

Policy Brief

Trump Trade Policy:
Founded on Rock or Sand?

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Administration trade policy goal: support stable, well-paying jobs, in particular for people without college educations in manufacturing. Is it working?

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Summary

A June article by U.S. Trade Representative Robert Lighthizer lays out the Trump administration's aims for its trade policies to date. In short, it is to support stable, well-paying jobs for people without college educations. As these workers are employed in the manufacturing sector, seeking to use trade policy to boost this sector of the U.S. economy is an Administration goal.

Is this goal based on factual information about the U.S. labor force? Specifically, are manufacturing jobs the primary sources of employment for people with a high school degree or less, are those jobs stable, and do they pay the best for this group of workers?

It turns out, the answers to each of these questions are "no."

This paper takes a deep dive into employment data published by the U.S. Department of Labor. We find that the trade policy tool of choice of the Administration – tariffs – is hurting the very workers it seeks to help.

What Motivates the Trump Trade Agenda?

In a [June 2020](#) article in *Foreign Affairs*, U.S. Trade Representative Robert Lighthizer articulated the objective of the Trump administration's trade policies. Lighthizer asserts "... [w]hat most Americans want is ... a trade policy that supports the kind of society they want to live in. To that end, the right policy is one that makes it possible for most citizens, including those without college education, to access the middle class through stable, well-paying jobs." He later adds, "Historically, manufacturing jobs have been the best source of stable, well-paying employment for this cohort"(i.e., those without college educations). U.S. trade policy, in the Ambassador's opinion, should seek to grow employment opportunities for these workers.

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The Trump administration's trade policy approach is based on the assumption that manufacturing jobs (i.e., jobs producing goods) are the best source of high-paying jobs for workers without college educations – "best" in terms of pay and stability.¹ With this as its guiding light, the Administration has embarked on trade initiatives that have sought to increase domestic production of manufactured goods, promote exports of manufactured goods, and reduce imports of manufactured goods.

The article is a thoughtful and illuminating piece that addresses – and counters – a number of arguments made by those who advocate trade liberalization as appropriate policy. One of the Ambassador's themes is that those positions are not supported by facts. Which begs the question: is Lighthizer's approach supported by fact? Is the Trump administration's trade policy enabling people without a college education to access the middle class through stable, well-paying jobs?

A careful look at the makeup of the U.S. workforce shows, however, that the Administration's focus on production occupation employment in the manufacturing sector is too narrow.

Where Are the Stable, Well-Paying Jobs for People without College Educations?

To evaluate whether the Administration's trade policy is working for its intended beneficiaries, one needs to first define those beneficiaries with real data. Among the key questions:

- Are jobs making goods the only ones for which a high school degree is sufficient to work?
- Or are there others and if so, where are they?
- How much money do workers making goods earn, relative to workers holding other jobs for which a high school degree is all one needs to get a job?
- How stable are production occupations relative to others for which a high school degree is sufficient to get work?

We dove into a wealth of such data published by the U.S. Bureau of Labor Statistics (BLS) to get some answers.

What jobs exist for people with only a high school degree, or less?

Fact: nearly 63 percent of the U.S. workforce has at best a high school diploma or equivalent. That is 101 million of 161 million workers in 2018. These are astounding numbers and one can fully understand policymakers focusing on initiatives – trade or otherwise – that would be of particular benefit to them.

Millions of production workers are employed by companies that are not classified as “manufacturers.”

Fact: according to BLS, all positions within the “production occupation” category require at most a high school degree or equivalent to get a job. This is the occupational category that most closely aligns with jobs that “make stuff.” In 2018, nearly 9.5 million workers held production occupations (Table 1), 5.9 percent of all jobs in that year.

It is not unusual to assume that people making goods are employed in the manufacturing sector.² Many are. But perhaps surprisingly to some, millions of production workers are employed by companies that are not classified as “manufacturers.” While the “manufacturing” sector employed most – 6.5 million of those 9.5 million workers – more than 3 million workers were employed by companies classified in other, largely services, sectors of the economy (Table 1). Indeed, one in four workers holding production occupations – making “stuff” – work for companies commonly viewed as “services providers.”

Table 1: Workers in Production Occupations by Industry, 2018

Industry	Jobs (thousands)	Share of Total (%)
Total	9,452.4	100.0
Self-employed	211.9	2.2
Total wage and salary employment	9,240.5	97.8
Manufacturing	6,500.9	68.8
Other goods producing (ag., mining, energy, construction)	213.7	2.3
Services	2,339.7	24.8
Wholesale trade	334.7	3.5
Retail trade	361.9	3.8
Professional, scientific and technical services	136.7	1.4
Administrative support, waste management	800.2	8.5
Accommodation and food services	100.9	1.1
Other services	605.3	6.4
Government	186.2	2.0

Source: Bureau of Labor Statistics, Employment Projections, Occupational Projections Data, <https://www.bls.gov/emp/data/occupational-data.htm>.

Job opportunities for people who do not have college degrees do not begin and end with production occupations. If all you have is a high school education, there are other occupations that are options. According to data from BLS, 335 other occupations required a high school degree equivalent or less for the typical entry-level position in 2018. Over 91 million workers – nearly 10 times as there were in production occupations – held these jobs. Table 2 gives some examples.

How well do these jobs pay?

It is all well and good to say there are many multiples of job opportunities outside the production of goods for workers without a college education. Lighthizer makes the point that workers with a high school degree can make a good living – they can “access the middle class” – with production occupation jobs, relative to the life style they would have from the pay in other jobs for which only a high school degree is required. So what do the data have to say about that?

Millions of jobs in services occupations are available to high school graduates, jobs that pay as much or more than production occupations.

It turns out there are millions of jobs in occupations outside of manufacturing for high school graduates that pay as much – or more – than production occupations. According to BLS, the [median annual wage](#) for production workers was \$36,000 in 2019. Table 2 shows some of the other occupations available to workers who have at most a high school degree or less, and the number of people employed in them in 2018. The 9.8 million jobs in these nine occupation categories alone total to more than the production worker category in 2018.

Table 2: Selected Services Occupations Requiring at Most a High School Degree or Equivalent, 2018

Occupation	Jobs (thousands)	Median Annual Wage
Construction supervisors	662.6	\$66,210
Sales representative for wholesale/manufacturing	1,406.4	59,930
Electricians	715.4	56,180
Plumbers	500.3	55,160
Carpenters	1,006.5	48,330
Heavy truck, tractor/trailer drivers	1,958.8	45,260
Industrial truck and tractor operators	615.0	36,200
General maintenance and repair workers	1,488.0	39,080
Construction laborers	1,405.0	36,860

Source: Bureau of Labor Statistics, Employment Projections, Occupational Projections Data, <https://www.bls.gov/emp/data/occupational-data.htm>.

How stable are production occupation jobs compared to other occupations for high school graduates making the same or more?

Lighthizer argues that job stability is another important characteristic of a “good” job. Are production occupations stable over time? Chart 1 suggests not. Jobs for production and nonsupervisory workers within the manufacturing sector have been in general decline since 1979. Worse still: BLS [forecasts](#) a further loss of 429,500 production occupation jobs from 2018-2028. [Note: decline in manufacturing employment does not equate to a long-term decline in manufacturing – U.S. manufacturing output today is higher than ever, thanks in large part to technology-induced increases in output per worker.]

In contrast, the construction and transportation/warehousing sectors do appear to offer the sort of stability Lighthizer seeks. Chart 2 shows the long-term increasing trend for those jobs. BLS forecasts an increase in jobs between 2018 and 2028 of [807,500](#) in construction; [322,100](#) in transportation and warehousing, more than the projected loss of production occupation jobs over the next 10 years.

In short:

- Jobs that provide a good stable living for people who did not go to college can be found in every sector of the U.S. economy, not just manufacturing,
- Jobs in manufacturing have not been “stable” for a very long time, and
- There are a number of other occupations that provide better opportunities for workers – higher pay, more stable employment prospects – than production workers in the manufacturing sector.

Chart 1: Production/Non-Supervisory Workers in Manufacturing

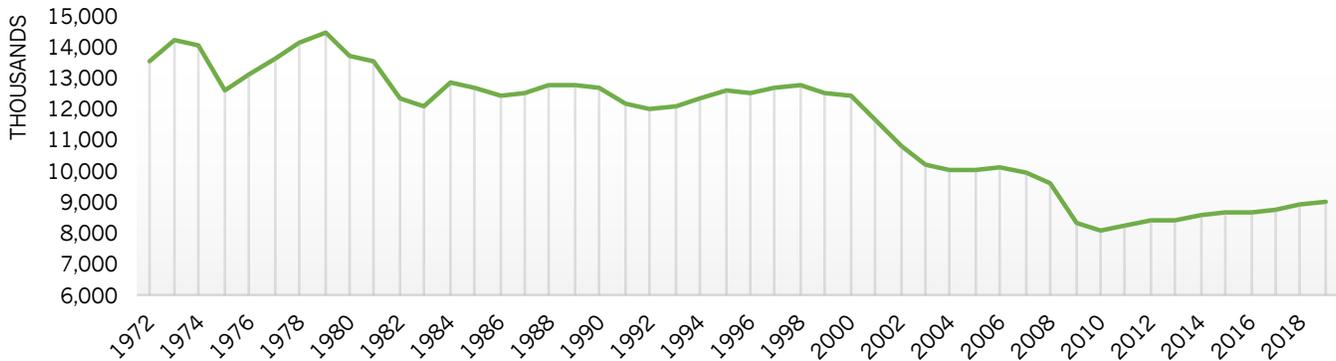
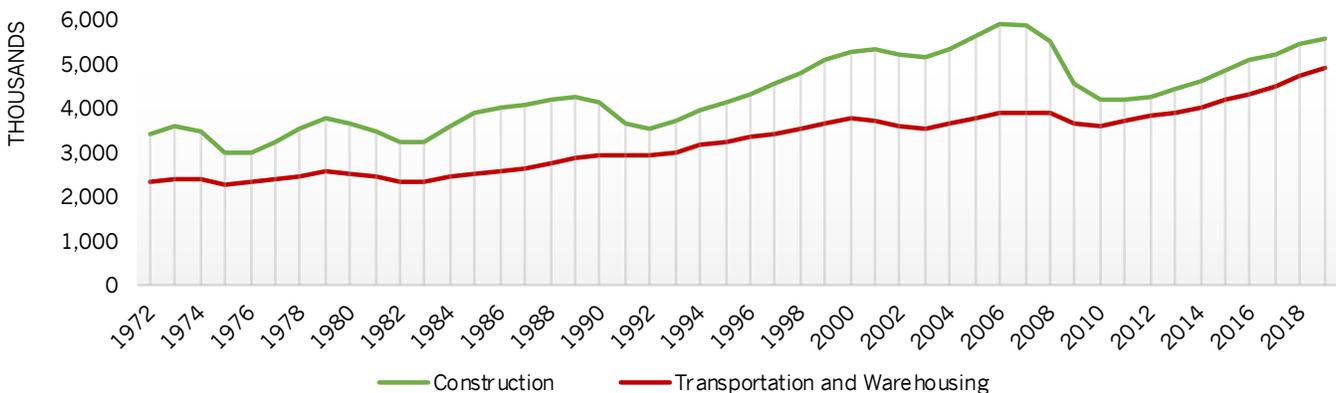


Chart 2: Production/Non-Supervisory Workers



Source: Bureau of Labor Statistics

Is the Trump Trade Agenda Working for Its Intended Beneficiaries?

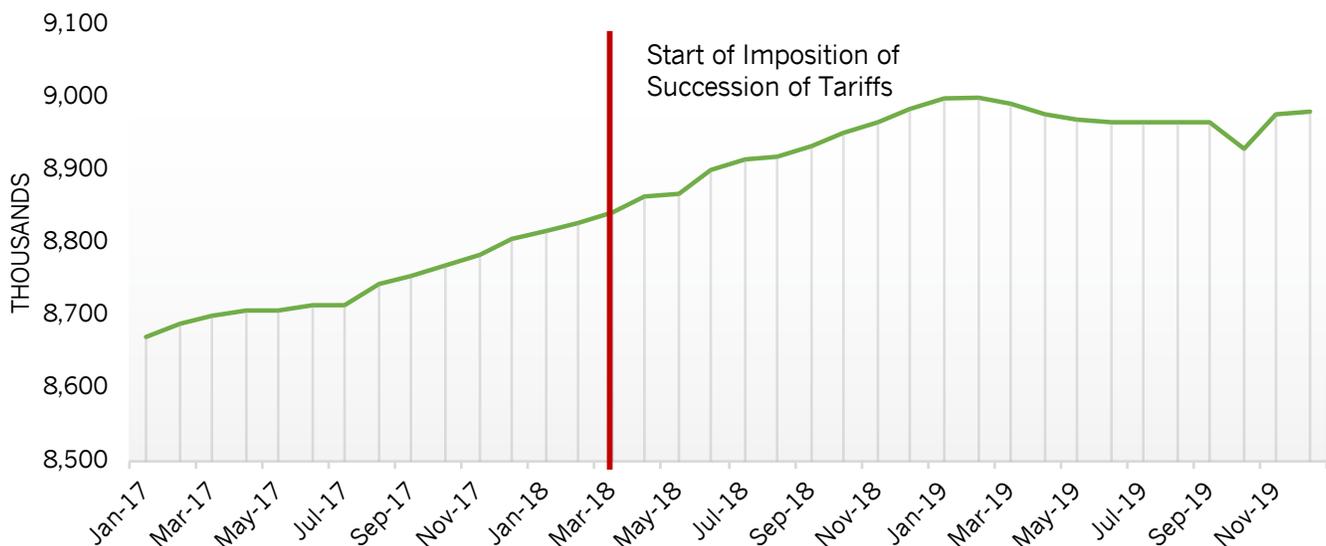
How does this data background help one to assess the impacts of the Trump administration's trade policies? Imposition of tariffs is a popular trade policy tool widely employed by the Trump administration in part in an effort to drive manufacturing back to the United States and thereby to increase employment opportunities for the targeted workers.

However research by Trade Partnership Worldwide LLC found that tariffs imposed by the Trump administration on imports of steel and aluminum from a variety of countries, and on nearly all products from China, would have a negative impact, after they had been in effect for one to three years, on many manufacturing jobs and on millions of jobs in other sectors of the economy that employ the very workers the Administration seeks to protect. For example, in an assessment of the [job impacts of steel and aluminum tariffs and quotas](#), we found that 26,280 jobs in steel and non-ferrous metals sectors would be protected one to three years out. But the tariffs would cost jobs in other manufacturing sectors, including motor vehicles and other transportation equipment, and in fabricated metals. Indeed, we found the tariffs would result in a net loss of manufacturing jobs of nearly 20,000. Importantly, the tariffs have ripple effects throughout the economy that result in heavy jobs losses in construction (-63,930), in particular.

In [another study](#) looking at various tariff scenarios with respect to imports from China, we also found disproportionately net negative impacts on jobs held by workers with a high school degree or less. The scenario that considered U.S. tariffs on "lists 1-3" of goods imported from China estimated a net positive impact on manufacturing sector jobs (with losses for some manufacturing sectors like motor vehicles and other transportation equipment). However, the losses in construction dwarfed those gains 2.5 to one – again after one to three years in effect.

Our results are not dissimilar from a growing number of studies by academic economists who all find a net negative impact from the tariffs on the American economy, and on U.S. jobs. And back to the data: BLS employment data for manufacturing production and nonsupervisory workers show that sure enough, after year one of the first round of tariffs, manufacturing employment for the cohort that is the target of Trump's trade policy levels off and starts to decline it as well (Chart 3).

Chart 3: Manufacturing Production and Nonsupervisory Worker Employment, 2017-2019



Source: Bureau of Labor Statistics

Conclusion

While the motivation for the Trump Administration’s trade policy is clear, the outcomes of the resulting trade actions are equally clear. The effort to support – and grow -- the jobs of workers who do not hold college degrees is in fact costing many of those workers jobs, and keeping them from realizing a “middle class” lifestyle. A tariff focused trade policy is counterproductive.

U.S. employment data suggest that the Administration needs to take a wider view of the labor market in the United States, and recognize that many of the workers it seeks to help are in sectors of the economy that are hurt by tariffs as a trade policy tool. Trade policies to promote jobs for less-educated workers in manufacturing are counterproductive if they cost even more jobs for equally less-educated workers in other sectors of the economy.



Endnotes

1. While he does not say this precisely, it is difficult to read his article and conclude in any other way (e.g., that services jobs provide good-paying jobs for less educated workers and trade policy should support them).
2. Employment data are classified by occupation, or by industry. Within industry data, one can find breakdowns by occupation. Thus, employment data for the industry classification “Manufacturing” covers workers who make things (production occupations) as well as workers who design or sell or transport those things. Workers who design things will be classified in the manufacturing sector if their employer’s chief activity is producing a good. Thus, in 2018, just 51.2% of “Manufacturing” sector workers are workers in production occupations (<https://data.bls.gov/projections/nationalMatrix?queryParams=31-330&ioType=i>); balance are nonproduction, including sales, services like engineers and software developers, among many others (<https://data.bls.gov/projections/nationalMatrix?queryParams=31-330&ioType=i>).

About The Trade Partnership

The Trade Partnership was founded by Laura Baughman in 1991 to meet a need for a consulting firm that could apply economic analysis to produce clear, concise and useful information about the impacts of trade policies. Our office in Washington, DC offers locally based trade and economic consulting services that combine economic analysis with the management of public and legislative outreach.

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