


# THE PRICE OF LEVERAGE: IMPACTS OF TARIFFS ON U.S. WORKERS

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# CREATING LEVERAGE

- Imposed steel/aluminum tariffs to incentivize U.S. trading partners to get China to cut steel overcapacity
  - Imposing 10% and 25% tariffs on U.S. imports from China to force changes in IPR and technology transfer policies
  - Threatening Section 232 action on motor vehicles and parts to push Canada, Mexico on NAFTA; Europe on car tariffs
  - Threatening to terminate NAFTA 1.0 to press Canada and Mexico – and Congress? – on NAFTA 2.0
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# WHAT HAPPENS WHEN TARIFFS ARE IMPOSED?

## U.S. Winners

**PROTECTED INDUSTRY:** Output UP, employment UP

**OTHER SECTORS:** indirect spending from protected companies and workers INCREASES and jobs elsewhere in economy (suppliers, restaurants) INCREASE

## U.S. Losers

**DOWNSTREAM INDUSTRIES:** Output DECLINES, employment DECLINES

**OTHER SECTORS:** indirect spending from downstream companies and workers DECLINES and jobs elsewhere in the economy (suppliers, restaurants) DECLINE

**EXPORTING INDUSTRIES:** Output DECLINES, employment DECLINES

**OTHER SECTORS:** indirect spending from exporting Companies and workers DECLINES, jobs elsewhere in economy (suppliers, restaurants) DECLINE

*GAINS – LOSSES = ???*

# STEEL/ALUMINUM 232 TARIFFS + RETALIATION

Steel/alum jobs	+26,280
Steel consuming industry jobs*	-91,614
Other sectors	-337,111
Total net job impacts	-402,445

**16 job losses for every steel/aluminum gain**

\* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction

# CHINA 301 TARIFFS ON \$50B + RETALIATION

Steel/alum jobs	+2,378
Steel consuming industry jobs*	-30,303
Other sectors	-105,751
Total net job impacts	-133,676

\* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction

# CHINA 301 TARIFFS ON \$517B + RETALIATION

Steel/alum jobs	-508
Steel consuming industry jobs*	-96,863
Other sectors	-357,426
Total net job impacts	-454,796

\* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction



# **MOTOR VEHICLE & PARTS 232**

**Trade Partnership, tariffs only**

**Total net job impacts -116,871**

**Peterson, tariffs only**

**Total net job impacts -195,000**

**Peterson, tariffs + retaliation**


**Total net job impacts -624,000**



# TERMINATING NAFTA 1.0

Steel/alum jobs	-6,876
Steel consuming industry jobs*	-194,617
Other sectors	-1,608,095
Total net job impacts	-1,809,588

\* Beverages, petroleum/coal products, fabricated metals, motor vehicles and parts, other transportation equipment, non-electrical equipment machinery, construction





## **CONCLUSIONS**

**Leverage is expensive.**

**How long are you prepared to wait to see if it works?**

