

David Blond on DT 2.0 Tariffs

I wrote many an article over the last twenty years about the hollowing out of the American manufacturing sector, but there are good ways to deal with the problem and bad ways. Trump's tariffs are the wrong way and will yield. If we are lucky, a recession, but if not then a depression if companies choose to lay off workers and shutter plants when demand falls rather than build new, costly, and impossible to staff with skilled workers new plants to replace the 20% plus of US consumption that is imported.

But this next step is so counter to the laws of logic as to be laughable. If you are going to fight a war against the world, then get the facts right. The table below, taken from my integrated global model and dataset that is based on a true set of trade, industry, employment, macro data for 72 countries and over 150 industries of which about 120 are traded commodities, is instructive. The way to read it is to look at the first column showing the share of US production exported to the world. The second column shows the same percent for the rest of the world (71 other countries making up about 90% plus of world gross output). The third column shows how much of the exports of other countries could replace US exports excluding US imports. We would need 27% more skilled labor to replace the lost foreign products net of exports. Good luck on that one.

US Export Share of US Production	Non-US Export Share of Non-US Production	Non-US Exports Share of Non-US Import Demand	ISIC3 Code	Isic 3 Description
0.85071	0.837959	0.666186	C1111	Farming
0.051411	0.008919	0.929571	C1112	Fruits&Vegetables
0.215553	0.072659	0.698416	C1114	OtherAgriculture
0.102929	0.020318	1.069722	C1121	AnimalHusbandry
0.133588	0.119913	0.591265	C1133	AgriculturalMaterials
0.008912	0.026545	0.887274	C1150	AgriculturalSupportActivities
0.119276	0.473805	0.863526	C2110	Oil&Gas
0.63981	0.34528	0.561035	C2122	MetalOreMining
0.076644	0.107917	0.826091	C2123	Nonmetallic MineralsMining
0.003445	0.01577	0.898637	C2131	MiningSupportActivities
0.029786	0.035985	1.093311	c1511	Processing/preserving of meat
0.178261	0.243685	1.069494	c1512	Processing/preserving of fish
0.213465	0.228208	1.125813	c1513	Processing/preserving of fruit & vegetables
0.323099	0.20087	0.976184	c1514	Vegetable and animal oils and fats

0.234982	0.031883	1.01438	c1520	Dairy products
0.139237	0.054629	1.017854	c1531	Grain mill products
0.104299	0.300539	0.82549	c1533	Prepared animal feeds
0.038431	0.191879	1.276434	c1541	Bakery products
0.07565	0.377648	1.084337	c1542	Sugar
0.422634	0.43115	1.01565	c1543	Cocoa, chocolate and sugar confectionery
0.147426	0.306497	1.160037	c1544	Macaroni, noodles & similar products
0.111367	0.143289	1.21947	c1549	Other food products n.e.c.
0.112702	0.060219	1.097592	c1551	Distilling, rectifying & blending of spirits
0.104313	0.306796	1.073036	c1552	Wines
0.128067	0.163515	1.233393	c1553	Malt liquors and malt
0.010115	0.173191	1.158373	c1554	Soft drinks; mineral waters
0.037621	0.205093	1.081585	c1600	Tobacco products
0.199571	0.25228	1.046807	c1711	Textile fibre preparation; textile weaving
0.354867	0.103042	0.937371	c1712	Finishing of textiles
0.195751	0.505137	1.312362	c1721	Made-up textile articles, except apparel
0.530628	0.791412	1.149785	c1722	Carpets and rugs
0.790858	0.460543	1.15081	c1723	Cordage, rope, twine and netting
0.11268	0.284701	1.299526	c1729	Other textiles n.e.c.
0.575943	0.229473	1.54012	c1730	Knitted and crocheted fabrics and articles
0.819644	0.739815	0.930963	c1810	Wearing apparel, except fur apparel
0.851603	0.784101	1.095835	c1820	Dressing & dyeing of fur; processing of fur process
0.745258	0.430376	0.772952	c1911	Tanning and dressing of leather
0.869565	0.824316	1.006157	c1912	Luggage, handbags, etc.; saddlery & harness

0.763794	0.759806	0.998651	c1920	Footwear
0.159609	0.201793	1.21426	c2010	Sawmilling and planing of wood
0.107056	0.242079	1.174406	c2021	Veneer sheets, plywood, particle board, etc.
0.01868	0.195848	1.111398	c2022	Engineered Wood & Millwork
0.104885	0.360909	0.903221	c2023	Wood Containers
0.10878	0.319194	0.978818	c2024	Fabricated Homes
0.103189	0.425017	0.889417	c2029	Other wood products; articles of cork/straw
0.147181	0.292241	0.901868	c2101	Pulp, paper and paperboard
0.3187	0.652436	1.144001	c2102	Corrugated paper and paperboard
0.244513	0.390197	1.141403	c2109	Other articles of paper and paperboard

0.199993	0.272433	0.922005	c2221	Printing
		0.886281	c2222	Service Related to Printing
0.349525	0.018159	0.774994	c2310	Coke oven products
0.133647	0.052826	0.998472	c2320	Refined petroleum products
0.591341	0.337724	0.755792	c2411	Basic chemicals, except fertilizers
0.326122	0.337403	1.000718	c2412	Fertilizers and nitrogen compounds
0.707115	0.066038	0.897621	c2413	Plastics in primary forms; synthetic rubber
0.221869	0.189184	1.215806	c2421	Pesticides and other agro-chemical products
0.146878	0.468739	0.937344	c2422	Paints, varnishes, printing ink and mastics
0.292871	0.693875	0.916272	c2423	Pharmaceuticals, medicinal chemicals, etc.
0.219584	0.501086	1.078547	c2424	Soap, cleaning & cosmetic preparations
0.265458	0.354972	0.892129	c2429	Other chemical products n.e.c.
0.869565	0.680584	1.123067	c2430	Man-made fibres
0.554336	0.576397	1.201968	c2511	Rubber tyres and tubes
0.221397	0.168291	1.187595	c2519	Other rubber products
0.14908	0.562805	1.005142	c2520	Plastic products
0.175941	0.20899	0.968718	c2610	Glass and glass products
0.357004	0.328862	1.214538	c2691	Pottery, china and earthenware
0.276529	0.200222	0.998408	c2692	Refractory ceramic products
0.158854	0.115865	0.988481	c2693	Struct.non-refractory clay; ceramic products
0.127253	0.136335	0.993919	c2694	Cement, lime and plaster
0.066815	0.261146	1.031029	c2695	Articles of concrete, cement and plaster
0.018511	0.145968	1.27521	c2696	Cutting, shaping & finishing of stone
0.15051	0.430408	1.252118	c2699	Other non-metallic mineral products n.e.c.
0.128995	0.203198	1.039799	c2710	Basic iron and steel
0.516474	0.564562	1.275959	c2720	Basic precious and non-ferrous metals
0.250424	0.122997	0.915533	c2731	Casting of iron and steel
0.009714	0.102487	0.998091	c2732	Casting of non-ferrous metals
0.744391	0.835305	1.161425	c2811	Structural metal products
0.263949	0.251198	1.052332	c2812	Tanks, reservoirs and containers of metal
0.039772	0.178108	0.876726	c2813	Power boiler and heat exchanger manufacturing
0.036592	0.363842	1.003481	c2891	Metal forging/pressing/stamping/roll-forming
0.002375	0.034535	1.038808	c2892	Treatment & coating of metals
0.32604	0.7172	1.114642	c2893	Cutlery, hand tools and general hardware

0.29235	0.398335	0.947593	c2899	Other fabricated metal products n.e.c.
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0.705536	0.682378	0.939267	c2911	Engines & turbines (not for transport equip.)
0.57858	0.808709	0.899454	c2912	Pumps, compressors, taps and valves
0.096778	0.168717	0.894915	c2913	Bearings, gears, gearing & driving elements
0.496607	0.718875	0.996566	c2914	Ovens, furnaces and furnace burners
0.234269	0.550032	1.048142	c2915	Lifting and handling equipment
0.836917	0.802444	0.919476	c2919	Other General Purpose Machinery
0.451319	0.272361	1.144245	c2921	Agricultural and forestry machinery
0.460939	0.377158	1.083912	c2922	Machine tools
0.789058	0.666189	1.046358	c2923	Machinery for metallurgy
0.365656	0.447144	1.167672	c2924	Machinery for mining & construction
0.641361	0.793598	1.206595	c2925	Food/beverage/tobacco processing machinery
0.869565	0.556171	1.127361	c2926	Machinery for textile, apparel and leather
0.064617	0.037	1.034187	c2929	Other Special Purpose Machinery
0.021439	0.047845	1.233343	c2930	Household Appliances
0.064146	0.017274	0.913094	c3000	Office, accounting and computing machinery
0.518244	0.278456	0.932771	c3110	Electric motors, generators and transformers
0.483642	0.76305	0.868556	c3120	Electricity distribution & control apparatus
0.762552	0.273302	0.915024	c3130	Insulated wire and cable
0.821239	0.620668	0.985373	c3140	Accumulators, primary cells and batteries
0.176544	0.525214	1.451838	c3150	Lighting equipment and electric lamps
0.869565	0.494449	0.890507	c3190	Other electrical equipment n.e.c.
0.869565	0.82924	0.742336	c3210	Electronic valves, tubes, etc.
0.173233	0.125408	0.760729	c3220	TV/radio transmitters; line comm. apparatus
0.806471	0.369444	1.076201	c3230	TV and radio receivers and associated goods
0.60075	0.820792	0.889638	c3311	Medical, surgical and orthopaedic equipment
0.25202	0.653973	0.989616	c3312	Measuring/testing/navigating appliances, etc.
0.774366	0.799831	0.932026	c3313	Industrial process control equipment
0.353839	0.625608	1.286649	c3320	Optical instruments & photographic equipment
0.817396	0.803074	0.836392	c3330	Watches and Clocks
0.158477	0.191407	0.896986	c3410	Motor vehicles
0.274849	0.813923	1.394744	c3420	Automobile bodies, trailers & semi-trailers

0.383949	0.227709	0.903949	c3430	Parts/accessories for automobiles
0.043624	0.675036	2.709197	c3511	Building and repairing of ships
0.256434	0.708511	1.304779	c3512	Building/repairing of pleasure/sport. boats
0.1015	0.339455	1.065565	c3520	Railway/tramway locomotives & rolling stock
0.059022	0.545363	0.900522	c3530	Aircraft and spacecraft
0.779777	0.511755	1.125172	c3591	Motorcycles
0.598063	0.686048	0.173168	c3599	Other transport equipment n.e.c.
0.092044	0.477986	1.227815	c3610	Furniture
0.869565	0.835879	1.012611	c3691	Jewellery and related articles
0.858326	0.554405	0.89645	c3692	Musical instruments
0.169657	0.469304	1.09466	c3693	Sports goods
0.869565	0.490243	0.847722	c3694	Games and toys

Source: QuERI Integrated Global Model of Trade, Industry, and Macroeconomic Indicators