

# Working-class remedy that hammers the workers



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## ECONOMIC SCENE

Tupelo fell hard for Donald J. Trump. The blue-collar enclave in northeastern Mississippi — birthplace of Elvis Presley and the American Family Association — was once home to a vibrant business in upholstered furniture. But as Chinese imports flooded in, the local economy buckled.

There are fewer jobs in Tupelo today than there were at the millennium. Middle-income families are making almost 20 percent less, after inflation, than they did then. Mr. Trump's offer to build a wall against Chinese imports was just what Tupeloans wanted to hear.

Republicans could not lose in this deep red enclave in the buckle of the Bible Belt. Still, in the 2016 election, Mr. Trump carried Lee County, where Tupelo sits, by a 38-percentage-point margin over Hillary Clinton — nine percentage points more than Mitt Romney's lead over Barack Obama four years before.

And yet it's not working out great for the working men and women of Tupelo. Indeed, President Trump's first big trade barrier — tariffs against steel and aluminum imports — is, again, threatening to undermine their livelihood.

For every job in Tupelo producing steel or aluminum, there are 200 jobs in industries that consume them that could be put at risk as tariffs push up the prices of these metals, according to research from Jacob Whiton and Mark Muro of the Brookings Institution.

This is true across the United States. The lesson the White House has yet to figure out is that the tariffs meant to protect the businesses that make these metals will end up hamstringing the industries that rely on them.

The United States has been here

before. When President George W. Bush imposed emergency tariffs on imported steel in 2002, prices of steel shot up. According to a survey by the International Trade Commission, almost one in five furniture and hard-

**Tariffs meant to protect the steel and aluminum industries will hamstring other businesses.**

ware producers, as well as a third of electrical appliance makers and one in ten auto-parts suppliers responded by relocating production abroad. Another study found that industries that use steel lost 200,000 jobs. That is more than all the jobs in

the steel industry itself. All sorts of industries use aluminum and steel. There are cutlery makers and producers of railway cars; furniture manufacturers and canners of pickled vegetables; tire makers and wire makers and manufacturers of all sorts of auto parts. Mr. Whiton's and Mr. Muro's research underscores just how big a footprint the steel- and aluminum-consuming industries, have compared with steel and aluminum producers.

Steel- and aluminum-producing industries employ some 95 workers in the Tupelo commuting zone — an area centered on Tupelo that comprises Lee and a clutch of five smaller counties, according to Mr. Whiton and Mr. Muro's analysis.

By contrast, 20,294 people in the area — almost one in four — work in industries that consume either metal. There are the workers assembling lawn mowers at the MTD factory and the workers at Jesco, a steel fabrication plant that serves the construction industry. There are the workers slapping together Corollas at the Toyota plant in Blue Springs a few miles northwest, and their colleagues close by at Toyota's auto parts manufacturing plant.

An analysis from the Council on Foreign Relations concluded that Mr. Trump's tariffs could kill up to 40,000 jobs in the auto industry alone.

What's particularly ironic is that the blow from the new tariffs will be felt

most acutely by workers who voted for Mr. Trump. No place in Virginia swung for the president more than Bland County, where 82 percent of voters chose Mr. Trump. The county supports 11 steel- and aluminum-producing jobs, according to Mr. Muro's and Mr. Wilton's data. Steel- and aluminum-consuming industries, by contrast, employ 468.

In Mercer County, Ohio, another Trump stronghold, consuming industries employ eight times as many workers as producers. Then there is Macomb County, stretching northeast from Detroit. After voting twice for Barack Obama, Macomb's voters gave the county to Mr. Trump. He won the county by 48,348 votes.

Mr. Trump's campaign strategy was almost custom cut for Macomb's overwhelmingly white and blue-collar voters. His appeal to protect the homeland from foreign goods resonated in this hub of the auto industry.

The problem with Mr. Trump's remedy, as far as Macomb's workers are concerned, is that this manufacturing industry uses lots of steel. According to the Brookings data, almost 16 percent of the jobs in the county are in industries that consume steel and aluminum, while 0.2 percent — 478 jobs — depend on producers.

The demand for protectionism from Mr. Trump's voters comes from real pain. Macomb and Tupelo have lost much of what they called the middle class when good jobs in manufacturing industries disappeared.

Seminal work by David Autor of the Massachusetts Institute of Technology, David Dorn at the University of Zurich and Gordon Hanson at the University of California, San Diego, shows that workers in counties whose industries were exposed to competition from China lost jobs and suffered declines in wages.

For instance, the surge of Chinese furniture into the United States between 1990 and 2007 amounted to more than \$43,000 per each American worker toiling in the business. In the Tupelo commuting zone, where one in five workers made furniture, it hurt.

These workers are right to be angry. Policymakers of both parties have long ignored their plight, espousing “free trade” on the grounds that it enhances overall economic growth, while doing next to nothing to help those on the losing side.

And still, protectionism is the wrong tool to improve workers’ lot. It will do nothing to stop automation, for one.

Critically, while perhaps protecting some workers in one, narrow industry, it will probably hurt many others.

To paraphrase the New York Times columnist and economist Paul Krugman, if China is a truck that ran roughshod over the workers of Tupelo, Mr. Trump’s protectionism amounts to putting the truck’s gear in reverse and running them over again.