Gender and International Trade Policy: Economic Nostalgia and the National Security Steel Tariffs

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INTRODUCTION

On March 23, 2018, the Trump Administration imposed a 25 percent tariff on almost all steel imports into the United States. These tariffs fell overwhelmingly on steel imported from long-standing NATO allies, Canada and the European Union. The administration’s justification for this trade policy was national security, a rationale that traditionally had been tied to the battlefield needs of the American military. The Department of Defense (even with a Trump appointee at the helm) undercut the validity of this justification, pointing out that the military needed only 3 percent of the current American steel production and thus did not require great capacity. The Department of Defense also explicitly expressed concern that this action would cause friction with our military allies and undermine the trust upon which the alliance is built. As a result, this policy is more likely to undercut American security, rather than improve as the Trump Administration claims. Beyond the Pentagon, other commentators have described this use of American trade law as a ruse.1

This Essay examines the very gendered view of labor and economics that was most likely the real driver of the policy to protect the U.S. steel industry. Donald Trump, as a candidate, ran for president on the idea that trade agreements had hurt workers in heavy industries. Although the argument in favor of more industrial employment could be gender neutral, the Trump campaign sought to frame this issue as one regarding the loss of traditional forms of male employment. In what Martin Sabu has called “factory worker machismo,”2 and what Neil Irwin has dubbed “the economics of nostalgia,”3 this call was not only about jobs but the type of work that would validate a blue-collar male worker. Both Sabu and Irwin point out that this promise to return jobs in the steel industry is largely empty: steel jobs are unlikely to return because technological changes allow these factories to be run with very few employees. Nonetheless, the optics of “bringing back” stereotypically masculine jobs powers this trade policy forward. Moreover, as

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Professor Nicolas Lamp has highlighted, the Trump campaign (and now the Trump Administration) has shown no similar concern for the loss of manufacturing jobs in the textile industry, which has predominantly employed women. The textile industry started to suffer large-scale job losses at a similar time as the steel industry, but has received little attention from the Trump Administration. This Essay is an exploration and expansion of the point, first made by Professor Lamp and Professor Jennifer Hillman, that Trump’s trade policies have a gendered dimension.

To be clear, this Essay is not arguing that we should be unconcerned with employment losses in the steel industry: We should be concerned. Rather, this Essay asks why these jobs have such a high political value compared to other jobs that have also suffered losses due to technology or import competition. The answer to this question requires us to consider how labor is valued differently depending on who is providing the labor.

Part I of this Essay will discuss the focus of the Trump Administration on restoring the steel industry as a central tenet of its international trade policy. This section examines how this obsession with the return of jobs for men with “big hands” is based far more in gender politics than in employment gains (as these jobs are unlikely to return in significant numbers due to automation). It also highlights how this is further wrapped up in nostalgia for a previous economic era where the American manufacturing industry was dominant and discrimination against women and minorities was legally and socially acceptable.

Part II of this Essay turns to the particular framing of an internationally dominant steel industry as a vital element of American national security. This framing was not supported by military officials and also appears to be based on nostalgic (and probably opportunistic) conceptions of national security.

Part III concludes by discussing the costs of this particular approach to international trade policy. The administration is undeniably picking winners and losers by favoring some industries over others. This part highlights the economic and political costs of this trade policy. Not only are there losses to the American economy (through high steel prices and foreign retaliation), but we have lost a political opportunity to engage in a serious discussion about how to address the loss of manufacturing jobs for everyone.

I. GENDERED ASSESSMENTS OF THE VALUE OF LABOR

During the 2016 election campaign, candidate Donald Trump repeatedly focused on the loss of jobs in the manufacturing sector. Interestingly though, candidate Trump did not focus on all types of manufacturing, which are also facing losses, but on heavy industry, particularly steel manufacturing and coal


5. Id.
mining.\textsuperscript{6} As a candidate and as president, Donald Trump pitched this message explicitly towards blue-collar men, often demeaning other types of manufacturing in the process.

Professor Lamp, in his work on international trade rules, has highlighted President Trump’s gendered focus on steel workers.\textsuperscript{7} For instance, Lamp quotes a rally in Murphysboro, Illinois where President Trump focused on the “strong guys” that are employed by the steel industry:

“You didn’t think you’d see that day when they’re starting to build the new steel plants. And the steel workers, I said to a couple of them, big, strong guys. They came up to me. One of them said, thank you, sir, for saving our country. They want to make steel. And I said to them, how about another industry? We’ll teach you how to make a computer, little computers. Guys says—his hands are like this. He doesn’t want to make a computer. He wants to make steel.”\textsuperscript{8}

Professor Lamp argues that, here, President Trump is adopting a view of jobs as a property right and is valuing some jobs more than others.\textsuperscript{9} In particular, President Trump’s approach is “deeply gendered” in that it focuses on the idea of putting “massive guys” back to work in heavy industry, with no similar concern for the manufacturing in textiles (an industry that has similarly faced job losses) because this industry generally employs a much higher percentage of women.\textsuperscript{10} Martin Sandbu has also focused on the gender dynamics of this political push, noting that the push for more factory jobs is designed to “validate the status of the native working class.”\textsuperscript{11}

The realization that jobs are valued differently, politically and economically, depending on who is providing the labor is far from a new phenomenon. Women have traditionally suffered from employment discrimination, both in their ability to secure jobs and their ability to receive commensurate pay for those jobs. However, the difference in how we value women’s labor is not just a historic problem. The political emphasis on male employment and the higher wages offered in industries dominated by men continues today.

\textsuperscript{6} Coal mining is not manufacturing but it is still a major part of the Trump Administration’s economic focus on heavy industry and, thus, I include it here. The Trump Administration’s coal policies are effectuated more through environmental policy (including attempts to force electricity producers to purchase coal) but have some international trade components, namely a 30 percent tariff on the import of solar panels. See Walter E. Block, \textit{Stop Trying to Make Coal Great Again}, N.Y. TIMES (June 4, 2019), https://www.nytimes.com/2019/06/04/opinion/trump-coal.html.

\textsuperscript{7} Lamp, \textit{supra} note 4, at 10–11.

\textsuperscript{8} See Donald Trump, Speech at Political Rally in Murphysboro, Illinois (Oct. 27, 2018) (transcript available at https://factba.se/transcript/donald-trump-speech-maga-rally-murphysboro-il-october-27-2018). A very similar section of the speech is quoted in Lamp, \textit{supra} note 4, at 11. Lamp further cites similar examples from the coal industry where President Trump has said at political rallies, “These guys are massive guys and we’re happy. I say how would you like to make computer widgets? No, we want to dig coal right. They have no interest in little delicate computer parts.” \textit{See id.} at 10.

\textsuperscript{9} Id. at 9–11.

\textsuperscript{10} Id. at 10–11. Lamp cites the Bureau of Labor Statistics to note that women only make up 12.8 percent of the steel industry’s employment but are 69 percent of the textile industry’s employment. \textit{See id.} at n.39.

\textsuperscript{11} Sandbu, \textit{supra} note 2.
In her reporting on gender equity in employment, Claire Cain Miller surveys multiple studies that establish that a gendered economic valuation of labor still exists. Miller cites a study demonstrating that pay for an entire industry declines when women start taking jobs in that industry. Even when accounting for education, work experience, skills, and other factors, the entry of women into an industry in large numbers will lower wages in that industry. Miller highlights that the reverse is true as well: the entry of men into an industry that used to be dominated by women raises wages. There are also significant pay gaps within industries, with women earning less than male counterparts for similar work. This is not just a matter of women choosing lower-paying careers. Rather, the economic value of the labor declines as women increasingly choose to enter an industry. As Professor Paula England, a sociologist at NYU, stated, “[i]t’s not that women are always picking lesser things in terms of skill and importance. It’s just that the employers are deciding to pay it less.”

This phenomenon is now playing itself out in the Trump Administration’s international trade policymaking: the political value of male labor is being shown to be greater than the value of female labor. The Trump Administration has singled out three industries—steel, aluminum, and automobiles—for particular economic protection through international trade measures, at a sizable cost to other aspects of the American economy. These three industries have been declared to be vital to the country’s national security and, thus, the president can impose tariffs on any imports of these goods. As of this writing, President Trump has imposed a 25 percent tariff on steel and a 10 percent tariff on aluminum. The Commerce Department has also approved tariffs on imports of automobiles on national security grounds, but President Trump has yet to impose tariffs in this industry. In the interests of brevity, this Essay focuses specifically on the steel industry, but the same issues and arguments generally apply to the aluminum and automobile industries as well.

13. Id.
14. Id.
15. Id.
16. See id. Miller cites Professor Claudia Goldman, a Harvard economist, who shows that even with the legal and medical professions, women make significantly less than male counterparts.
17. Id.
18. This authorization is made under Section 232 of the 1962 Trade Expansion Act. Initially, the tariff applied to almost all importers of steel and aluminum. See Ana Swanson, Trump to Impose Sweeping Steel and Aluminum Tariffs, N.Y. TIMES (Mar. 1, 2018), https://www.nytimes.com/2018/03/01/business/trump-tariffs.html. Since that time, the Trump Administration has negotiated some waivers and adjustment but that is outside the scope of this paper.
In imposing these national security tariffs—an exceptionally rare act that has not occurred in the last thirty years—^20—the Trump Administration is openly picking winners and losers in the American economy. Certain industries are protected from international competition, often at a great cost to other industries that use that good as an input, while other industries do not receive similar protection. As Greg Ip notes, since the 1950s, American presidents have been very uncomfortable with the idea of favoring one industry at the expense of another. But this administration has few qualms about actively intervening and “using the power of the federal government to direct which industries prosper and which don’t.”\(^{22}\)

The political focus on the steel industry is unlikely to succeed, however, in bringing back jobs. As Neil Irwin has highlighted, jobs in the steel industry have been lost in part due to international competitive pressures but also to automation. He notes that due to technological innovations, “total American steel output is about the same now as in 1990, even with far fewer workers.”\(^{23}\) The protection of the steel industry through tariffs may increase firm profits by limiting competition, but it will not necessarily lead to significantly more employment. As Martin Sandbu states, politicians who are obsessed with increasing steel sector employment are not grappling with the fact that automation is reducing factory work in steel everywhere, including Canada and Germany, where the United States is focusing its tariffs. Indeed, the steel tariffs have not led to significant employment gains but have produced profits for steel factory owners. Gary Hufbauer reports that the tariffs have created 8,700 new jobs but at a cost of $650,000 per job in high steel costs.\(^{24}\) The major winner is the owners of the steel companies who have earned $270,000 in profits per job through higher steel prices. In fact, the overall employment level for the nation is worsened by the steel tariffs because the job losses among American employers who use steel are estimated to be over 140,000.\(^{25}\)

If there are unlikely to be real job gains in the steel sector because of automation, why use American trade policy to favor this industry? One argument might be that it is in the United States’ national security interests. As the next section discusses, however, the existing capacity of the American steel industry is

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\(^{23}\) Irwin, supra note 3.


\(^{25}\) Ip, supra note 22.
more than sufficient for national security concerns, and the imposition of tariffs on allies probably does more damage to our national security than good.

An alternative view is that this is a form of reminiscence for an earlier economic era, or what Neil Irwin calls the economics of nostalgia. President Trump is making a political pitch that he can return the United States to a previous economic era: An era where technology did not obviate the need for hundreds of thousands of factory workers, and the American economy was not based primarily in services.

There is also a political and social element to this nostalgia. It is not just that an earlier era had more factory employment, but that society was different as well. There is nostalgia for a time when women were discouraged from entering the work force, and it was socially uncontroversial to discriminate in favor of men both in terms of employment and salary. The political promise to restore the employment status of “big, strong guys” in industries such as steel rather than electronics manufacturing is, in part, about restoring a previous social order in which these men dominated. This policy is less about realistically returning the economy to an earlier era – it is about emphasizing that the current administration will use its power to refocus the debate on whose employment matters and re-privilege one class of workers over others.

II. THE LACK OF A NATIONAL SECURITY JUSTIFICATION

This section reviews whether protection for the steel industry is, in fact, vital to the national security interests of the United States. While it is impossible to show that protection is not vital under any possible definition of national security, this section aims to demonstrate that this claim is a pretext for economic protection for the steel industry, at least based on military assessments of the need for American-made steel. The tariffs also primarily hit Canada, a NATO ally, and largely did not affect Chinese steel imports (which already faced very high tariff barriers). This section highlights that this national security claim is also based on a type of economic nostalgia that equates global dominance in heavy industries with international power and security.

The Trump Administration imposed steel tariffs in March 2018 after the U.S. Commerce Department issued a report (required under Section 232 of the 1962 Trade Expansion Act) that protection for the steel industry was vital to the national security of the United States. When pressed on how protection for the steel industry would help national security, Commerce Secretary Wilbur Ross adopted

26. Irwin, supra note 3.
27. Id.
28. Only 6 percent of the steel covered by the steel tariffs from China is affected because 90 percent of Chinese steel was already covered by other tariffs and thus already effectively shut out of the American market. Chad P. Bown, Trump's Long-awaited Steel and Aluminum Tariffs Are Just the Beginning, PIIE TRADE & INV. POL’Y WATCH (Mar. 26, 2018), https://www.piie.com/blogs/trade-investment-policy-watch/trumps-long-awaited-steel-and-aluminum-tariffs-are-just.
a breathtakingly broad definition of national security, saying “economic security is national security.” 30 This departs from the previous practice of the United States which has long interpreted national security to focus on vital materials that would be needed to fight a war. The United States has hewn close to this interpretation, in part to prevent other countries from closing off their markets under expansive definitions of national security. 31

The Department of Defense (DoD), led by Trump appointee General James Mattis, repudiated the need for steel tariffs for military purposes. The DoD released a report to the media that supported tariffs against unfair trade practices but undercut any military need for a more robust domestic steel industry. 32 The report stated that, “[a]s noted in the Section 232 reports, however, the U.S. military requirements for steel and aluminum each only represent three percent of U.S. production. Therefore, DoD does not believe that the findings in the report impact the ability of DoD programs to acquire the steel or aluminum necessary to meet national defense requirements.” 33

The DoD report went on to highlight that the steel tariffs could injure American national security by creating rifts with our military allies. The report emphasized that “DoD continues to be concerned about the negative impact on our key allies regarding the recommended options in the report,” referencing the fact that the Commerce report recommended imposing these tariffs on all imports of steel, even those from NATO allies. 34

The DoD was concerned with some Chinese practices of creating excess capacity in steel, 35 but it correctly noted that these steel tariffs were not aimed at Chinese production. Imports of Chinese steel were already subject to high tariffs based on antidumping and countervailing duty rules. The tariffs that resulted from the Trump Administration’s national security tariffs under Section 232 impacted countries with whom the United States has formal military alliances. The country that was most impacted was Canada, and after that, Mexico, South Korea, Brazil, and Germany. 36

Why impose tariffs based on national security if there is no valid national security reason? The first answer is based on very short-term thinking. By claiming national security, the United States could assert under international trade law that


33. Id. (quoting the undated Defense Department report).


35. Id. (quoting the report as saying “[i]t is critical that we reinforce to our key allies that these actions are focused on correcting Chinese overproduction and countering their attempts to circumvent existing anti-dumping tariffs”).

36. Swanson, supra note 18.
other countries, in the immediate term, could not retaliate through similar measures. This requires a detailed analysis of international trade rules, but the quick answer is that countries are allowed to protect their markets for legitimate national security concerns. Other trade instruments, such as safeguard measures, would allow other countries to take similar actions against American exports immediately. But this claim to be protecting national security through tariffs comes at a very high cost in the medium-to-long term: other countries could follow the U.S. example and enact substantial protections for wide swaths of their national economies, thereby harming American exporters. For instance, China could similarly say that the automobile market was vital to its national security and thus exclude any American imports to this large and rapidly expanding market. It is for this reason that no presidential administration had used a national security rationale for tariff protection for over thirty years.37

Moreover, this strategy to rely on national security was not effective. The European Union rejected the idea that the American steel tariff was based on national security grounds and treated the tariff as a safeguard measure. As such, the EU claimed the right to retaliate immediately, which they did by placing $3.2 billion in tariffs on American exports.38

An additional national security rationale is based, again, on a nostalgic view of what it means for the United States to be secure. The idea that the United States has to produce all of its own steel harkens back to a post-World War II era when American heavy industry was dominant in international markets and American military might was unmatched. But this is an unrealistic conception of security in a multipolar era where technology, more than steel, is the critical aspect of American military power. As Grep Ip describes it: “[President Trump] has a vision of the United States when the U.S. steel makers and auto companies stood astride the world and all our cars were made here. That is a world of many years ago. The United States has moved on.”

III. THE COSTS OF PROTECTING THE STEEL INDUSTRY

The Trump Administration’s decision to engage in this gendered international trade policy comes with significant economic, political, and foreign relations costs. These costs are offset by few benefits: the job gains in steel are quite low, and the owners of domestic steel firms seem to be the only major beneficiaries. This section concludes by highlighting these costs, particularly the political costs.

The imposition of tariffs on imports always entails economic costs. Sometimes these costs are balanced by the corresponding benefits, although this Essay argues that this policy is, on net, negative to the American economy. There are three types of costs that generally follow the imposition of tariffs. First, industries that use the good subject to a tariff (here, steel with a 25 percent tariff) face higher costs of doing business (from paying the tariffs) and become less globally competitive because their input costs are higher. This hurts corporate

37. Bown, supra note 20.
earnings and employment in other American manufacturing sectors. For instance, General Motors and Ford have said that the steel tariffs have cost them each $1 billion. It also leads to job losses (or slows hiring) in other American manufacturing. Jobs in steel-using industries outnumber steel jobs by 80:1 and thus have significant economic effects throughout the country. As discussed in Part II, the country’s overall employment levels are worsened by the steel tariffs because more jobs are lost (or not filled) in other domestic manufacturing sectors that are made worse off by the steel tariffs.

Second, consumers pay higher prices for goods that use steel. Although President Trump argues that foreign industries are paying the tariffs, even his own economic advisors acknowledge that American consumers are getting less purchasing power from their take-home pay because of these tariffs.

Third, American firms lose revenue when our trading partners retaliate and impose their own tariffs on American exports. The European Union imposed $3.2 billion worth of retaliation on goods based in districts of key legislators (presumably with the idea that these legislators could convince President Trump to remove the tariffs). For instance, the EU raised its tariffs on motorcycles from the United States from 6 percent to 31 percent, which appears to have been aimed at Harley Davidson, whose primary manufacturing plant is in (then) House Speaker Paul Ryan’s district. The costs of the retaliation were significant for Harley Davidson, raising the average cost of their bikes by $2,200 in the European Union, the company’s second biggest market. The company responded by moving much of its manufacturing overseas where it could avoid the tariff, but at a cost to workers in Wisconsin. Other countries retaliated against American exports as well, including Canada, Mexico, Japan, South Korea, and Turkey. These countries also imposed costs on other American firms who rely on access to these markets for their earnings and hiring.

The steel tariff policy also imposed costs in terms of foreign affairs. As the Pentagon was quick to point out, these tariffs fell on our long-standing military allies. These nations, who the United States does not accuse of engaging in unfair trade practices, bristled at the idea that they were a national security threat to the

40. Id.
43. Id.
44. Id.
United States.46 This international trade policy, along with other actions of the Trump Administration, have undermined the trust between parties that is critical to the idea of mutual security alliance.

Finally, this trade policy has a political cost in terms of the national debate about how to address job losses in the manufacturing industry. As multiple commentators note, American manufacturing (and other countries’ manufacturing) is becoming more capital intensive. Factories are taking advantage of changes in technology that allow automation to run manufacturing plants with far fewer employees. As Neil Irwin describes it, “because of remarkable advances in technology . . . a huge, gleaming factory making airplane parts or industrial fasteners might need only a dozen workers to keep it running rather than a hundred. America’s economy has kept growing because factory output has risen even as manufacturing employment has fallen.”

CONCLUSION

The job losses in manufacturing, whether in steel or textiles, are not going to be solved by imposing tariffs or declaring an industry to be vital to national security. But the Trump Administration’s insistence that this will bring jobs back and the government’s unrealistic appeal to economic nostalgia hampers the country’s ability to have a genuine discussion about the changing nature of employment for men and women. This may be the most lasting damage of the policy: offering false but easy explanations that foreigners are to blame for our changing labor landscape and avoiding a more serious conversation about how we value everyone’s labor.