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Commentary: If Trump wants to create jobs, he'll boost trade

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Donald Trump in Hershey on Dec. 15.

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'Remember years ago, we used to proudly display 'Made in the USA'...We don't see it. I don't see it anymore.'

With these words, President-elect Donald Trump recently argued for a 10-percent tariff on imports. In the name of protecting American business, his tariff will raise prices on nearly every product sold in the country and actually destroy more American jobs than it protects.

Contrary to what the president-elect would have you believe, it's pretty easy to find products made in America.

If Trump had searched other countries in 2016, he could have found \$113 billion worth of American-grown food, \$327 billion worth of American-made fuel oil, textiles, chemicals, and industrial supplies, and a half-trillion dollars' worth of American-made machinery, semiconductors, scientific instruments, computers, trucks, cars, and aircraft.

In 2016 alone, the United States sold \$1.3 trillion worth of American-made products to the rest of the world, and an additional \$750 billion worth of American-made education, insurance, financial, and telecommunication services.

That's \$2 trillion worth of "Made in the USA" products.

Where did foreigners get \$2 trillion to buy our products? They got it from selling us theirs. If Trump slaps a tariff on goods imported into the United States, then foreigners will earn less money with which to buy American-made products. And we will all be worse off.

As it turns out, the right's fascination with economic protectionism and the left's fascination with "buying locally" arise from the same flawed notion. They only differ on where to draw the line between favored and disfavored exchange. If we really believed their nonsense, then we would only consume things that we make for ourselves in our own homes.

Beneath the political rhetoric, trade is nothing more than two people exchanging what one can produce well for what the other can produce well. That many people work for companies is irrelevant to the economics; it's all trade among people. And if trade among people is good - which it clearly is - then it's good regardless of whether those people live in different households, different cities, or different countries.

How good? Burgeoning trade and the resulting productivity and opportunity is eradicating world poverty. Since 1960, world trade as a fraction of the world economy has almost tripled. As trade has grown, the number of humans living in extreme poverty has plummeted from 65 percent of the world in 1960 to less than 10 percent today.

Not only does trade make us materially better off, it also helps to build peaceful communities. People who trade with each other are more likely to respect and talk out their differences than to resort to violence.

But this story - the true story - doesn't buy votes. Telling people they can hold on to inefficient jobs at everyone's expense does. So that's the story politicians tell.

In 2002, George W. Bush placed a tariff on imported steel. This was good news for Pittsburgh steel producers, because it meant that Americans would buy more Pittsburgh-made steel. That's the portion of the story Trump sees. But it's not the whole story.

By making steel more expensive, the tariff also increased the cost of producing thousands of American-made products that required steel. The increased cost meant that the prices of these products went up. And that meant job losses elsewhere in the country.

In the end, the steel tariff didn't create American jobs. It moved American jobs from California, Texas, Ohio, Michigan, and other places where Americans made things out of steel to Pittsburgh, where Americans made steel. In total, the tariff destroyed more American jobs than existed in the entire American steel industry in the first place.

Even trade deficits are a non-issue. When Americans spend more on foreign goods than foreigners spend on American goods, those extra dollars come back as foreign investment in the United States. Countries export things they are good at producing, and Americans are particularly good at entrepreneurship. When we sell ownership in U.S. companies to foreigners, we are selling American-made entrepreneurial services.

The president-elect claims not to see any of this. He needs to look more closely. Because if he really wants to help Americans, he will remove barriers to trade instead of erecting new ones.

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