

Macro Roundup Article

Headline: [Help for the Heartland? The Employment and Electoral Effects of the Trump Tariffs in the United States](#)

Article Link: <https://www.nber.org/papers/w32082>

Author(s)	David Autor, Anne Beck, David Dorn, and Gordon Hanson
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Tweet: Tariffs implemented during the 2018-2019 trade war were “at best a wash, and may have been mildly negative” in terms of employment, but increased political support for Trump in the 2020 election. @davidautor

Summary: We evaluate whether the U.S.-China tariff war of 2018–2019 succeeded in meeting then-President Trump’s stated goal of bringing back jobs to America and generating support for Trump and the Republican party. We find consistent evidence on both questions. The net effect of import tariffs, retaliatory tariffs, and farm subsidies on employment in locations exposed to the trade war was at best a wash, and it may have been mildly negative. Conversely, the trade war appears to have been successful in strengthening support for the Republican party. Residents of tariff-protected locations became less likely to identify as Democrats and more likely to vote for President Trump. Figure 4 plots the predicted employment effects of tariffs and subsidy variables against their predicted impacts for the GOP vote share in the presidential election, with commuting zones (CZ) aggregated into 40 bins based on their x-axis values. The figure indicates that the combined predicted employment effect of import tariffs, retaliatory tariffs and agricultural subsidies is small, ranging from a 0.2% loss to a 0.2% gain in the employment rate in most CZs. Conversely, predicted Republican vote share gains are more sizable, reaching values of 0.5% to 1.0% for most CZs. A striking pattern in Figure 4 is that local exposure to the trade war appears to have benefited the Republican party even in regions where the combined effect of tariffs and subsidies predicts no employment gain or even a modest employment loss. Voters thus appear to have responded favorably to the extension of tariff protections to local industries, even though the ensuing retaliatory measures were economically damaging. Related: The World’s Rust Belts: The Heterogeneous Effects of Deindustrialization on 1,993 Cities in Six Countries and Labor Market Conflict and the Decline of the Rust Belt and Are Manufacturing Jobs Still Good Jobs? An Exploration of the Manufacturing Wage Premium

Primary Topic: Trade (not deficits)

Topics: Academic paper, Database, GDP, Important!, Politics, Trade (not deficits), Unemployment/Participation, Weekly, Workforce

PDF File

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