brief goes from broad to specific. First, this brief argues that tariffs help countries become successful. Next it gives examples of how tariffs are useful tool. Finally, there is evidence in favor of the recent tariffs implemented by president Trump.

The tags used in this brief include:

1. America was built on tariffs
2. Tariffs helped make China successful
3. Tariffs made the US and Germany successful
4. Tariffs can make trade more fair
5. Tariffs allow companies to hire local
6. Tariffs can prevent advanced industries from moving abroad
7. Tariffs protect new industries
8. Tariffs can promote environmental protection
9. Free trade means the government loses revenue
10. Tariffs increase government revenue
11. Trump’s tariffs haven’t raised prices or hurt the economy
12. Trump’s tariffs are estimated to add $9 billion to the GDP
13. Trump’s steel tariffs have saved/created many jobs
14. Instead of killing jobs, Trump’s tariffs are increasing jobs
15. Trump’s tariffs had several positive economic impacts
16. A study found that steel tariffs will add 1.2 million jobs through 2021

Tariffs are Good

America was built on tariffs

Jeffry Bartash. “Trump is right: America was ‘built on tariffs’” Market Watch, August 16, 2018. <https://www.marketwatch.com/story/trump-is-right-america-was-built-on-tariffs-2018-08-15>

President Trump defended his use of tariffs to force other countries to renegotiate “unfair” trade deals by claiming that “our country was built on tariffs.” He’s right. America was a staunchly protectionist country for most of its history before World War II. One of the very first bills new President George Washington signed, for instance, was the Tariff Act of 1789. He inked the bill on July 4 of that year.

Tariffs helped make China successful

Jeff Ferry. “Actually, tariffs work — look no further than China's booming economy for proof” USA Today, August 17, 2018. <https://www.usatoday.com/story/opinion/2018/08/17/china-economic-nationalism-success-trump-trade-war-tariff-column/925385002/>

Some brief history. For the past 25 years, China has implemented every pillar of a protectionist trade agenda. Starting in 1994, Beijing deliberately undervalued its currency against the dollar to make Chinese exports cheaper in the US market. It raised tariffs on a wide range of U.S. goods, including everything from consumer products to automobiles. It levied a value-added tax that encouraged its manufacturers to target export markets. It funneled hundreds of billions of dollars in subsidies to key industrial sectors. And it mandated the transfer of proprietary technologies to “partner” companies before allowing US companies access to its consumer market. Internally, the real-world effect of such a strategy was to tax China’s population, and to raise the cost of goods and services. And devaluing its currency added further to consumer woes, since it made imports more costly. China's history proves tariffs work Why did Beijing subject its citizenry to such austerity? Because it worked. Economic growth in China averaged 10 percent a year from 2000 to 2007, and has recently run in the 6 to 7 percent range, while so-called advanced nations struggle to reach 3 percent.

Tariffs made the US and Germany successful

Patrick Buchanan. “Why are Republicans Afraid of Tariffs?” The American Conservative, March 6, 2016.<https://www.theamericanconservative.com/buchanan/why-are-republicans-afraid-of-tariffs/>

The U.S. relied on tariffs to convert from an agricultural economy in 1800 to the mightiest manufacturing power on earth by 1900. Bismarck’s Germany, born in 1871, followed the U.S. example, and swept past free trade Britain before World War I.

Tariffs can make trade more fair

“What are the Benefits of Tariffs?” Benefitsof, Accessed December 28, 2018. <https://www.benefitsof.org/what-are-the-benefits-of-tariffs/>

A country may choose to unfairly compete with its trading partners by stealing their technology and subsidizing its own industries.  The nations that “play fair” lose their competitive advantages because they no longer control their patents and/or their industries must absorb all costs without help from governments.  This kind of predatory trading policy can be counteracted by the imposition of tariffs on goods that are unfairly produced and marketed.

Tariffs allow companies to hire local

Chris Beck. “The Pros and Cons of Trump's Tariffs.” The Pluralist, March 5, 2018. <https://www.pluralist.com/posts/190-the-pros-and-cons-of-trump-s-tariffs>

The protection of tariffs, which increases the prices of imported goods, allows domestic companies to hire locally, creating jobs in protected industries and improving the lives of their workers.

Tariffs can prevent advanced industries from moving abroad

[Spencer P. Morrison](https://amgreatness.com/author/spencer-p-morrison/" \o "Posts by Spencer P. Morrison). “Why Trump is Right About Tariffs” American Greatness, March 6, 2018. <https://amgreatness.com/2018/03/06/trump-right-tariffs/>

America needs to impose large tariffs to discourage its advanced industries from moving abroad. This will not only help us retain our technological edge, but it will also create an incentive for foreign technology firms to invest in America, further concentrating advanced industry in our nation. Although we cannot guarantee that America will invent the “next big thing,” we can maximize our odds. To do this, we need tariffs.

Tariffs protect new industries

“Trade Protectionism and Its Methods With Examples, Pros, and Cons.” The Balance, Accessed December 12, 2018. <https://www.thebalance.com/what-is-trade-protectionism-3305896>

If a country is trying to grow strong in a new industry, tariffs will protect it from foreign competitors. That gives the new industry’s companies time to develop their own competitive advantages.

Tariffs can promote environmental protection

David Korten. “Tariffs Aren’t a Terrible Idea—If They’re About Well-Being of People, Not Corporations.” Yes! Magazine. March 19, 2018. <https://www.yesmagazine.org/new-economy/tariffs-arent-a-terrible-idea-if-theyre-about-well-being-of-people-not-corporations-20180319>

A universal tariff on cross-border exchange, of 10 percent, for example, would provide a modest initial advantage for domestic sourcing of raw materials and consumer goods. Compensatory tariffs might be added to products from countries that do not maintain international standards of environmental protection, wages, health and safety standards, and social safety nets, thus encouraging higher standards for all people everywhere. Allowing corporations to write the rules of global commerce to favor their purely private interests was a grave error. Now is the time to examine how best to rewrite international trade and investment agreements so that they truly serve humanity and sustain a living Earth. The consequences of inaction are simply unacceptable.

Free trade means the government loses revenue

Larry Craig. “Letter: Why free trade hurts Americans.” The Chicago Tribune, March 13, 2018. <https://www.chicagotribune.com/news/opinion/letters/ct-tax-tariffs-trade-jobs-america-20180313-story.html>

But when businesses close and jobs move out of the country due to free trade, then the cost to our country is greater than the desired benefits. We lose the tax revenues from both corporate profits and the workers, and we end up paying the people who aren’t working anymore. All this puts pressure on the government to raise taxes, borrow money, print money and still add more to our growing debt that can someday collapse.

Tariffs increase government revenue

Patrick Buchanan. “Why are Republicans Afraid of Tariffs?” The American Conservative, March 6, 2016.<https://www.theamericanconservative.com/buchanan/why-are-republicans-afraid-of-tariffs/>

Specifically, we need to shift taxes off goods produced in the USA, and impose taxes on goods imported into the USA. As we import nearly $2.5 trillion in goods, a tariff on imported goods, rising gradually to 20 percent, would initially produce $500 billion in revenue. All that tariff revenue could be used to eliminate and replace all taxes on production inside the USA.

Trump’s tariffs haven’t raised prices or hurt the economy

Jeff Ferry. “The Tariffs Are Working.” Coalition for a Prosperous America, December 4, 2018. <https://www.prosperousamerica.org/the_tariffs_are_working>

But, economists claim, tariffs will raise prices and that will hurt economic growth. Well the tariffs have been in place for almost a year now and inflation is so low you have to squint to see it. We published some research looking in detail at the price effects of tariffs and we found that most product prices are not rising, and even when they are, it’s not hurting economic growth. Published public company reports show it. As for broad consumer inflation, last week’s core consumer price deflator for October came in at just 1.8 percent. Even I was surprised at how low that was. Inflation, to quote Sherlock Holmes, is the dog that hasn’t barked.

Trump’s tariffs are estimated to add $9 billion to the GDP

Jeff Ferry. “The Tariffs Are Working.” Coalition for a Prosperous America, December 4, 2018. <https://www.prosperousamerica.org/the_tariffs_are_working>

At CPA, we built an economic model looking at the effects of the tariffs on the US economy from 2018 through 2021. We found that the tariffs boosted US economic growth, adding $9 billion to GDP this year. Further, our growing economy leads to growing US imports each year. In other words, by boosting our own economic growth, we buy more goods from our trading partners, not less.

Trump’s steel tariffs have saved/created many jobs

Jeff Ferry. “US steel and aluminum tariffs — the right move at the right time.” The Hill, June 2, 2018. <https://thehill.com/opinion/international/390375-us-steel-and-aluminum-tariffs-the-right-move-at-the-right-time>

The tariffs have already had a positive effect on the U.S. economy. In Ashland, Kentucky, Braidy Industries broke ground on a new aluminum rolling mill. The mill, a $1.3 billion project, will create 550 new jobs. Those workers will earn average annual pay of $65,000, in a depressed Appalachian county where the median pay is around $44,000 a year. Elsewhere in Kentucky, Century Aluminum is preparing to hire 300 more workers as aluminum demand rises. On the steel side, Nucor is planning to open a new $240 million steel mill in central Florida, creating 250 jobs, while U.S. Steel is restarting production and rehiring 500 laid-off employees in Granite City, Illinois.

Instead of killing jobs, Trump’s tariffs are increasing jobs

Jeff Ferry and Steven Byers. “CPA Economic Model Shows Steel Tariffs Have Created Jobs.” Coalition for a Prosperous America, November 27, 2018. <https://www.prosperousamerica.org/cpa_economic_model_shows_steel_tariffs_have_created_jobs>

When the Trump administration implemented tariffs on steel and aluminum in March 2018, many economists predicted job losses and consumer price hikes. Their predictions relied, in part, on economic models which forecasted job losses of 200,000 or more from the tariffs. Yet the US economy is creating jobs at a rate of around 200,000 new jobs each month, and consumers are not experiencing price inflation. What’s going on?

Trump’s tariffs had several positive economic impacts

“Aluminum tariffs will create more than 3,000 jobs and create billions of dollars in economic investment.” The Economic Policy Institute, December 11, 2018. <https://www.epi.org/press/aluminum-tariffs-will-create-more-than-3000-jobs-and-create-billions-of-dollars-in-economic-investment/>

Manufacturing Policy Research Robert Scott shows that after Section 232 tariffs were imposed on aluminum (and steel) in March 2018, the domestic producers of both primary and downstream aluminum products have made commitments to create over 3,000 jobs, generate over $3.4 billion in new investments, and substantially increase domestic production of aluminum.

A study found that steel tariffs will add 1.2 million jobs through 2021

Jeff Ferry and Steven Byers. “CPA Economic Model Shows Steel Tariffs Have Created Jobs.” Coalition for a Prosperous America, November 27, 2018. <https://www.prosperousamerica.org/cpa_economic_model_shows_steel_tariffs_have_created_jobs>

We modeled the impact of the 2018 steel tariffs using a commercially available macroeconomic model. Our results show an increase of 2.1 million additional jobs in 2018 over the baseline forecast, with smaller increases averaging 1.2 million additional jobs per year in the years 2019 through 2021. In an economy with just over 149 million jobs today, these are small but significant increases in employment. There were also small but significant increases in real gross domestic product (GDP) in our model.

1. *Perry, Mark J. “Imposing 266% tariffs on Chinese steel imports will punish US manufacturers and consumers, not China”; the American Enterprise Institute March 2016 https://www.aei.org/publication/imposing-266-tariffs-on-chinese-steel-imports-will-punish-us-manufacturers-and-consumers-not-china/* [↑](#footnote-ref-1)