

OPINION

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AP Photo/Nati Harnik

Farmer Don Bloss examines a tall sorghum plant in his field in Pawnee City, Neb. Farmers and agricultural economists are worried that President Trump's trade, immigration and biofuels policies will cost farms billions of dollars in lost income and force some out of business.



AP Photo/Ben Margot

The container ship Maersk Emerald is unloaded at the Port of Oakland.



AP Photo/J. Scott Applewhite

Americans who work for international auto companies demonstrate on Capitol Hill in Washington against trade tariffs they say will negatively impact U.S. auto manufacturing.

Will Trump's tariffs create a stronger economy?

PRO: Trump's tariffs help even the score against predator nations

BALTIMORE — One only needs to take an Amtrak train bound from here to Philadelphia to witness scores of abandoned factories — all victims to one-sided U.S. free-trade pacts with cheap labor countries like China.

While there is a valid argument that America's industrial base was overtaken by technological advances, such as automation and robotics, the fact that even modern American manufacturing plants have joined the ranks of the abandoned show how nations like China, Mexico and India are capturing America's techno-industrial base.

Companies like Apple, Carrier, Leviton, Whirlpool, La-Z-Boy and Harley-Davidson were eager to outsource their manufacturing to foreign locations, where cheap labor abounds.

Trump's tariffs leave these and other countries with a simple choice: Either maintain or return manufacturing of their products back to America or face a punitive import tax on goods imported from their factories abroad.

President Donald Trump's imposition of "fair trade" tariffs has worked the way it was intended to — boosting the number of U.S. manufacturing jobs.

Sectors that have benefited from Trump's protectionist policies include solar panels, washing machines, flat screen television, steel and aluminum manufacturing.

So far, manufacturing jobs are increasing across the nation, especially in distressed cities like Buffalo, N.Y.; Louisville, Ky.; and Huntsville, Ala., where U.S. firms abandoned their plants for the allure of cheap overseas labor but now are "reshoring" jobs lost to foreign outsourcing.

Obviously there remains much more for Trump to do to reverse the labor drain from America that claimed 5 million manufacturing jobs since 2000.

Ratings agencies, like Moody's, have responded to Trump's 25 percent tariff on imported steel by improving the investment picture for the U.S. steel industry.

Similarly, the American aluminum industry is seeing increases in stock valuation because of Trump's 10 percent tariff on imported aluminum.

Tariff protections for U.S. steel and aluminum have not only resulted in an improved outlook for investors in both industries but

have translated into more jobs and greater manufacturing capacity in the United States.

Trump, like unsuccessful 2016 Democratic presidential candidate Bernie Sanders, promised to act against countries like China, which had enjoyed an unbalanced trade relationship with the United States that emaciated America's blue-collar labor force and the local economies that were left shattered by job loss.

Since Trump retaliated against America's manufacturing competitors in Asia and Latin America, U.S. companies are thinking twice about off-shoring manufacturing.

Some are opting to assemble products at U.S. factories, using a combination of domestically-made components and those manufactured abroad.

For this "one foot in America, one foot abroad" policy, companies are seeking tariff relief for components that require cost-prohibitive assembly line installation.

These partial U.S. manufacturing firms, while not perfect, are a step in the right direction and help take the sting out of unintended consequences of Trump's tariffs. Some manufacturers of automotive parts have even moved back to Michigan from China.

Overall, Trump's tariffs are having the desired effect in key industries.

One is medical technology, an area in which the United States always excelled. For instance, Insulet Corporation, the manufacturer of insulin delivery systems, is moving its plant from China to Massachusetts. Other bio-industry and pharmaceutical firms are relocating manufacturing from China and Europe to states like New Jersey and Rhode Island.

Level-headed trade policies by Trump have also seen the U.S. semiconductor industry return some of its manufacturing jobs from China, Malaysia and Taiwan to American shores.

Trump's tariffs have come under fire from some traditional economists.

In the long run, however, America will be better off for adopting a trade policy. And polls show that many voters are prepared to endorse when they go vote in the upcoming midterm elections.

Whitt Flora is a former Washington correspondent for the Columbus Dispatch and writer for Aviation Week and Space Technology.



WHITT FLORA

CON: His tariffs are too great a gamble for America

WASHINGTON — After a long, slow climb following the Great Recession, the U.S. economy is finally thriving again.

Thanks largely to tax and regulatory reform, wages and take-home pay are higher, employment has risen and the consumers who drive the economy are confident.

Things are so good that at the National Retail Federation, we have increased our economic forecast for 2018, predicting retail sales will grow at least 4.5 percent over 2017 rather than the range of 3.8 percent to 4.4 percent we predicted earlier this year.

But that revised forecast could have been even higher if not for a number of unknowns — the biggest of which is the growing trade war threatening our nation's economy. And that war is being fought on multiple fronts.

Negotiations to modernize the North American Free Trade Agreement have been going on for a year, accompanied by repeated threats to pull out of the landmark pact between the United States, Canada and Mexico that has created U.S. jobs and lowered prices for U.S. consumers for a quarter century.

Tariffs were imposed on imported steel and aluminum earlier this year, and have already been reflected in higher prices for everything from canned beer and soda to nails and washing machines.

This summer, tariffs on \$50 billion in goods from China have taken effect, with the threat of tariffs on an additional \$200 billion waiting in the wings.

While the first set of tariffs have affected relatively few consumer goods, that will not be the case with the next round, and retailers have been breaking records at U.S. ports as they bring merchandise into the country before the new import taxes can take effect.

Let's be clear: Tariffs are taxes that are paid by U.S. businesses and, ultimately, hardworking Americans. Almost any economist will say tariffs are bad.

Look at the Smoot-Hawley Tariff Act of 1930, which many historians say contributed to the Great Depression. Tariffs passed since then haven't been

quite as disastrous, but haven't helped much either.

With tariffs on most consumer goods yet to take effect and retailers stocking up ahead of that, consumer pain may build slowly at first.

But higher prices are inevitable since retail industry profit margins averaging about 2 percent are far too narrow to absorb tariffs as high as 25 percent.

Retailers cannot quickly or easily restructure complex and sophisticated supply chains. And with many of these products in question no longer made in the United States in mass quantities, sourcing would likely go to other foreign suppliers rather than U.S. companies.

Even if prices don't rise immediately, that doesn't mean the effect of tariffs won't still be felt this fall and winter. Perception can become reality, and the mere talk of tariffs can negatively impact consumer and business confidence, leading to a decline in spending and even job creation.

Tariffs don't affect just finished consumer goods. They have already begun to drive up the cost of parts and materials needed to produce "Made in USA" products made in U.S. factories and small shops that support the jobs of millions of American workers.

Higher costs mean higher prices for American-made products, which makes them less attractive to domestic consumers and less competitive as exports in the global economy.

Furthermore, retaliatory tariffs from China and other countries are already targeting and impacting U.S. exports ranging from agricultural products to manufactured goods. Retailers in farm communities and those in small towns with manufacturing jobs tied to exports will feel the impact of retaliation acutely.

Perhaps this is all a bargaining strategy yet to reveal itself. But it's time to stop gambling with our nation's economy and make the deal that puts China's abusive trade practices to an end without throwing away the benefits of tax reform and making hardworking Americans pay the price.

Matthew Shay is president and CEO of the National Retail Federation, the world's largest retail trade in Washington, D.C.



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