

Opinion **US manufacturing**

Biden's trade policy is crafted with political rewards in mind

Measures ostensibly aimed at protecting American workers are also about jobs on Capitol Hill

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Workers at a forge in Bethlehem, Pennsylvania. Steelworkers are better off than the median US employee © Tom Williams/CQ-Roll Call, Inc/Getty

Alan Beattie YESTERDAY

The adjective Joe Biden's administration invariably attaches to its trade policy is one of those political labels whose unobjectionable banality is its strength. The phrase "worker centred" is like the "hard-working families" long invoked in both US and UK politics: you cannot oppose a trade policy supporting workers any more than you can be biased towards feckless loners.

But helping all workers equally is not what it means in practice. Nearly 10 months in to the administration, this worker-centred policy shows a disturbing focus on old-style manufacturing-centred protectionism — and not even all manufacturing, just the politically rewarding parts.

Although it is also proposing to extend trade-distorting support to new sectors like electric vehicles, the Biden administration has continued the historic US obsession with steel. It inherited tariffs on steel and aluminium imposed by the Trump administration and continued to defend the transparently bogus rationale of promoting national security.

In October, to forestall the EU imposing retaliatory tariffs, the US converted the duties into a [horridly complex](#) system of quotas, but is still controlling imports, including from other countries. And it is coupled with a new idea: a carbon club ostensibly to prevent environmentally-friendly steel from the US, EU and like-minded

Now, for consumer goods you can just about make the case that tariffs transfer money from richer households, who buy imports, to poorer domestic workers, who compete with them. Yet given the complexities of modern supply chains and the efficiency losses from clumsy interventions, this is all too likely to go wrong. Attempting income redistribution through trade policy is like cutting your toenails with garden shears. The result might be shorter nails but you are more likely to lose a toe.

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against themselves.

There is incontrovertible evidence that steel protectionism clobbers other manufacturers and the construction industry. A [brilliant paper](#) by Harvard academic Lydia Cox analyses the steel tariffs imposed by President George W Bush in 2002. With remarkably fortunate political timing, they were imposed just eight months before the midterm elections, in which the Republicans secured control of both houses of Congress. They were lifted in 2003 after being successfully challenged at the World Trade Organization.

Cox found that even shortlived tariffs had persistent negative effects. A rise of 1 percentage point in upstream steel tariffs caused a relative decline of 0.2 percentage points in the downstream industry's global market share for steel-intensive products.

For an industry like steel it makes no sense at all. For one, steelworkers are already much better off than the median employee, as a recent [joint op-ed](#) by US trade representative Katherine Tai and commerce secretary Gina Raimondo noted.

Second, steel is an upstream product on which large swaths of downstream manufacturing and construction — including Biden's infrastructure plans — are dependent. There are [80 jobs](#) in downstream industries that use steel for every one in the steel sector. Beware anyone who claims to be cheerleading American manufacturing in general and illustrates their case with reference to steel prices: they are arguing

hard-pressed employees against pampered consumers. It is centred on a small number of relatively well-off workers whose interests are contrary to those in other sectors yet whose labour unions happen to be a strong part of the Democratic base.

If this is what the administration feels is necessary to retain control of the White House in 2024 and help its allies in Congress in the meantime, so be it. Bush's steel tariffs, after all, seemed to do the trick at the time. But let's be clear: the jobs this worker-centred policy is primarily aimed at saving are those of Biden and the Democrats on Capitol Hill.

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