

Macro Roundup Article

Headline: [Have Trade Agreements Been Bad For America?](#)

Article

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Tweet: Alan Wolff, Robert Lawrence and Gary Clyde @PIIE make the case that job losses from trade should be offset by transfer payments. “The best answer is almost never long-term protection,” they conclude.

Summary: According to one estimate, between 2001 and 2015—a period that covers the “China shock”—expanding imports hurt about 312,000 workers a year on average. This number is large. It calls for a meaningful response, even if it represents under 2 percent of the total number of periods of involuntary unemployment experienced by workers during those years. Almost 6 million manufacturing jobs were lost in the United States between 2000 and 2010. This loss was overwhelmingly caused by two recessions as well as relatively faster productivity growth, but trade did play a role. The correct policy answer to job losses resulting from trade is having in place adjustment programs that are equal to the task of meeting dislocations. Two great strengths of the US economy are its flexible prices and flexible labor market. It would be a mistake to introduce rigidities through excessive protection that would make US industries less competitive when what is needed are more effective, fully funded, labor programs.

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Primary Topic: Trade (not deficits)

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