



The Daily Dish

# Some Trump Trade Math

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Former President Trump has never been clearer than in his recent [interview](#) at the Chicago Economic Club. He intends to force foreign producers to locate in the United States, and he is willing to raise draconian tariffs to do so. Taken at face value and pushed to the limit, this would amount to eliminating all imports. What should we think about that?

**Thought 1: This does not add up.** Despite his claims in the interview that he is good at mathematics and economics, this is not plausible. In the 4th quarter of 2023, the United States produced more than \$28 trillion in gross domestic product (at an annual rate) using roughly 157 million workers – each worker contributing about \$180,000. Now, at that rate of productivity, to eliminate the more than \$3.8 trillion in imports and replace it with domestic production would require another 21.6 million workers. How, exactly, is that going to happen?

**Thought 2: Thought 1 is optimistic.** The United States imports things for a couple of reasons. Among the most important is that not everything is available in the United States. No amount of tariffs is going to make bananas native to the United States. Even more important, the whole point of trade is to concentrate on the things that one does best and use the results to trade for things that one doesn't do very well. Hence, Eakinomics focuses on producing “writing” (we use the term loosely at AAF) and trading it for red wine. I may be an awful writer, but I'm a worse vintner. (And the reverse is true: Eakinomics sells like hotcakes in wine country.) The upshot is that Trump's trade policy is a bold public call to make worse products, lower labor productivity, and have everyone be worse off – especially those confined to the reincarnation of Victorian workhouses that would be necessary to force 22 million Americans to work.

**Thought 3: Thought 2 is too optimistic.** How do other countries get the dollars needed to buy U.S. exports? By selling the United States their products. But Trump's trade policy is intended to eliminate those sales, so it will also wipe out U.S. exports. The best-paying jobs and most productive workers are those that are in export-related sectors, so productivity and the standard of living will fall further yet.

Protectionism always fails. Has anyone noticed that we are still “saving” the U.S. steel industry 20 years after the Bush steel tariffs? And the notion of an across-the-board tariff doesn't pass a laugh test. If tariffs are such a surefire winner, then the Smoot-Hawley tariffs should have ended the Great Depression.

In a presidential contest festooned with dismal economic thinking on both sides, the Trump trade fable stands out for its superficial appeal. But it is only superficial and in the end has no appeal.