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STEEL TARIFFS LIKELY TO LEAD TO U.S. JOB LOSSES, FED ECONOMISTS FIND

Jobs at domestic manufacturers that use steel could be most at risk

By Michael S. Derby
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U.S. tariffs on steel imports are likely to cost the American economy jobs, according to new research from Federal Reserve Bank of New York economists.

"Although it is difficult to say exactly how many jobs will be affected, given the history of protecting industries with import tariffs, we can conclude that the 25 percent steel tariff is likely to cost more jobs than it saves," the economists said in a Thursday posting on the New York Fed's Liberty Street Economics blog. "The new tariffs are likely to lead to a net loss in U.S. employment, at least in the short to medium run."

The research comes a day after the Federal Reserve said U.S. businesses reported rising steel prices due to the new tariffs.

The Trump administration in March launched global tariffs on steel and aluminum, although imports from some countries have been exempted. The administration has threatened other protectionist moves as well, including tariffs on \$150 billion worth of Chinese imports.

The New York Fed economists sought to take stock of how the new steel tariffs could affect hiring and firing in the U.S. Many economists have said the tariffs won't have much of a positive impact for the U.S., and the Fed post bolsters that view.

The research says that while U.S. steel output has been "fairly stable" over a long period, employment in the sector has been in a long-running decline as workers have become more productive.

The bigger issue is that domestic manufacturers will face higher costs both from tariff-affected foreign metal and from American producers lifting prices to match the imports. Jobs are most "at risk" at these manufacturers, the report says.

The economists also say handicapping the outcome of a trade war is difficult because there haven't been that many.

The push by the Trump administration to erect trade barriers has drawn commentary from a number of Fed officials. Most say the economic impact of what has happened so far is unclear, but they worry a spiral of tit-for-tat retaliatory actions could lead to real economic harm.

On Wednesday, New York Fed leader William Dudley warned that "a tariff war would be a terrible, terrible outcome." He added: "I would not look at a trade war as something we can win. I don't really think a trade war is a winnable proposition."

Mr. Dudley's comments at Lehman College in New York, which came in response to a student's question about the trade situation, appeared to be a rebuke to President Donald Trump. Earlier this year, the president tweeted: "When a country (USA) is losing many billions of dollars on trade with virtually every country it does business with, trade wars are good, and easy to win."