

Donald Trump's 'America First' Trade Policies Haven't Stopped The Largest Trade Deficit In U.S. History

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The United States had the worst trade deficit in 243-year history last year, despite President Donald Trump's consistent promise to address the growing gap through so-called "America first" policies that have seen new tariffs levied against allies and foes.

During a 2016 campaign speech, then-presidential candidate Trump referred to the trade deficit as a "politician-made disaster," vowing to change it quickly if elected. "We can turn it all around—and we can turn it around fast," he said at the time.

Despite Trump's confident promise and his efforts to address the problem through increased tariffs, after two years in office, the overall trade deficit has risen to a record \$891.2 billion, The Washington Post reported on Wednesday. The trade gap with China, which has received the most criticism from the president for its "unfair" trade practices, has also reached a new record of \$419 billion. The previous highest trade deficit of \$838.3 billion was in 2006, under former President George W. Bush, as the housing bubble peaked.

The president has repeatedly argued that the trade deficit is "unsustainable" and classified it as transferring wealth from the U.S. to foreign countries. He has made reducing the gap a primary component of his economic and foreign policy, launching a multi-billion dollar trade war with China while adding new tariffs to imports from allies in Europe, North America and countries around the world.

Many economists have pushed back against Trump's concern surrounding the trade deficit.

"A bilateral balance doesn't really tell you anything about what the economy is doing," Scott Lincicome, an adjunct fellow at the libertarian Cato Institute, told The New York Times last year, "just like my bilateral deficit with my grocery store doesn't tell you anything about whether I'm in debt."

Lawrence H. Summers, a Harvard economist and former chairman of President Barack Obama's National Economic Council, told The Times that "the trade deficit is a terrible metric for judging economic policy." He, along with other economists, has also taken issue with Trump's approach to addressing the perceived problem by adding tariffs, pointing out that these levies primarily negatively impact U.S. consumers.

And as economists predicted, several recent studies have shown that the entirety of the money raised from increased tariffs has come from U.S. businesses and citizens. Economists from the

University of California at Los Angeles, Yale University and the University of California at Berkeley released the latest draft of an economic study this week that showed that Americans footed the entire tariff bill in 2018. Their research also revealed that workers in many Republican-leaning counties suffered the most economically due to Trump's trade disputes.

"We compute that tradeable real wages fall the most in heavily GOP counties because of the [trade] war," the conclusions of the study said.