

# [***Trump or Biden? Either way, US seems poised to preserve heavy tariffs on imports***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6C2X-17T1-JC5B-G11S-00000-00&context=1516831)

The Associated Press

May 21, 2024 Tuesday 10:46 AM GMT

Copyright 2024 Associated Press All Rights Reserved

**Section:** BUSINESS NEWS; WASHINGTON DATELINE; POLITICAL NEWS; STATE AND REGIONAL

**Length:** 2018 words

**Byline:** PAUL WISEMAN, AP Economics Writer

**Dateline:** WASHINGTON

**Body**

WASHINGTON — As president, Donald Trump [*imposed a 25% tariff on foreign steel*](https://apnews.com/article/16376596d71d4ae18ed40447ce8278e9), which hurt Clips & Clamps Industries, a Michigan auto supplier — raising its materials prices, making it harder to compete with overseas rivals and costing it several contracts.

Jeff Aznavorian, the company president, thought he might enjoy some relief once Joe Biden entered the White House. Instead, Biden largely preserved Trump’s tariffs — on steel, aluminum and a mass of goods from China.

“It was a little surprising that an ideologically different administration would keep the policies so intact,’’ Aznavorian said, recalling how a previous Democratic president, Bill Clinton, had fought for freer trade. “That’s just so different from a 2024 Biden administration.’’

Trump and Biden agree on essentially nothing, from taxes and climate change to immigration and regulation. Yet on trade policy, the two presumptive presidential nominees have embraced surprisingly similar approaches. Which means that whether Biden or Trump wins the presidency, the United States seems poised to maintain a protectionist trade policy — a policy that experts say could feed inflation pressures.

Last week, in fact, [*Biden announced some new tariffs*](https://apnews.com/article/biden-china-tariffs-electric-vehicles-solar-254546e92f823a78220c195a0a42a10e), on Chinese electric vehicles, advanced batteries, solar cells and other products, that he said would keep Beijing from flooding the United States with cheap imports.

The protectionist tilt of the two presidential contenders reflects the widespread view that opening the nation to more imports — especially from China — wiped out American manufacturing jobs and shuttered factories. It's an especially potent political topic in the Midwestern industrial states that will likely decide who wins the White House.

“If you look at the election, it’s obvious,’’ said William Reinsch, a former trade official now at the Center for Strategic and International Studies. “Where are the deciding states? Pennsylvania, Michigan, Wisconsin — right there, you can see that trade is going to have an outsize role.’’

In their own ways, the two candidates have ditched a U.S. commitment to relatively frictionless trade — low barriers and scant government interference — that were a bedrock of American policy for decades after World War II. The idea was that free trade would hold down costs and aid consumers and businesses across the world.

In recent years, though, the perception grew that while free trade benefited households and companies, it hurt workers, with American jobs falling victim to cheaper foreign labor.

“The once nearly unanimous Washington consensus on free trade is dead," Robert Lighthizer, who was Trump’s lead trade negotiator, crowed in his 2023 book, “No Trade Is Free.’’

Yet like free trade, trade protectionism carries its own economic price. It can raise costs for households and businesses just as the nation is struggling to fully tame inflation. It tends to prop up inefficient companies. It spurs retaliation from other nations against American exporters. And it typically sours relations with allies and adversaries alike.

Trump, who [*brazenly labeled himself “Tariff Man,’’*](https://apnews.com/general-news-united-states-government-002d5601b9824b199fb9d2a889c5f8ac) tried to pummel America's trading partners with import taxes, vowing to shrink America’s trade deficits, especially with China.

He did pressure Mexico and Canada into rewriting a North American trade deal that Trump insisted had destroyed U.S. manufacturing jobs. He also persuaded China to agree to buy more American farm goods. But his efforts didn't revive the manufacturing base — factory jobs make up a smaller share of U.S. employment than they did before his presidency — or shrink America's trade deficits.

Trump has vowed more of the same in a second term. He's threatening to impose a 10% tariff on all imports — and a 60% tax on Chinese goods.

“I call it a ring around the country,’’ Trump said in an interview with Time magazine.

Mark Zandi, chief economist at Moody’s Analytics, warns that the consequences would be damaging. Trump’s tariff plans, Zandi said, “would spark higher inflation, reduce GDP and jobs and increase unemployment, all else equal."

A year after the import taxes were imposed, Zandi estimates, average consumer prices would be 0.7 percentage points higher than they would otherwise be. A report out Monday, from Kimberly Clausing and Mary Lovely of the Peterson Institute for International Economics, estimates that for families in the middle of the U.S. income distribution, Trump's tariff proposals would amount to a tax of at least $1,700 a year.

For his part, Biden favors subsidizing such key industries as chipmaking and EV manufacturing to give them a competitive edge. It's a stance that reflects worry that China's rising military and technological might imperils America's national security. As last week's announcement showed, Biden isn't averse to new tariffs, either. His top trade negotiator, Katherine Tai, has opened an [*investigation into Chinese trade practices in the shipbuilding industry*](https://apnews.com/article/biden-china-steel-tariffs-union-workers-0399b0450b67086ca86edc43ac45e5e9), likely a prelude to imposing further sanctions on Beijing.

“The laissez-faire economic model of trade wasn’t working for the United States,’’ said Elizabeth Baltzan, a senior adviser to Tai. “We want to correct for that. The measures you take in order to get a fairer (economy) may involve measures that could be labeled protectionist. But I think you have to ask what you’re protecting" — notably working-class communities.

Dani Rodrik, a Harvard economist who was an early critic of the globalization of the 1990s and 2000s, views Biden trade policies more favorably than he does Trump’s approach.

“Trump’s was knee-jerk and incoherent; there is little evidence that his trade restrictions on China did any good to workers or the middle class in the U.S.,’’ Rodrik said.

By contrast, he said, “Biden’s approach is strategic and based on rebuilding U.S. manufacturing capacity and investing in the green transition, so fundamentally strengthening the U.S. economy rather than crass protectionism.”

Either way, a consensus formed in recent years that U.S. trade policy had to change. Moving factories to low-wage countries like Mexico and China in the 1990s and early 2000s, critics say, fattened corporate profits and enriched executives and investors but devastated American factory towns that couldn’t compete with cheap imports.

David Autor, a leading economist at the Massachusetts Institute of Technology, and two colleagues concluded in a 2016 paper that from 1999 to 2011, cheap Chinese imports wiped out 2.4 million American jobs.

More recently, China’s rise as America’s No. 1 geopolitical rival has created a bipartisan effort to reduce America's reliance on Beijing for supplies of everything from pharmaceuticals to “rare earth’’ minerals for electric cars and cellphones.

Though this sea change in policy may have started with Trump, discontent with free trade and with an increasingly combative China had been building for years. One of Trump’s first presidential acts was to dump a free trade agreement the Obama administration had negotiated with 11 Pacific Rim countries.

Then Trump really got going. He [*imposed taxes on foreign washing machines and solar panels*](https://apnews.com/united-states-government-general-news-5f68ab2a45124b29be5dfbfc474dde73). Next, he labeled [*steel and aluminum imports a threat to national security*](https://apnews.com/article/2343c0efe3e54015887c53e1ba40b248) and hit them with tariffs.

Finally, he started perhaps the biggest trade war since the 1930s: He hammered $360 billion of Chinese products with tariffs for Beijing’s efforts to surpass U.S. technological supremacy through illicit tactics, including cybertheft. China lashed back with retaliatory taxes of its own: It targeted American farmers, in particular, to try to hurt Trump’s constituency in rural America.

Did Trump’s tariff war achieve anything?

A study by Autor and colleagues at the University of Zurich, Harvard and the World Bank concluded that Trump’s import taxes failed in their goal to return jobs to the American heartland. The tariffs, the study found, “neither raised nor lowered U.S. employment’’ where they were supposed to protect jobs.

Worse, the retaliatory taxes imposed by China and other nations on U.S. goods had “negative employment impacts,’’ especially for farmers. These were only partly offset by billions in government aid that Trump bestowed on farmers to cushion their pain.

The Trump tariffs also damaged companies that relied on supplies that were affected by the tariffs. In Plymouth, Michigan, Clips & Clamps doesn’t even use much imported steel. Yet it was still hurt by the tariffs because they allowed American steel producers to raise their prices.

“Our raw material prices here in the United States tend to be 20% higher than Europe and Mexico and 40% to 60% higher than China,’’ Aznavorian said. His overseas rivals, he said, enjoy “significantly cheaper’’ costs.

If Trump’s trade war fizzled as policy, though, it succeeded as ***politics***. Autor’s study found that support for Trump and Republicans running for Congress rose in the areas most exposed to the import tariffs — the industrial Midwest and manufacturing-heavy Southern states like North Carolina and Tennessee.

After entering office, Biden retained many of Trump’s trade policies and made no effort to revive Obama’s old Pacific Rim trade pact. He kept Trump’s steel and aluminum tariffs, while letting some trading partners avoid it until they reached a quota. He also retained China tariffs. Biden even turned up the heat on Beijing by restricting its access to advanced computer chips and the equipment to make them.

“Trade and national security have been combined into one thing,’’ Reinsch said. “This is the first time we’ve had an adversary that posed both an economic and a security challenge. The Soviet Union was a security challenge, but it was never an economic threat. Japan was an economic threat in the ’80s, but it was never a security threat; they were an ally. China is both, and it’s been complicated trying to figure out how to deal with that.’’

Biden’s China policies are “grounded in national security,’’ said Peterson's Lovely. “That makes it harder to critique because national security is always this black box that only those with the highest security clearance get to see.’’

The Biden administration has rankled some U.S. allies by offering subsidies to encourage U.S. companies to manufacture goods in America. Under Biden’s 2022 Inflation Reduction Act, for instance, auto buyers can receive a $7,500 tax credit for purchasing an electric vehicle. But the credit applies only to EVs assembled in North America. And the full credit goes only to EVs in which at least 60% of battery parts are made in North America and 50% of the “critical minerals’’ used in the vehicle — like cobalt, copper and lithium — come from the United States or a country with which the U.S. has a free trade deal.

“It’s important that the United States develop its own clean energy sector, in collaboration with its allies and partners, thereby not becoming dependent on Chinese technologies,'' said Wendy Cutler, a former U.S. trade negotiator who is vice president of the Asia Society Policy Institute. “When trade is increasingly being weaponized, it’s important that the U.S. does not become overly dependent on China for strategic products.’’

Biden’s initiatives — including incentives to produce green technology and computer chips in the United States — have spurred what looks like a surge of investment in manufacturing. Karen Dynan of the Peterson Institute has reported that investment in U.S. factories surged at an 80% annual rate in the January-March period compared with the final three months of 2023, helping fuel the economy’s unexpectedly strong performance.

The United States seems unlikely to reverse its tilt toward protectionism anytime soon. China, struggling to revive its own economy, is trying to export its way out of trouble, threatening to overwhelm world markets with cheap EVs and other products.

As for Aznavorian, he hopes the U.S. mends trade relations with its allies.

“We need friendly trade partners in order to compete against China,’’ he said.

Yet when it comes to China and other U.S. adversaries, Aznavorian said, he’s convinced that protectionist trade policies are “definitely here to stay.’’

**Load-Date:** May 21, 2024

**End of Document**