

Who Are We?

- **Honorary Board: 47 members**

- 2 Fed Chairs: Janet Yellen, Ben Bernanke
- 6 Chairs Council of Economic Advisers
 - o Furman (D), Rosen (R), Bernanke (R), Yellen (D), Tyson (D), Goolsbee (D)
- 3 Nobel Prize Winners
 - o Akerlof, Smith, Maskin

- **Delegates: 500+ members**

- At all levels of academia and some in government service
- All have a Ph.D. in economics
- Crowdsource slide decks
- Give presentations

- **Global Partners: 45 Ph.D. Economists**

- Aid in slide deck development

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Credits and Disclaimer

- **The original slide deck was authored by:**

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- **Disclaimer**

- NEED presentations are designed to be nonpartisan.
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Outline

- **Why** do we trade?
- **Who** gains and loses from trade?

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Why do we trade?

True Story:

I bought a shirt from the mall
with the label “Made in Bangladesh”.

Wouldn't it be easier to make the shirt
locally?



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Why do we trade?

Cost:

- iPhone production cost in China \$570 (out \$1,400)!
- How much would it cost to make an entire iPhone in the USA?



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Why do we trade?

Key Concepts

Comparative Advantage:

- The ability to make something **relatively** efficiently
- Each country **exports** the products they have comparative advantage in producing



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Winners and Losers from Trade

Consumers:

- Lower Prices
- New Varieties (US vs. Japanese cars)
- Quality (German engineering)



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Winners and Losers from Trade

Businesses:

- **US industries that use imported input/parts**
 - US manufacturing industries buy steel from Brazil, Mexico, China, etc.
- **US exporters**
 - New Markets (China is the largest buyer of US corn, soybeans, etc.)
- **US businesses competing with foreign companies**
 - Job losses (25% of manufacturing jobs lost between 1990-2007 due to trade with China)
 - Psychological costs

Questions:

- What is the net effect of trade?
- Is trade the main reason for the decline in US manufacturing?



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Winners and Losers from Trade

Net Effect of Trade:

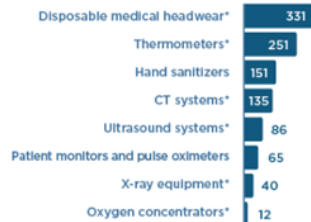
- Benefits for U.S. consumers: \$100,000 per lost manufacturing job
- Costs of trade are very high for some workers
- Net effect of trade is **positive**.

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US China Trade War

US tariff on Chinese medical equipment

Subject to 25% Section 301 tariffs on China



Subject to 7.5% Section 301 tariffs on China



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US China Trade War

Effect on the U.S. economy

- Loss of **\$1.4 billion** real income per month in 2018 (Amiti, Redding, and Weinstein, 2018, [NBER Working Paper 25672](#))



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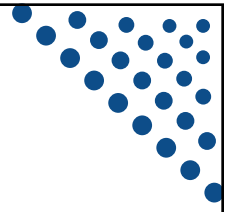
Trade Summary

- **Why countries trade**
 - Comparative advantage (i.e. ability to produce something **relatively efficiently**)
- **Winners and losers of trade**
 - **Winners:** US consumers, US exporters, US businesses that use imported inputs
 - **Losers:** US businesses who compete with imports from other countries
 - Net effect of trade is **positive**.
- **US-China Trade War**
 - Recent studies suggest that US-China trade war had a **negative** impact on the U.S. economy.



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Thank you!



Any Questions?

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