

3/28/17

The Honorable John K. Delaney  
1632 Longworth House Office Building  
Washington, D.C. 20515 - 2006

Dear Senator Cardin,

As professors of economics at Montgomery College, we are alarmed by the anti-trade rhetoric and policy proposals from President Trump and some members of Congress.<sup>1</sup> There is near consensus among economists (who have spent decades studying these issues) that tariffs and other barriers to international trade harm our economy. For example, one survey of economists found that over 90% agree with the following statement:

**“Tariffs and import quotas usually reduce general economic welfare.”**

A separate random survey of over 100 Ph.D. American Economic Association economists found that:

**“83 percent agree and only 10 percent disagree that the United States should eliminate remaining tariffs and other barriers”**

Yet our president opposes multinational trade agreements and has proposed to *increase* the application of import tariffs.

It is easy to show that ***all countries can obtain more of all goods*** through specialization and trade. International trade permits more goods and services to be produced and consumed with the same resources and thus raises standards of living. Most Marylanders do not sew their clothes and are much better off as a result.

*The most common objection to international trade is that American jobs will be lost, thereby harming our economy. While it is true that trade eliminates jobs in specific industries, **trade creates jobs in other industries and in net has a positive economic impact. For example:***

- **Exports Create Jobs:** In 2015, an estimated 11.5 million U.S. jobs were supported by exports.
- **Imports Create Exports Which Create Jobs:** When foreign countries obtain U.S. dollars by exporting to the U.S., those dollars buy U.S. goods and services creating export jobs.
- **Industry Cost Savings Create Jobs:** When businesses reduce costs by importing lower-cost inputs, they expand and create U.S. jobs.
- **Lower Consumer Prices Create Jobs:** Competitive businesses pass costs on to consumers. When U.S. consumers pay less for goods, the money they save is spent elsewhere, which creates new jobs in our economy.

According to the Business Roundtable, “1 in 5 Maryland jobs depends on trade.” It is not surprising that while U.S. trade has substantially increased this decade, Maryland and U.S. unemployment rates have fallen dramatically, not risen. Restricting trade through import

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<sup>1</sup> The views presented in this letter do not necessarily reflect the views of Montgomery College.

tariffs will **raise consumer prices**, will **compel retaliation** against U.S. exporters, and may ultimately **increase U.S. unemployment**.

Economists understand that not everyone wins from trade and the globalization of our economy. Lower-skilled U.S. workers in certain industries often lose from increased competition from abroad. Many economists believe that public policies should be implemented to support those harmed by globalization. Nevertheless, because the gains from international trade are so large and widespread, very few economists believe that employing tariffs is the best way to compensate those who lose from trade.

We share these fundamental economic lessons with our many Montgomery College students each academic semester.

Thus we ask you as our representatives, for the betterment of Montgomery County, the State of Maryland, and our country, to reject counter-productive anti-trade policy proposals. Thank you.

Sincerely,

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