

China Tariffs Threaten Agriculture, Manufacturing Jobs for Trump's Base

A new analysis suggests areas largely supportive of Trump in the 2016 election have the most to lose from a trade war with China.

By Andrew Soergel, Senior Reporter April 6, 201

TRADE TENSION BETWEEN the U.S. and China is quickly reaching a fever pitch as President Donald Trump late Thursday night proposed heaping an additional \$100 billion in tariffs on top of his initial proposal of \$50 billion in duties on Chinese imports.

With tariffs now proposed on roughly 30 percent of America's imports from China – according to a recent analysis by Oxford Economics – and Chinese officials ratcheting up duties of their own in response, the threat of an actual trade war between the world's two largest economies now doesn't seem as far fetched as it initially may have appeared.

And, unfortunately for certain parts of the country where Trump's supporters in the 2016 presidential election were most heavily concentrated, they are largely the folks expected to be on the front lines of a trade confrontation should rhetoric shift from tariff threats to full-scale implementation.

The Brookings Institution on Thursday circulated a county- and industry-specific analysis of who would be most heavily hit by a trade war. The study, spearheaded by Mark Muro, a senior fellow at the institution's Metropolitan Policy Program, found that a variety of manufacturing and agricultural jobs would be most exposed to disruption in the event of a trade war.

More than 2.1 million jobs could be impacted, potentially weighing on employment in nearly 2,800 counties. Roughly 81 percent of those impacted counties – many of which sit in the geographic Midwest – voted for Trump during the 2016 presidential election.

Agriculture jobs are expected to be more significantly threatened than most, though natural gas extraction and brewing, distilling and wine-producing jobs are also expected to be dinged.

"I would say the [tariff announcements] prompt a lot of uncertainty for a lot of workers and industries as the issue heats up and negotiations commence on hopefully rational outcomes," Muro said in an email, noting that "the number of counties affected are highly red."

Indeed, it's worth noting that few of Trump's proposed tariffs have actually taken effect to this point. Trump's own chief economic adviser, National Economic Council Director Larry Kudlow, was one of several analysts who speculated earlier in the week that the series of tariff threats that surfaced in recent days were just that – threats. He told reporters on Wednesday that it was possible the U.S. and China could avoid tariffs altogether, saying the proposals were simply "part of the process" and that Trump "is ultimately a free trader."

But that was before Trump announced another round of tariffs that effectively tripled the proposed duties on Chinese products.

"For the moment, the Trump administration has only given the green light to post additional tariffs on solar panels, washing machines, steel and aluminum, though numerous countries have been exempt from some of these trade barriers," **Bernard Baumohl, a chief global economist at The Economic Outlook Group**, wrote in a research note Friday. "But the rhetoric keeps getting hotter and the list of products that will be subject to higher tariffs grows larger by the day."

And as the threats continue to be publicized, with Trump regularly taking to Twitter to bash Chinese trade practices he has labeled as unfair and predatory, analysts see the odds of reaching a peaceful solution without the implementation of tariffs on hundreds of billions of dollars in goods as diminishing.

"The heated rhetoric on both sides could still prove to be posturing before getting down to serious negotiations, but then again national and personal pride could just as easily win the day with these two world leaders," Scott Anderson, an executive vice president and chief economist at Bank of the West Economics, wrote in a research note Friday. "Neither will want to be seen as backing down to the

other, which is why we expect some tariffs will indeed be imposed. The real question remains: Where does this tit-for-tat tariff retaliation end?"

Trump, for his part, took to WABC radio in New York on Friday morning, indicating that there will likely be "a little pain" for Americans as trade tension rises but that "we're going to be much stronger for it."

As Brookings' data suggests, those who are most likely to feel that pain are soybean farmers and manufacturing workers in middle America. At least some politicians appear to have recognized that risk, as Sen. Ben Sasse warned in a statement Thursday that "if [Trump]'s even half serious, this is nuts."

"China is guilty of many things, but the president has no actual plan to win right now," the Nebraska Republican said. "Let's absolutely take on Chinese bad behavior, but with a plan that punishes them instead of us. This is the dumbest possible way to do this."

The ultimate concern is that U.S. producers who ship to China will be dinged by the tariffs, which in turn is likely to make their products less competitive internationally as Chinese buyers search for cheaper alternatives. And tariffs on items brought into the U.S. will theoretically raise prices for consumers, potentially shooting inflation skyward while forcing Americans to part with more disposable income. The same is true for consumers and producers in China, who are likely to face higher prices as a result of the new barriers.

Justin Wolfers, an economics professor at the University of Michigan and a senior fellow at Brookings, warned on Twitter on Thursday night that each successive round of tariffs "hurts both China and the U.S."

"The question is, which superpower can continue punching its own people in the face for the longest?" he asked.

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