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CARPE DIEM

Professor Mark J. Perry's Blog for Economics and Finance

MONDAY, SEPTEMBER 14, 2009

There's Really Only One Beneficiary of Tire Tariffs

You can probably guess who it is, but [find out here for sure from The Cato Institute's Daniel Ikenson.](#)

Posted @ 7:54 PM [Post Link](#)[6 Comments](#)[links to this post](#)

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6 Comments:

At [9/14/2009 8:32 PM](#), [PeakTrader](#) said...

Many people who voted for Obama assumed the change would be from bad to good. However, actually, the change has generally been from good to bad.

At [9/14/2009 9:01 PM](#), Anonymous said...

There are a lot of union workers at US tire plants. The unions paid a lot of money to put Obama in the White House. Now it's payback time...!!

At [9/14/2009 9:27 PM](#), Anonymous said...

To be fair GW Bush did this with Steel in 2002, so and one can not say he was in league with the steel workers union. There was an equivalent buzz about that tariff as well.

At [9/14/2009 10:03 PM](#), Anonymous said...

G. W. Bush did support destructive steel tariffs in 2002. The great Libertarian hero Ron Paul and his fellow Republicans voted to ban gambling on the Internet... a ban that is illegal (IMHO) and could cost the U.S. up to \$100 billion if every WTO nation wins a grievance.

This is the worst possible time to increase U.S. protectionist policies. I have always wanted to believe all the Carpe Diem post pointing towards economic recovery, but the two unemployment numbers and the last average wage numbers posted on CD have highlighted the terrible circumstances for American workers.

This latest tire tariff coupled with the continual threats to businesses in certain industries and the ever-present desire to increase taxes on small

About Me

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Dr. Mark J. Perry is a professor of economics and finance in the School of Management at the Flint campus of the University of Michigan. Perry holds two graduate degrees in economics (M.A. and Ph.D.) from George Mason University near Washington, D.C. In addition, he holds an MBA degree in finance from the Curtis L. Carlson School of Management at the University of Minnesota. Since 1997, Professor Perry has been a member of the Board of Scholars for the Mackinac Center for Public Policy, a nonpartisan research and public policy institute in Michigan.

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business owners has resulted in the worst environment for workers since I've been old enough to work in this country.

At [9/14/2009 11:18 PM](#),  [The Skip Bureau](#) said...

Aw, heck, tariffs never, ever, ever, ever work. China is just going to retaliate by slapping tariffs on what we make, with the latest noise being about cars and chickens. Yes, we ship cars there and a lot of chickens there.

So, as a sop to union tire producers, we are going to ream the chicken farmers, right at a time when rural jobs are getting harder to get as well. I have often remarked that politicians simply do not understand economics, and here comes the 'thinking president' to prove it.

Seriously, though, no protectionist legislation is ever useful because if the other side is willing to sell something at a loss, we should buy it. Very rarely does it make any sense not to do so.

Besides, as the VAT has shown, taxing a factor of production will often drive *assembly* jobs overseas, as the final product is often not taxed. In other words, we may have just told the Chinese they need to get into the US car market in a big way to avoid the tariff.

At [9/15/2009 1:45 AM](#),  [OA](#) said...

China is the 2nd largest market for GM cars. Ramp up the trade war and the billions lost in GM are going to just increase.

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