# Robert Lighthizer On Trade

**Highlights:**

* Robert Lighthizer triggered the largest trade war in nearly a century.
  + In June 2018, Lighthizer announced tariffs on China that resulted in a trade war.
    - The United States did not win the trade war.
      * The tariffs resulted in significantly increased prices in some industries.
    - Industries that lost access to Chinese markets either had to be subsidized by the government or fell into recession.
    - The World Trade Organization declared the tariffs illegal, meaning China could be authorized to retaliate.

## Lighthizer Triggered The Largest Trade War In Nearly A Century

### June 2018: Lighthizer Announced Tariffs On China That Resulted In A Trade War

**June 2018: Lighthizer Announced $50 Billion In Tariffs On Chinese Exports Which Resulted In Escalating Tariffs From Both The U.S. And China.** According to ProPublica, “In June 2018, Lighthizer announced tariffs on about $50 billion worth of Chinese exports. China retaliated with steep duties on American agricultural goods. USTR hurled an even bigger tariff volley — and so it went until the end of 2019, when the administration delayed a new round of consumer goods tariffs set to go into effect right before Christmas.” [ProPublica, [10/13/20](https://www.propublica.org/article/robert-lighthizer-blew-up-60-years-of-trade-policy-nobody-knows-what-happens-next)]

**The Tariffs Started The Biggest Trade War Since The 1930s.** According to the Wall Street Journal, “Between 2018 and 2020, the U.S. and China fought the biggest trade war since the 1930s, hiking tariffs, upending markets and threatening to plunge the global economy into recession. Since then, the battle has been the subject of dozens of economic studies and lots of political posturing in both countries.” [Wall Street Journal, [5/20/22](https://www.wsj.com/articles/who-won-the-u-s-china-trade-war-11653059611)]

#### The United States Did Not Win The Trade War

**The U.S. Did Not Win The Trade War.** According to the Wall Street Journal, “Who won? Figuring out the answer is surprisingly complicated and contains important lessons for those tempted to wield tariffs like weapons. Economists routinely say that no one wins a trade war because costs rise on all sides. If that’s the case, the U.S., which started the fight and eventually slapped steep tariffs on three-quarters of everything China sold to the U.S. to force changes in Chinese economic policy, lost by not winning.” [Wall Street Journal, [5/20/22](https://www.wsj.com/articles/who-won-the-u-s-china-trade-war-11653059611)]

* **Vietnam Somehow Won The U.S.-China Trade War.** According to the Wall Street Journal, “Weighing whether China or the U.S. came out ahead in the trade war is an exercise in counting gains and losses. But some countries had nothing but wins; they started exporting to the U.S. goods that China once sold. ‘Any time we impose tariffs on a single country, countries that can provide substitutes will ramp up,’ explains Dartmouth economic historian Douglas Irwin. Who won the U.S.-China trade war? In many respects, it’s been Vietnam.” [Wall Street Journal, [5/20/22](https://www.wsj.com/articles/who-won-the-u-s-china-trade-war-11653059611)]

**The Tariffs Barely Changed The Trade Deficit With China While Resulting In Increases With Other Nations.** According to ProPublica, “Now, by Lighthizer’s own metrics, the U.S. isn’t winning the trade war. The trade deficit with China has barely budged, and it’s widened with other countries like Vietnam as American companies responded to tariffs by moving operations elsewhere in the region.” [ProPublica, [10/13/20](https://www.propublica.org/article/robert-lighthizer-blew-up-60-years-of-trade-policy-nobody-knows-what-happens-next)]

**The Trade War Failed To Achieve Its Central Objective In Reversing The U.S. Decline In Manufacturing.** According to the Wall Street Journal, “President Trump’s trade war against China didn’t achieve the central objective of reversing a U.S. decline in manufacturing, economic data show, despite tariffs on hundreds of billions of dollars of Chinese goods to discourage imports. The tariffs did succeed in reducing the trade deficit with China in 2019, but the overall U.S. trade imbalance was bigger than ever that year and has continued climbing, soaring to a record $84 billion in August as U.S. importers shifted to cheaper sources of goods from Vietnam, Mexico and other countries. The trade deficit with China also has risen amid the pandemic, and is back to where it was at the start of the Trump administration. Another goal—reshoring of U.S. factory production—hasn’t happened either. Job growth in manufacturing started to slow in July 2018, and manufacturing production peaked in December 2018.” [Wall Street Journal, [10/25/20](https://www.wsj.com/articles/china-trade-war-didnt-boost-u-s-manufacturing-might-11603618203)]

**The U.S. International Trade Commission Estimated That Prices Increased 1% For Each 1% Increase In Tariffs.** According to CNN, “In a 2023 study, the US International Trade Commission said that ‘U.S. importers bore nearly the full cost of these tariffs.’ The independent federal agency, which provides analysis to the White House and Congress, estimated that prices increased by about 1% for each 1% increase in the tariffs on steel, aluminum and Chinese-made goods.” [CNN, [3/18/24](https://www.cnn.com/2024/03/18/politics/donald-trump-tariffs-trade-war/index.html)]

##### The Tariffs Resulted In Significantly Increased Prices In Some Industries

**Caterpillar And John Deere Raised Prices On Tractors Due To Increased Duties On Imported Metals.** According to Reuters, “Higher duties on imports of metals and Chinese products, for example, increased Caterpillar's production costs by more than $100 million last year. In response, the heavy-duty equipment maker increased prices for its products. Tractor manufacturer Deere & Co estimates a $100 million increase in its raw materials costs this year because of Trump's tariffs on Chinese imports. Deere has cut costs and increased prices to protect its profits.” [Reuters, [6/19/19](https://www.reuters.com/article/us-usa-trade-china-tariffs-explainer/who-pays-trumps-tariffs-china-or-u-s-customers-and-companies-idUSKCN1SR1UI/)]

**Washing Machine Prices Increased By As Much As 12%.** According to Reuters, “A Congressional Research Service report in February found that the tariffs boosted washing machine prices by as much as 12%, compared to January 2018, before tariffs took effect.” [Reuters, [6/19/19](https://www.reuters.com/article/us-usa-trade-china-tariffs-explainer/who-pays-trumps-tariffs-china-or-u-s-customers-and-companies-idUSKCN1SR1UI/)]

**The Price Of Steel Products Increased By 9%.** According to Reuters, “Steel and aluminum tariffs increased the price of steel products by nearly 9% last year, pushing up costs for steel users by $5.6 billion, according to a study by the Peterson Institute for International Economics. U.S. companies and consumers paid $3 billion a month in additional taxes because of tariffs on Chinese goods and on aluminum and steel from around the globe, according to a study by the Federal Reserve Bank of New York, Princeton University, and Columbia University. Companies shouldered an additional $1.4 billion in costs related to lost efficiency in 2018, the study found.” [Reuters, [6/19/19](https://www.reuters.com/article/us-usa-trade-china-tariffs-explainer/who-pays-trumps-tariffs-china-or-u-s-customers-and-companies-idUSKCN1SR1UI/)]

#### Industries That Lost Access To Chinese Markets Either Had To Be Subsidized By The Government Or Fell Into Recession

**U.S. Farmers Received Billions In Subsidies For Their Lost Access To Chinese Markets.** According to ProPublica, “Farmers, an important Trump political constituency, were compensated for the lost Chinese market with tens of billions of dollars in subsidies — more than the auto companies received during the last recession — and no obligation to repay them.” [ProPublica, [10/13/20](https://www.propublica.org/article/robert-lighthizer-blew-up-60-years-of-trade-policy-nobody-knows-what-happens-next)]

**U.S. Manufacturing, Which Did Not Receive Subsidies Despite Higher Prices, Went Into A Recession.** According to ProPublica, “But manufacturers, faced with higher prices for imported parts, got nothing. That helped drive the sector into a recession — a December 2019 study estimated that the tariffs depressed manufacturing employment in sectors on which they fell most heavily.” [ProPublica, [10/13/20](https://www.propublica.org/article/robert-lighthizer-blew-up-60-years-of-trade-policy-nobody-knows-what-happens-next)]

**The Federal Reserve Concluded That The Tariffs Resulted In 175,000 Missing Jobs In The Manufacturing Sector.** According to ABC News, “The manufacturing sector drew special attention from Trump, who touted the potential for rejuvenating U.S. production. However, in 2019, the Federal Reserve Board found that the tariffs had led to a 1.4% decline in manufacturing employment, which amounts to roughly 175,000 missing jobs that would've otherwise been created in the absence of the policy, Katheryn Russ, an economics professor at the University of California, Davis, told ABC News.” [ABC News, [2/28/24](https://abcnews.go.com/Business/trump-trade-war-triggered-job-gains-happen/story?id=107601458)]

#### The World Trade Organization Declared The Tariffs Illegal, Meaning China Could Be Authorized To Retaliate

**The Tariffs Were Declared Illegal By The World Trade Organization, And Could Not Be Appealed Because Lighthizer Helped Block Judicial Appointments To The WTO’s Highest Court.** According to ProPublica, “In September, a WTO panel ruled that the tariffs imposed under the 1974 Trade Act were illegal. Because Lighthizer’s efforts to hobble the WTO included blocking the appointment of new judges, the high court that could overturn the decision on appeal no longer functions. The ruling stands, which would mean the WTO could authorize China to retaliate. China had already done so without authorization, another sign that the once-strict rules of international trade are being supplanted by a free-for-all in which each country does what it wants.” [ProPublica, [10/13/20](https://www.propublica.org/article/robert-lighthizer-blew-up-60-years-of-trade-policy-nobody-knows-what-happens-next)]