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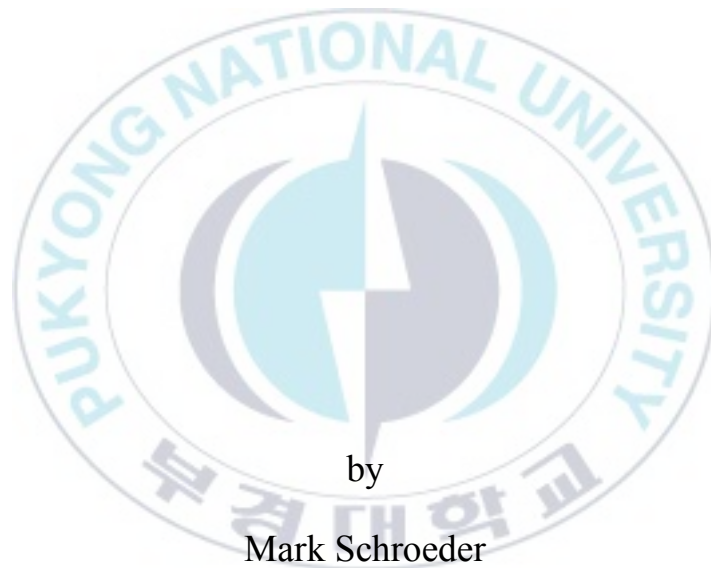
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Thesis for the Degree of Master of Arts

**The Political Economy of the Obama
Administration's 2009 Chinese Tire
Tariff:**

A Swing State Explanation



by

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Department of International and Area Studies

The Graduate School

Pukyong National University

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A thesis submitted in partial fulfillment of the requirements

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Abstract

This thesis is an exploratory, single-case study that seeks to explain why President Barack Obama imposed a tariff on Chinese tires in 2009. The core argument is that previous economic and political agency explanations are incomplete, and that swing state theory provides a strong rationale for the tariff. It is argued that the need to appeal to protectionist voters in the vital swing state of Ohio in the coming 2012 Presidential election was a factor that influenced President Obama to adopt the tariff. This thesis adopts a campaign advertising approach and uses data from the Wesleyan Media Project for ad spending in 2012 and President Obama's campaign speeches to support this conclusion. It provides new insights into the tactics used by the Obama campaign to win the 2012 election by finding a hitherto unnoticed correlation between swing state advertising and the tariff. It also provides an addition to the explanations of the effect of Chinese trade on the domestic politics of the United States.

2009년 오바마 행정부의 중국산 타이어 관세부과 이유에 관한 연구:
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국문초록

본 논문은 오바마 미국 전 대통령이 2009년 저가의 중국산 타이어에 대하여 관세를 부과한 이유를 설명하고 있다. 논문의 핵심 논점은, 지금까지의 경제적·정치적 이론만으로는 관세부과에 대한 설명이 불완전하며, 경합주(競合州) 이론이 관세부과에 대한 강력한 이론적 근거를 제공할 수 있다는 것이다. 즉, 2012년 미국 대통령 선거에서 핵심 경합주이고 경제적으로 보호주의 성향을 가진 오하이오 주의 유권자들로부터 지지 받아야 할 필요성으로 인해 오바마 전 대통령으로 하여금 관세를 부과하는데 영향을 미쳤다고 본 논문은 결론 내렸다. 이를 뒷받침하기 위하여 본 논문은 선거운동 내용을 분석하는 방법을 채택하였고, 구체적으로 Wesleyan Media Project의 데이터에서 얻은 오바마 전 대통령의 2012년 선거운동 지출 및 연설 내용을 통하여 결론을 뒷받침하고자 하였다. 특히, 경합주에 대한 선거운동 양상과 관세 간에 지금까지는 눈에 띄지 않은 상관관계를 발견함으로써 2012년 선거에서 승리한 오바마 캠프가 사용한 전술에 대하여도 새로운 통찰을 제시하고, 미-중 간의 무역활동이 미국 내 정치 상황에 미치는 영향력에 대한 추가적인 설명도 제공하고자 한다.

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List of Abbreviations

CMAG	Campaign Media Analysis Group
CTS	China Tire Safeguard
EU	European Union
GATT	General Agreement on Tariffs and Trade
ITC	United States International Trade Commission
NTB	Non-Tariff Barriers
TPP	Trans-Pacific Partnership
USW	United Steelworkers
WTO	World Trade Organization

1. Introduction

The first priority of an incumbent politician is to be re-elected.

David Plouffe, Barack Obama's Campaign Manager

On September 11, 2009, President Barack Obama announced that he would impose a tariff on Chinese tires. The imposition of this tariff was characterized by the Obama administration as being driven entirely by pure economics and international trade law. White House spokesman Robert Gibbs announced at the time, "The president decided to remedy the clear disruption to the U.S. tire industry based on the facts and the law in this case" (The New York Times 2009). Three years later, in his State of the Union Address, President Obama claimed success, stating, "Over a thousand Americans are working today because we stopped a surge in Chinese tires" (The Economist 2016).

While the tire tariff could be interpreted as enforcing America's trade laws, this does not provide the strongest, nor the most probable explanation. It is more likely that the real reason for the tariff lies within the realm of political economy. While there have been several papers that investigate the impact of the tire tariff on job creation and the tire industry (Hufbauer 2012; Chung et al. 2013, among others), none have directly investigated the Obama administration's motivation for its imposition.

This thesis is an exploratory, single-case study of the political economy of the 2009 tire tariff. It argues that the considerations which influenced President Obama to make the decision to impose this tariff were primarily politically endogenous and can be explained by the political agency model of swing state theory.

David Plouffe, President Obama's campaign manager, once remarked, "The first priority of an incumbent politician is to be re-elected."¹ Considered in this context, the decision to impose this tariff, indefensible economically, becomes rational and expedient when viewed as a tool to win over crucial swing states in the 2012 election.

1.1 Motivation

The 2009 tire tariff is dead (it expired in 2012) but certainly not forgotten – analogies have been repeatedly made with the Trump administration's trade war with China.² As dissimilar as Barack Obama and Donald Trump undoubtedly are in temperament and style, the decision to impose controversial tariffs on Chinese imports is a common thread that runs through both their presidencies.

Trade liberalization is not guaranteed and is not something that can be taken for granted; we should seek to understand the forces ranged against it as completely as we can. The motivation for this thesis is to gain a greater understanding of the political reasoning that lay behind President Obama's protectionist behavior in 2009. As the type of political pressures that led to the imposition of the 2009 Obama tariff exist for all administrations, it also has the overarching goal of contributing to our understanding of why American presidents feel the need to impose such tariffs. Considering the dominant role that the United States plays in world trade, the importance of achieving an exact understanding of this reasoning cannot be overstated.

¹ This quote was obtained from David Plouffe's address to the McKell Institute at <<https://www.youtube.com/watch?v=BaTveuFV5ac>>

² For examples see, "Obama Got Tough on China. It Cost U.S. Jobs and Raised Prices," CNN, January 3, 2017; and "Trump Can Learn From Obama's Tariff Debacle," Washington Examiner, November 6, 2018.

2. Literature Review

2.1 A Brief History of American Tariffs

For much of United States history, the issue of tariffs loomed large on the economic and political horizon.³ For more than a century, tariffs were the primary source of income for the federal government. They were a major source of friction between the pro-tariff industrial North and the anti-tariff agricultural South. It has even been argued that disagreements over tariffs were a major cause of the American Civil War (Luthin 1944). As late as 1897, the issue was important enough for Grover Cleveland to run entirely on a platform of tariff reform (see Image 1).

Image 1: Grover Cleveland Campaign Poster



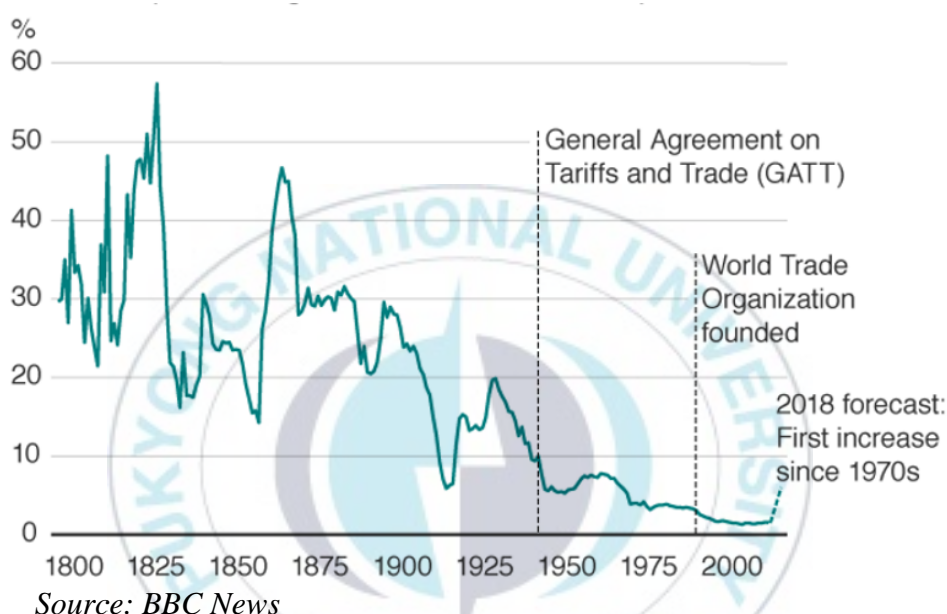
Source: Pinterest

However, since the passage of the sixteenth amendment in 1913 (allowing Congress to collect income tax), tariffs have dwindled to an insignificant percentage of US government revenue. Accordingly, the issue of tariffs has

³ The role of tariffs in early American history has been comprehensively analyzed by Taussig, *The Tariff History of the United States*.

declined as an issue of national importance in the United States. Under GATT and WTO auspices, the number of items which have been subject to tariffs in the United States have been steadily decreasing since the disastrous Smoot-Hawley tariff of the 1930s (see Figure 1).⁴

Figure 1: Tariffs as a Percentage of Total American Imports



Those tariffs that do remain seem often to be imposed to gain political advantage from protecting politically sensitive industries. As we shall see, the 2009 Obama tire tariff probably had very little to do with economics and everything to do with domestic American politics.

⁴ The proposed Trump tariffs may however reverse this trend. They have been projected to bring back American protectionism to levels last seen in the 1970s. For a comprehensive examination of Trumpian protectionism and its probable effects see “*Charting the US-China trade battle*,” BBC, July 6, 2018.

2.2 The 2009 Tire Tariff: An Overview

In 2009, Brad DeLong, a former Deputy Assistant Secretary of the Treasury in the Clinton Administration, wrote this in his blog under the title *Barack Obama does something really stupid: Tire Tariffs*:

“Why, oh why can’t we have better Democratic presidents? The policy (tire tariffs)... is best characterized as really stupid. China isn’t doing anything wrong. For Chinese manufacturers to sell us tires is not against the law...imposing them (tariffs) would be a really bad idea for U.S. consumers.”⁵

This “stupid” tariff, as Professor DeLong disparagingly termed it, has been described as “one of the most widely publicized temporary trade barriers during 2005-2009, garnering significant press attention in both the USA and China” (Prusa 2011, 55).⁶ The tariff imposed an *ad valorem* tax on various tire imports from China (in addition to the most-favored-nation duty rate), and lasted for about three years, from the fourth quarter of 2009 until the third quarter of 2012 (see Table 1).⁷

Unsurprisingly, the tariff was not requested by the American tire manufacturers, four of whom were producing tires in China (Washington Post 2009). Rather, it was implemented by President Obama at the request of the

⁵ This quote was obtained from Brad DeLong’s blog at <<http://delong.typepad.com/sdj/2009/09/barack-obama-does-something-really-stupid-tire-tariffs.html>>

⁶ Temporary trade barriers are import restrictions that are permitted under WTO rules. These TTBs may include quantitative restrictions, specific tariffs, and in this case *ad valorem* tariffs. For an outstanding overview of the TTBs during the 2007-2008 financial crisis, see Brown, *The Great Recession and Import Protection: The Role of Temporary Trade Barriers*.

⁷ An *ad valorem* tariff is a duty imposed based on a percentage value of a good rather than its quantity. For the rates on the various Chinese tire imports, see Figure 1.

United Steelworkers (USW).⁸ It has been supposed that the real reason the USW asked for the tariff was as a ploy to gain leverage over U.S. tire producers' global production strategies (Forbes 2015).

Table 1: US Tariff Rates on Chinese Tire Imports

Harmonized tariff schedule provision	Article description	Rates <i>ad valorem</i>			
		General ¹	Year 1	Year 2	Year 3
4011	New pneumatic tires, of rubber:				
4011.10	Of a kind used on motor cars (including station wagons and racing cars): ²				
4011.10.10	Radial	4.0	39.0	34.0	29.0
4011.10.50	Other	3.4	38.4	33.4	28.4
4011.20	Of a kind used on buses or trucks:				
4011.20.10	Radial:				
4011.20.1005	On the highway, light truck	4.0	39.0	34.0	29.0
4011.20.50	Other:				
4011.20.5010	On the highway, light truck	3.4	38.4	33.4	28.4

Source: Hufbauer (2012)

The tariff was implemented in the first and only use of Section 421 of the 1974 Trade Act.⁹ This use of Section 421 (a China-specific safeguard) required only the threat of “market disruption”, whereas Section 201, which applied to all other WTO members, required proof of “serious injury” (see Table 2).¹⁰

⁸ According to the rules of US tariff implementation, the USW first filed a petition with the International Trade Commission (ITC) which then recommended trade protection. This recommendation, however, is implemented at the discretion of the president. To read the ITC report in its turgid entirety, see *Certain Passenger Vehicles and Light Truck Tires*, available at: www.ITC.gov/publications/safeguards/pub4085.pdf.

⁹ There were seven cases filed under Section 421, but only the Chinese tires case resulted in a tariff.

¹⁰ A temporary safeguard extending over 15 years, it was apparently implemented to overcome congressional fears that China would flood the U.S. market with cheap imports when it entered the WTO.

Table 2: Sections 201 and 421 of the 1974 Trade Act

Section 201	Section 421
<p>Upon the filing of a petition....the International Trade Commission shall make an investigation to determine whether an article is being imported into the United States in such increased quantities as to be <u>a substantial cause of serious injury, or the threat thereof to the domestic industry.</u></p>	<p>Upon the filing of a petition....the International Trade Commission shall make an investigation to determine whether products of the <u>Republic of China</u> are being imported into the United States in such increased quantities as to <u>threaten market disruption to the domestic producer.</u></p>

Source: International Trade Administration

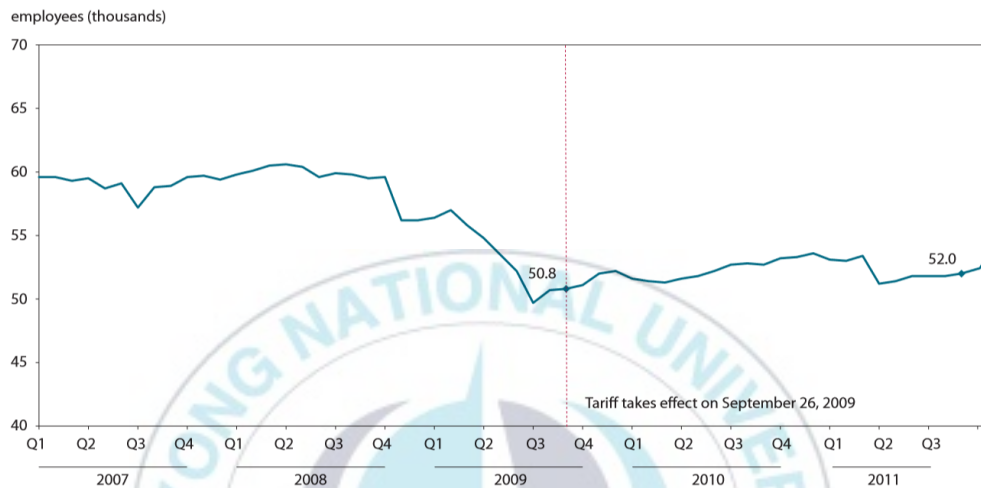
It is unlikely that the tariffs could have been imposed under Section 201. These (mostly) low-end tires, referred to euphemistically as “value” tires in the industry, were low profit margin products and domestic American tire manufacturers (such as Goodyear, Bridgestone and Firestone) were focused on higher quality and higher profit tires (Forbes 2015). As a spokesman for the Goodyear said, “The tariffs didn’t have any material impact on our North American business. The stuff coming in from China is primarily low-end. We got out of that market years ago” (ibid).

2.3 Economic Effects of the Tariff

The stated rationale of the tariff was to reverse job loss in the American tire industry, and just as President Obama claimed, there was an increase of about 1,000 jobs by the third quarter of 2011 (see Figure 2). However, because the United States was in an economic recovery from the 2007-2008 financial crisis, it

must be questioned whether this increase was due to the tariff as President Obama asserted, or the result of general macroeconomic trends.

Figure 2: Employment in the U.S. Tire Industry



Source: Hufbauer (2012)

The USW strongly maintained that the tariffs helped recover jobs in the domestic tire industry.¹¹ Leo Gerard, the USW International president said, “By every measure, success has been achieved. Jobs have been retained and created, production has rebounded, investments in plant and equipment have been made and many companies have returned to profitability. That’s why the law was enacted, and it worked” (Tire Business 2012).

But academic studies have reached a different conclusion. Before the tariff came into effect, Prusa (2009) predicted that the tariff would have no appreciable effect on job creation; and indeed, the first academic study after the

¹¹ It appears this was also the view of many workers in the tire industry. For an example, see: “*The View from the Rustbelt*,” *The Economist*, May 17, 2016.

tariff was enacted (Lee, 2011), found that there were no significant short-term effects on domestic employment in the US tire industry. The second by Hufbauer (2012), using “very generous” assumptions concluded that the tariff *may* have saved a maximum of 1,200 jobs, but at the cost to the American consumer of about \$900,000 per job saved and a net loss of 2,500 jobs overall. And writing two years later, Chung, Lee and Osang (2014) concluded that the tariff had no effect at all on saving jobs in the tire industry.

The USW had applied for a tariff on tires from China four times under the Bush administration and had been denied each time.¹² Professor Philip Levy of Northwestern University, who participated in these decisions, wrote that the Bush administration had determined that the tariffs would do nothing to stimulate production in the United States and only benefit tire producers in other countries – that “if Chinese manufacturers were blocked, other countries would undersell the United States” (Foreign Policy 2009). And indeed, instead of stimulating the production of domestic tires, the tariff incentivized American consumers to purchase them elsewhere; tire purchases simply moved from China to the next cheapest countries (see Figure 3).¹³

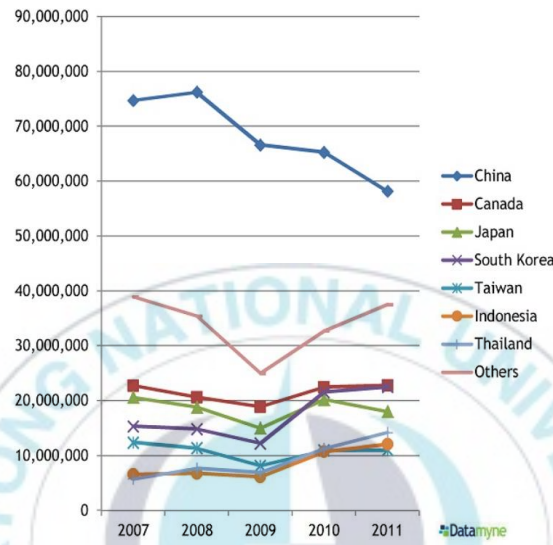
So from 2009 to 2011, though tire imports from China decreased by about 30%, tire imports from Canada increase 30%, imports from Japan increased 44%, imports from South Korea increased 110%, imports from Mexico increased 117%, imports from Indonesia increased 152%, imports from Thailand increased 154%, and imports from Taiwan increased 285% (Forbes 2012). The tariff also had

¹² It would be wrong, however, to give the Bush administration too much credit for their rectitude. It has been widely supposed that the 2002 tariff on steel imports were imposed over concerns over job loss in vital swing states.

¹³ It is interesting to note that all the countries that benefited from the tire tariff – Canada, Japan, Mexico and Thailand were all signatories of the intended Trans-Pacific Partnership (TPP), with South Korea, Indonesia and Taiwan proposed members.

significant costs for the American consumer; average tire prices rose 28.4% from 2008 to 2012 (Modern Tire Dealer 2014).

Figure 3: US Tire Import Volumes by Source (2007-2011)



Source: Datamyne

2.4 The Chinese Reaction

At the time of the imposition of the tire tariff in 2009, roughly one third of all Chinese tire exports were destined for the U.S. Market and tires represented about 1% of Chinese exports to the United States.¹⁴ When the tariff was announced, the Chinese newspaper *Global Times* ran a headline reading “America has erred before the world” (The Economist 2009). The Chinese deputy commerce secretary at the time called the tariffs “a serious case of protectionism, which China resolutely opposes” (Reuters 2009).

¹⁴According to the Observatory of Economic Complexity at M.I.T., tires made up 0.88% of Chinese exports to the United States in 2009. See <https://atlas.media.mit.edu/en/profile/country/chn/#Exports>

There were worries from some economists that the tire tariff would unleash a “protectionist backlash.”¹⁵ But the Chinese reaction was muted - mainly limited to retaliatory tariffs imposed on American poultry exports. China was the United States’ largest export market for this particular product, and poultry was one of the few products where the United States has a trade surplus with China.¹⁶ It has been estimated by Huffbauer (2009) that these retaliatory tariffs cost American producers about one billion dollars in sales.

Ultimately it can be said that both countries felt they had too much at stake economically to allow the situation to degenerate into an all-out trade war.¹⁷ As the afore-mentioned Gary Huffbauer, the well-regarded trade expert at the Peterson Institute said, “The big message from China to the United States is think twice...before repeating this kind of trade relief for a U.S. industry because if you do this again, we are going to hit you again” (NBC News 2009). It has been suspected that a major Chinese concern regarding the tariffs was domestic anger, due to the perception that the United States was treating China unfairly (ibid).

2.5 Explanations of the Tariff

Explanations for the tariff can be divided into 2 categories – economic and political agency. The first echoes President Obama’s own explanation for imposing the tariff - that he was trying to save American jobs and that the impetus for the tariff was economic in origin. The second ascribes the tariff to Obama’s need to placate the unions.¹⁸ Their views are summarized in the following tables:

¹⁵ For an example see: *"Burning Rubber: Proposed Duties on Chinese Tires Whiff of Senseless Protectionism,"* Cato Institute, September 11, 2009.

¹⁶ Chinese retaliatory tariffs do not seem to have been imposed in a way that damaged President Obama politically. It is interesting to contrast these retaliatory tariffs with those imposed by the Chinese in 2018, which seem to be targeted on Trump’s red state base.

¹⁷ A feeling not shared by Donald Trump in 2019.

¹⁸ Table 3 (Economic Explanations) is exhaustive; but due to the myriad of commentators on the political reasons behind the tariff, Table 4 is representational of the dominant union explanation.

Table 3: Economic Explanations for the Imposition of the Tire Tariff

Authors	Explanation
Chung, Lee and Osang (2014)	"...a feasible policy instrument for securing domestic jobs in the presence of increased globalization and economic downturns."
Hufbauer (2012)	"The tire tariff...serves as a plank in his (President Obama's) larger platform of insourcing jobs to America."
Lee (2011)	"the tariffs were (intended to be) beneficial to the US domestic tire industry in terms of employment."
Eisenstein (2010)	"President Obama seemingly imposed these tariffs to benefit the American economy."

Source: compiled by author

Table 4: Political Agency Explanations for the Imposition of the Tire Tariff

Authors	Explanation
Feenstra (2014)	"It is believed that President Obama won additional support from the labor movement for the health-care bill that would be considered later that year."
Washington Post (2009) <i>Obama's Tire Tariff May Protect Unions but Harms the Nation</i>	"The president smote China because a single union, the United Steelworkers, asked him to."
New York Times (2009) <i>U.S. Adds Punitive Tariffs on Chinese Tires</i>	"Mr. Obama cannot afford to jeopardize his relationship with major unions as he pushes Congress to overhaul the nation's health care system."
Mitt Romney (2010) <i>No Apology: The Case for American Greatness</i>	"repaying unions for their support of his campaign."

Source: compiled by author

It must be said that the economic explanation is unpersuasive.¹⁹ The whole weight of informed opinion was against these tariffs, with only the USW, which can hardly be considered an impartial entity, being in favor. In the final analysis, if there was an economic rationale for the tariff, it certainly failed spectacularly - for the tariff neither stimulated tire production nor produced jobs. It seems rather that a political agency model offers the best port of entry. As Gawanda and Pravin (2003, 213) have written:

Why do governments.....choose inefficient protectionist policies? The primary explanation is they are set in political contexts where the objectives of the policy-makers are different from that of aggregate welfare maximization.

The consensus among those advancing a political agency explanation is that it was done, in one way or another, to “placate the unions.”

Image 2: Placating the Unions



Source: cartoonistgroup.com

¹⁹ Though the economic explanation is favored by most of the academic papers that deal with the tariff, the scholars who have repeated this explanation were not interested in President Obama’s motivations, their focus being on the economic consequences of the tariff.

The dominant political agency explanation (advanced by Feenstra (2014), The Washington Post and The New York Times) is that Obama agreed to the tariff in order to get union support for his health care program – the Affordable Health Care Act – a signature piece of legislation of the Obama administration. If this was the case, then the unions did not get what they wanted. Union leaders were quoted as saying that they were “bitterly disappointed” about the lack of special protections in the Affordable Care Act.²⁰

Another viewpoint, (advanced by Mitt Romney) is that President Obama was “repaying the unions for their support in his campaign.” This is an entirely plausible hypothesis. American unions (including the USW) had nearly unanimously endorsed President Obama in the 2009 presidential election; and after all, the USW did request the tariff. Unions are a part of the Democratic coalition that President Obama may have felt a need to placate. Timothy J. Minchin in *A pivotal role? The AFL-CIO and the 2008 presidential election* (2016) has shown that unionized white working class males (a demographic notoriously reluctant to support Barack Obama) were considerably more likely to vote for him if he had union support. Rosenfeld (2014) has also found that unions were effective at getting white working-class men to vote for the Democratic candidate. This effect was especially pronounced on workers with only a high school education.

And although this explanation has not been advanced (to my knowledge) as a contributing cause of the tariffs, the unions are also skillful lobbyists. Their lobbying influence lies not so much in the amount they spend - in absolute terms they rank near the bottom (for example the financial, medical, and defense sectors spend far more), but in the strategical skill that they employ in spending it. As Joe

²⁰ See “*Labor Union Officials Say Obama Betrayed Them in Health-Care Rollout,*” The Washington Post, January 31, 2014.

Williams, the director of Democrats for Education Reform has said, “The real power of the unions is not so much the dollar amount in any given year. The fact that they go at it year after year after year forces groups that are pushing ideas and the legislation that the unions [are] opposed to, to be very smart about selecting issues” (The Hechinger Report 2016).

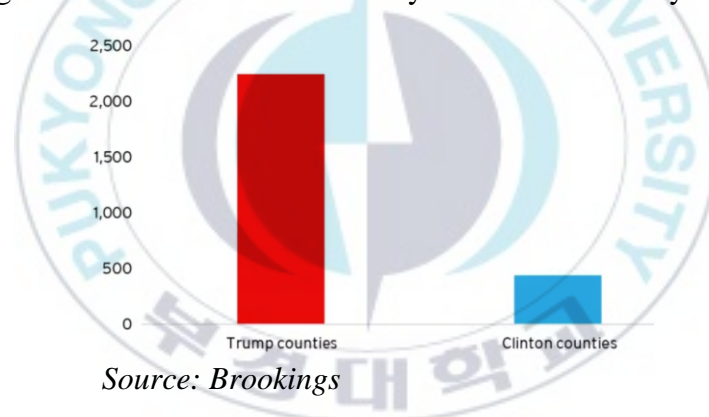
Yet unions have long been a declining force in U.S. politics. Despite the overwhelmingly positive effect that the unions had on turning out voters for Obama, it was not decisive, nor perhaps even particularly important. It has been shown that even if Obama had lost every single union vote, his margin of victory would have shrunk from 3.9% to 1.1%, but he still would have won the election (FiveThirtyEight 2014).

Political decisions do not necessarily have a single rationale; they are often multi-faceted and contain many motivations. Though the union explanation for may well be valid, the evidence in the tire tariff case allows for another more complex and possibly more persuasive explanation. Recently, more attention is being paid to the role that the Electoral College and swing states play in the imposition of American tariffs. A noteworthy example is that of John McLaren and Xiangjun Ma – in their paper *A Swing-State Theorem, with Evidence* (2018), they show that import tariffs favor industries located in swing states. Their research states that a voter living in a non-swing state is politically worth only 77% as much as a voter living in a swing state. This suggests that the nature of the Electoral College may have a more important effect on trade policy than lobbying.²¹

²¹ If this is true it would be very significant. According to Muûls (2008), lobbying is currently the dominant approach to understanding U.S. trade policy and tariffs. This approach holds that the stronger the lobbying power of a particular industry, the more likely the industry is to be protected.

President Trump’s recent imposition of tariffs on the EU and China have brought home the disproportionate importance that the Electoral College can play in foreign policy. It seems that the counter-tariffs have been crafted with the Electoral College in mind. The EU retaliated with tariffs on Harley-Davidson motorcycles, most likely because they are produced in Wisconsin, a state that Trump carried by less than 1% (The Guardian 2018). And in the words of the trade experts at the Brookings Institute, the Chinese retaliatory tariffs “seem optimally designed to especially agitate President Trump’s red state base” (Brookings 2018). Of the U.S. counties affected by the retaliatory tariffs, 82% percent voted for Trump, whereas only 18% voted for Clinton (see Figure 4).

Figure 4: U.S. Counties affected by Chinese Retaliatory Tariffs



This all suggests that an electoral college approach has the potential to lead to very fruitful results in tariff analysis; and there is good evidence to support the belief that this explanation is appropriate for the 2009 Obama tire tariff.

3. Theoretical approach

There is no generalized approach to the political economy of trade protection – different analysts favor different explanations. As Anne Krueger has written,

there are a “plethora” of models to choose from (Krueger 1990,19). For this thesis, the theoretical framework is taken from Mirabelle Muûls’ and Dmitra Petropoulou’s 2007 paper *A Swing-State Theory of Trade Protection in the Electoral College*. In this model, tariff barriers come about due to pandering to protectionist voters in vital swing states (for a more detailed explanation see the appendix). According to their theory, trade protection is likely if a state fulfills three criteria:

- 1. Protectionist voters are more numerous than free trade supporters.**
- 2. There is strong electoral competition (i.e. swing state).**
- 3. It represents a significant portion of the electoral vote.**

4. Methodology

The general method of political economy tariff analysis is to choose and emphasize one variable to analyze. The variable chosen for this thesis is how President Obama chose to exhibit the tariff in his 2012 presidential campaign - his campaign television advertising and campaign speeches.²²

President Obama’s campaign ads will be analyzed through The Wesleyan Media Project’s collection of 2012 campaign advertising. Their collection provides detailed data on when and where presidential political ads were shown during the 2012 election cycle. The source of the advertising data is Campaign Media Analysis Group (CMAG), a firm that specializes in providing a complete record of every political advertisement aired in the major media markets of the United States.

²² Because the 2009 tire tariff was so heavily publicized (unusual for a tariff) and President Obama made it a mainstay of his campaign, this is a special case, possibly unique, where such an approach is possible.

In addition, the transcripts of President Obama's 2012 election campaign speeches will be analyzed. The 108 speeches can be accessed from *The American Presidency Project* website.

5. The American Electoral College

The American president is not elected by direct vote, but instead through a system of electoral votes. Each state is allocated a certain number of electoral votes based on population and this number rises and falls according to the fluctuating population of the state.²³ The system is often called “winner-take-all” – a candidate is only obliged to gain a majority of votes within a state to get all of its electoral votes.²⁴ At present, 270 electoral votes are needed to win the presidency.

Though there have been various third-party candidates, the two main parties have remained constant since 1856 – Democrat and Republican. States that vote reliably Democrat are known as “blue” states. States that vote reliably Republican are known as “red” states.²⁵ But there are in addition “purple” states – states where the division between the Republicans and Democrats is close enough, that it is not clear who has an advantage. These are swing states, and these are the states that are fought over and decide US presidential elections.²⁶

5.1 The Electoral College and 2012 Swing States

According to the New York Times, there were just nine swing states in the 2012

²³ Since the population of Ohio is decreasing, it will probably lose an electoral vote by the 2020 presidential election.

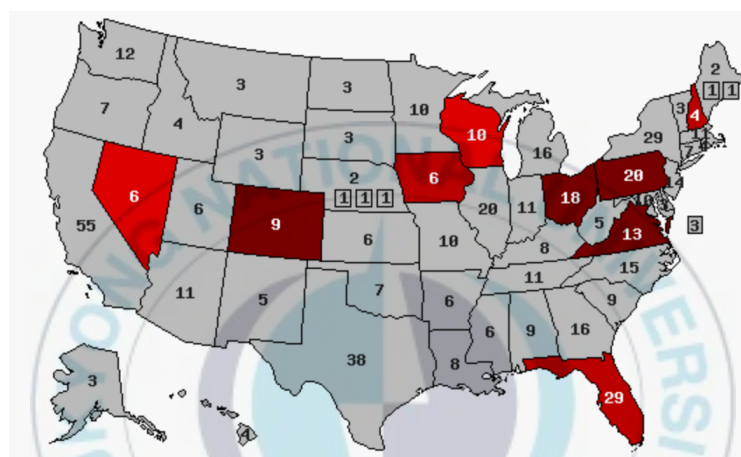
²⁴ The exceptions are Maine and Nebraska, whose systems allow for split electoral votes.

²⁵ This dichotomy is fluid. For example, in 1976, the Democrat candidate Jimmy Carter won the South, while the Republican incumbent Gerald Ford won California and New Jersey. This result would be unimaginable today.

²⁶ In an amusing study (Gelman 2012) it has been estimated that the chances of a swing state voter casting the decisive vote in a presidential election are about one in ten million, compared to the national average of one in sixty million.

election.²⁷ In order of electoral votes, they were: Florida(29), Pennsylvania(20), Ohio(18), Virginia(13), Wisconsin(10), Colorado(9), Iowa(6), Nevada(6), and New Hampshire(4) (The New York Times 2012). The 2012 election between Barack Obama and Mitt Romney was essentially a fight over these nine vital swing states (see Image 3).

Image 3: 2012 Swing States



Source: uselectionatlas.org

5.2 Swing States Make Small Margins Important

In the 2016 American Presidential campaign, Hillary Clinton beat Donald Trump by over two million votes, but decisively lost the election in the electoral college. As Jennifer Palmieri, the Director of Communications for the Hillary Clinton campaign disconsolately remarked "more people voted for her (Hillary Clinton), but not in the right places"(National Agenda 2016: The Aftermath).

²⁷ This number varied slightly by publication. The Washington Post for example, gave the number of swing states as eight, omitting Nevada.

Getting votes in the "right places" is the essence of an American presidential election. In 2000, Al Gore also decisively won the popular vote by over 500,000 votes, but it was losing the vital swing state of Florida by 537 votes that lost him the election (Pew 2016). It is these 537 votes which haunt every presidential candidate.

As the losses of Hillary Clinton and Al Gore have demonstrated, a plurality of individual votes is useless if not accompanied by a majority of electoral votes. So, every American presidential election must necessarily revolve around an Electoral College strategy.

5.3 President Obama's 2012 Electoral College Victory

President Obama won the 2012 presidential with 51.1% of the popular vote (65,915,795 votes) compared to Mitt Romney's 47.3% of the popular vote (60,933,504 votes).²⁸ This relatively narrow numerical margin of victory translated however into a resounding victory in the Electoral College.²⁹ President Obama won 332 electoral votes to Mitt Romney's 206, and perhaps more impressively, won every single one of the disputed swing states - Colorado, Florida, Iowa, Nevada, New Hampshire, Wisconsin, Pennsylvania, Virginia, and Ohio (see Figure 5).

Much has been written about the famous "Obama Coalition", that group of voters made of the college-educated, Hispanics, Blacks, millennials, independents and woman which propelled Barack Obama to the White House.³⁰ But even though this group was enough to win a plurality of votes and essential for winning

²⁸ Accessed from https://en.wikipedia.org/wiki/2012_United_States_presidential_election

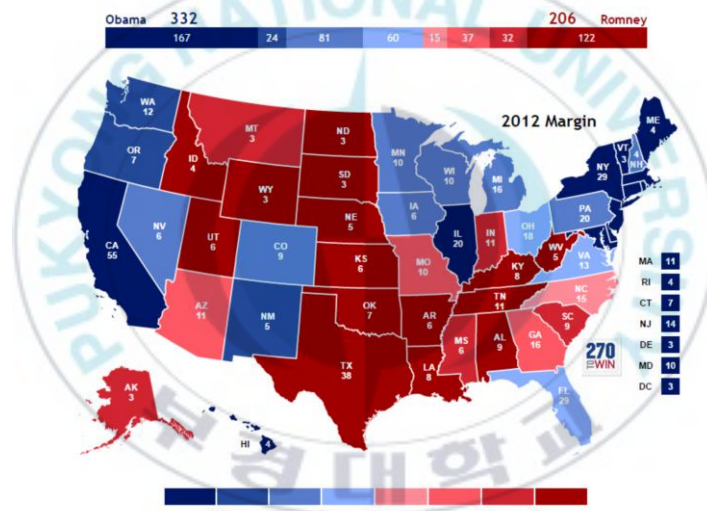
²⁹ This mismatch (51% of the vote to 62% of the electoral vote) is not unusual. It came about because President Obama won several large states – Ohio, Virginia, and North Carolina – by very narrow margins.

³⁰ For an example, see Liu, *The Election of Barack Obama: How He Won*.

the 2012 presidential election, it probably would have been insufficient to win the presidency without an effective Electoral College strategy.³¹

This distorting effect that the Electoral College has had on the domestic (and international) fabric of United States politics has made it very controversial.³² And for this reason, there have been many proposals to abolish it.³³ However, it seems unlikely that the Electoral College will disappear any time soon. A constitutional amendment would be required to do away with it and enough states benefit from the system to make a change extremely unlikely.³⁴

Figure 5: 2012 Margins of Victory



Source: 270towin

³¹ One of the factors that played a role in Hillary Clinton’s 2016 defeat was that her campaign paid little attention to white voters without college degrees in the Rust Belt, effectively conceding those states to Donald Trump. See: *"Why Hillary Clinton Lost"* The Atlantic, November 15, 2016.

³² The Electoral College is particularly despised by Democrats as it severely penalizes cities, where Democratic support is concentrated.

³³ For an interesting recent example see *"Nixon’s Proposal to Scrap the Electoral College,"* Medium, February 18, 2019.

³⁴ Because the Electoral College is mandated by the Constitution, it would require a two-thirds majority in both the House and the Senate plus ratification of 38 of the 50 states to eliminate it.

6. Campaign Television Advertising

According to BallotReady (a nonpartisan online voter guide) campaign television advertising in the United States can be classified into five distinct categories:

- 1) Positive ads: which focus on the candidate
- 2) Negative ads: which talk about the opposing candidate
- 3) Contrast ads: which mention both candidates
- 4) Introduction ads: which introduce the candidate
- 5) Endorsement ads: which feature a significant public figure

Of course, there are many different types of advertising, but as the authors of *Political Advertising in the United States* have stated, “television advertising is still the primary mechanism through which campaigns talk to the majority of citizens” (Fowler et al: 2016, preface).

There is not much evidence this advertising causes the electorate to change their votes for a candidate. Instead, what television advertisements seem to do is “reinforce citizens’ underlying partisan predispositions” (Huber et al: 2007, 962). But there is a correlation between advertising and electoral success in presidential campaigns - campaigns that can mount the larger number of ads is more likely to be successful.³⁵ However these political ads tend to have a very short “shelf-life”. Research has shown them to have only a transitory effect, so they are placed at the times when the campaign feels they will produce the maximum effect.³⁶

³⁵ For an interesting analysis on the efficacy of campaign ads see “*Do Political Ads Actually Work?*” NPR, October 26, 2012. There is an ongoing debate as to whether advertising leads to electoral success or if donors are attracted to candidates who were already more likely to win. There is undoubtedly a correlation between advertising and electoral success, but whether or not there is causation is not clear.

³⁶ According to research by Gerber et al. (2011), the effect of television ads is “ephemeral” lasting only for about one week or so.

6.1 Television Advertising in the 2012 U.S. Elections

The amount of advertising that took place during the 2012 presidential election was “record-pulverizing” (Fowler 2012, 59). The Romney and Obama campaigns aired 1,431,939 ads and spent an estimated 950 million dollars doing so (Fowler et al: 2016). President Obama’s campaign also devoted over 70% of its budget to advertising (ibid).

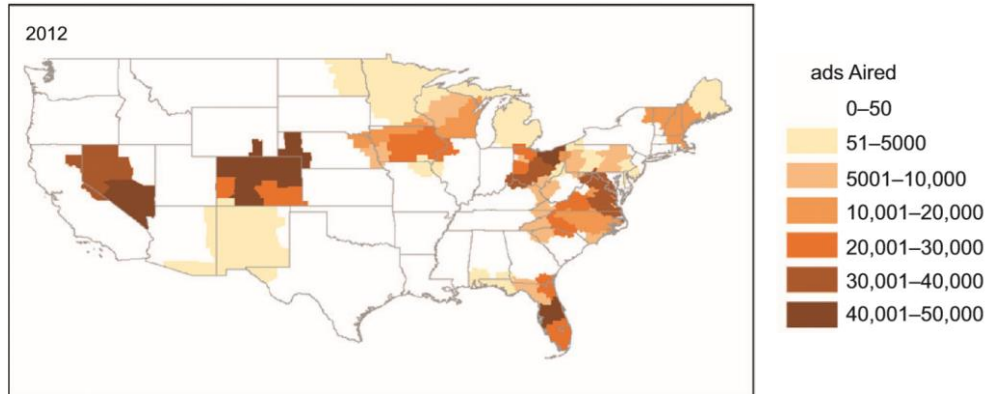
The 2012 Presidential campaign also set a record for negative advertising. In the 2012 presidential race about two-thirds of all ads were negative (ibid). As Mark McKinnon, George W. Bush’s former political advisor said, “The dynamic of this election is such that each campaign wants the race to be a referendum on the other guy, and therefore the mass of the communications is designed to disqualify each other” (Politico 2012).

6.2 Television Advertising and Swing States

There are 210 media markets in the United States. But from the standpoint of election advertising, not all of them are created equal. The nature of the Electoral College inevitably creates as David Strömberg has noted “a very sharp incentives to target a group of states” (Strömberg 2008,770). These are the battleground states which are necessarily swing states.

Advertising spending is thus concentrated in the small number of states that are important in a national election and an even smaller number of media markets. However, as advertising is expensive, campaigns tend not to purchase ads in areas/states where they are unlikely to have much effect – so they focus on swing states. Figure 6 shows the distribution of presidential ads in the 2012 election.

Figure 6: Total Presidential Ads in the 2012 Presidential Campaign



Source: Fowler et al (2012)

6.3 Advertising the Tire Tariff

The editor of *Modern Tire Dealer* (sometimes called the “Bible” of the American tire industry), Bob Ulrich, wrote that, for good or for bad, President Obama talked more about tires than any other president in American history (*Modern Tire Dealer* 2012).

President Obama’s political ad “Tires” which publicized the 2009 tire tariff, was a negative ad and was one of the many trade-themed ads which were deployed by the Obama campaign.³⁷ The ad claimed that the tire tariff had saved a thousand jobs and claimed that President Obama had “stood up” to China (see following page).³⁸ The ad also claimed that Mitt Romney was “taking the side” of the cheaters (i.e. China).³⁹

³⁷ President Obama ran 21 trade-themed ads in 2012, compared to 9 in 2008. See: *Obama, Romney and Congressional Candidates Nationwide Used Trade-Themed Ads to Appeal to U.S. Majority Opposing Trade Status Quo, Reinforcing Public Anger and Building Expectations for Reform*, 2012. Accessed at <https://www.citizen.org/sites/default/files/2012-election-report.pdf>

³⁸ As has been shown, the claim to have saved a thousand jobs was at best disingenuous.

³⁹ This claim was rated “Mostly True” by Politifact.

Transcript of Political Ad, "Tires" (Obama, 2012)

PRESIDENT BARACK OBAMA: I'm Barack Obama and I approve this message.

MITT ROMNEY: It's time to stand up to the cheaters.

NARRATOR: Tough on China? Not Mitt Romney. When a flood of Chinese tires threatened a thousand American jobs, it was President Obama who stood up to China and protected American workers. Mitt Romney attacked Obama's position, said standing up for China was bad for the nation and our workers. How can Mitt Romney take on the cheaters when he's taking their side?

Source: NBC Learn

The ad ran from September 20, 2012 to about September 25/26. With the exception of 330 advertisements shown in Roanoke, Virginia, the single state advertising for "Tires" was exclusively in four of the major media markets of Ohio – Cleveland, Dayton, Toledo, and Youngstown (see Table 5).

Table 5: Single State Advertising for "Tires"

Media Market	Number of Times Aired	Time Period Aired
Cleveland, Ohio	434	September 20 - 26
Dayton, Ohio	389	September 20 - 25
Toledo, Ohio	278	September 20 - ?
Youngstown, Ohio	299	September 20 - 25
Roanoke, Virginia	330	September 20 - 25

Source: Wesleyan Media Project - compiled by author

7. Campaign Speeches

In addition to advertising, campaign speeches are a way of targeting states in an American election. They are an integral part of the strategy of any presidential candidate and are a campaign's most direct method of connecting with voters. Campaign speeches are by their very nature, populist in form and content. Currently, the main difference between the campaign speeches of the Republican and Democratic parties is that Republicans engage mostly in anti-statist populism which criticizes the political elites, whereas Democrats (as in the case of the tire tariff) tend to use economic populism (Bonikowski & Gridon 2016).⁴⁰

7.1 Campaign Speeches and the 2012 Election

President Obama gave 108 campaign speeches from July 5 to November 5 in 2012.⁴¹ President Obama's purpose with his campaign speeches was both to defend his record and lay out the contrast with his opponent, the Republican nominee. Mitt Romney's purpose was to castigate President Obama for a poor economy which had not yet recovered from the financial crisis of 2007-2008.

Just as with television advertising, the 2012 campaign speeches were notable for their negativity. According to Benoit (2014), both Obama's and Romney's campaign speeches were more attack-laden than any time since 1953. In an interview with the Guardian, he ascribed this as a result of both Obama and Romney throwing "red meat" to their supporters to encourage donations (The Guardian 2012).

⁴⁰ There is, of course, a great deal of overlap. In the 2016 presidential campaign, the Republican candidate Donald Trump used a great deal of both anti-statist and economic populist rhetoric in his campaign speeches.

⁴¹ I have been unable to find the exact number of campaign speeches delivered by Mitt Romney in the 2012 presidential election.

7.2 Campaign Speeches and Swing States

As with advertising, the electoral system in the United States makes campaigning in every state an absurdity. The last president to do so was Richard Nixon in 1961, and it has been thought to be a major factor in his defeat by John F. Kennedy.⁴² It is well-established that because of the electoral college, presidential candidates concentrate their resources – in this case their time – on the states that will make a difference in the election. And in an election, time is the most important and finite resource.

As can be seen in Figure 7, both President Obama and Mitt Romney almost exclusively gave speeches in the nine swing states during the 2012 presidential election. And Ohio's overwhelming significance can be seen in how it received the lion's share of this bounty, with 73 campaign visits in 2012, almost twice as many as the next most visited state, Florida.

Figure 7: States Visited by Barack Obama and Mitt Romney in 2012



Source: <https://www.nationalpopularvote.com>

⁴² See "When the Whole Map Was In Play," Larry J. Sabato's Crystal Ball, October 4, 2012.

7.3 Campaigning on the Tire Tariff

Of the 108 campaign speeches President Obama gave in 2012, he mentioned the tire tariff 4 times – twice on September 17, 2012, and twice on September 26, 2012 - but only in Ohio (see Table 6). The speeches ran roughly concurrently with the political ad “Tires.”

Table 6: President Obama’s 2012 Campaign Speeches and the Tire Tariff

State	Number of Speeches	Mention of Tire Tariffs	State	Number of Speeches	Mention of Tire Tariffs
Ohio	25	4	N. Hampshire	6	0
Iowa	16	0	California	3	0
Virginia	14	0	Texas	2	0
Florida	11	0	Pennsylvania	1	0
Colorado	10	0	Illinois	1	0
Nevada	6	0	Oregon	1	0
Wisconsin	6	0	Louisiana	1	0

Source: compiled by author from The American Presidency Project

In each campaign speech – in Cincinnati, Columbus, Bowling Green, and Kent - President Obama spoke of the tariff in almost identical terms, criticizing Governor Mitt Romney for opposing the tire tariff and saying how the tariff had increased employment in the tire industry by over 1,000 jobs. And in each speech, he used the same anti-China rhetoric - criticizing the “unfair surge” in Chinese tires that his administration had supposedly successfully stopped (see Table 7).

Table 7: President Obama's 2012 Campaign Remarks on Chinese Tires

<p>When Governor Romney said that stopping unfair surges in Chinese tires would be bad for America, bad for our workers, we ignored his advice, and we've got over a thousand Americans back to work creating tires right here in the United States of America.</p> <p>Remarks at a Campaign Rally in Cincinnati, Ohio September 17, 2012</p>
<p>When Governor Romney was complaining that because we stopped an unfair surge in Chinese tires here into the United States, he said, well no, that's protectionist. We did it anyway. And we got over 1,000 American jobs back, right here in the United States.</p> <p>Remarks at a Campaign Rally in Columbus, Ohio September 17, 2012</p>
<p>We've stood up for autoworkers against unfair trade practices. When Governor Romney said stopping an unfair surge in Chinese tires would be bad for America, bad for our workers, we politely declined his advice. We went after China on that, and we got over a hundred—a thousand American workers back to work producing American tires.</p> <p>Remarks at a Campaign Rally in Bowling Green, Ohio September 26, 2012</p>
<p>When Governor Romney said stopping an unfair surge in Chinese tires would be bad for our workers and bad for America, we said, we're going to do it anyway. We didn't take his advice. And we got over 1,000 Americans back to work.</p> <p>Remarks at a Campaign Rally in Kent, Ohio September 26, 2012</p>

Source: compiled by author from The American Presidency Project

8. Ohio: The Bellwether State

“We basically spent the campaign running for governor of Ohio.”

David Plouffe, President Obama’s 2012 Campaign Manager

When President Obama spoke at the Democratic Convention in North Carolina in 2012, Nate Cohn of *The New Republic* wrote that “the entire acceptance speech read like an attempt to consolidate Ohio” (The New Republic 2012). Ohio is the rarest, most sought-after most type of electoral prize - it has gone beyond being a mere swing state but has become what is known as a *bellwether state*. This signifies that it tends to vote for the winner in presidential elections - and Ohio has chosen the winning candidate 93% of the time, a percentage higher than any other state. Out of 30 elections, Ohio has picked the winner 28 times (Kondik 2016).

The importance of Ohio in presidential elections is a rich source of commentary to political cartoonists (see Images 4 &5).

Image 4: Map of the United States, March 15, GOP Edition



Source: Florida Today

Image 5: Ohio Map: Mitt and Obama



Source: *HarryPayne.com*

At the time of the tire tariff in 2012, President Obama did not know who his eventual Republican opponent would be. But he did know that Ohio would be a vital for whomever it was. Ohio's importance to the Obama campaign can be summed up in this single sentence: No Republican candidate has ever won the presidency without winning Ohio.

The New Republic rhetorically asked the question – would it be possible for Mitt Romney to win the election without Ohio? The answer was: “Sure: All he would need to do is win every other mutually contested battleground state or win a traditionally Democratic-leaning state like Wisconsin, Michigan, or Pennsylvania to counter additional losses” (The New Republic 2012). In other words, it was nearly impossible.

For President Obama, there were 431 possible state combinations which would lead to re-election, but for Mitt Romney there were only 76 that led to the White House. If President Obama had lost Ohio, he would still have had 244 paths to victory, but Romney's would have shrunk to a meager 11 (New York Times 2012a). It could be said, that President Obama did not so much need to win Ohio for himself, but to deny it to Romney. To deny Ohio to Romney meant significantly increasing chances of re-election in 2012.

8.1 Ohio Fulfills the Muûls Criteria

Through much of the twentieth century, Ohio produced more tires than anywhere else in America, earning it the sobriquet the “Rubber Capital of the World.” Though the tire industry no longer has a dominant position in Ohio that it once had, it is still a major employer. According to the Bureau of Labor Statistics, Ohio has the fourth highest employment of tire builders in the United States.⁴³

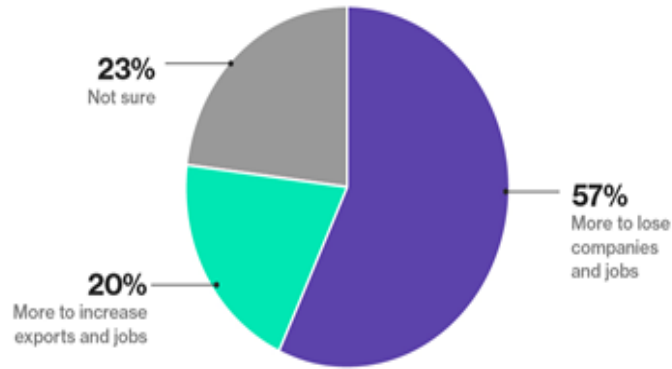
Swing-state theory holds that tariffs on a state industry like tires are likely if the state meets three criteria – protectionist voters are more numerous than free trade supporters, there is strong electoral competition, and the state represented a significant portion of the electoral vote. As the following sections will show, Ohio meets these three criteria.

8.2 Protectionist Voters Are More Numerous than Free Trade Supporters

Free trade and globalization are generally not unpopular in the United States. According to Pew Research, at least a majority of Americans believe that free trade in generally a good thing for the country. 56% of Americans say that free trade has been a “good thing” for the country, while 36% say that it has been a “bad thing” (Pew 2018). However, like much of the Rustbelt, Ohio bucks this trend and the numbers are essentially reversed. Ohio is particularly receptive to an anti-free trade message like that of the tire tariff, for it is emphatically anti-free trade. In a recent Bloomberg poll, 802 likely voters were asked the question: “Do you think trade deals such as NAFTA do more to increase Ohio exports and to add jobs, or more to entice Ohio companies to move and decrease jobs?” Only 20% of respondents felt that trade deals did more to increase exports and jobs. 57% of Ohioans felt that free trade was more likely to lead to the loss of companies and jobs (see Figure 8).

⁴³ See ‘Tire Builders’ <<https://www.bls.gov/oes/2015/may/oes519197.htm>.

Figure 8: Approval of NAFTA in Ohio

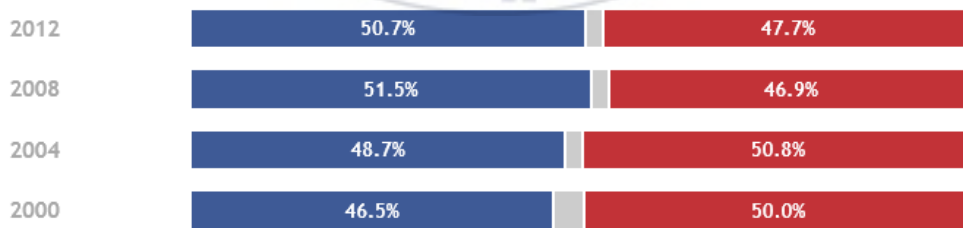


Source: Bloomberg Politics

8.3 Ohio Has Strong Electoral Competition

As a swing state, Ohio has, by definition, strong electoral competition. Over the last four presidential election cycles (2000-2012), the margin of difference in votes between the Republican and Democratic candidates has averaged only 3.1% (see Figure 9).

Figure 9: Ohio Presidential Election Percentages



Source: 270towin

8.4 Ohio Represents a Significant Portion of the Electoral Vote

“Significant” is a relative term, but by any measure, Ohio has a large number of

electoral votes. The state has 18 electoral votes (see Figure 10), which is the seventh highest total in the United States, and among swing-states, only Florida with 29 electoral votes, and Pennsylvania with 20 votes, have more.

Figure 10: Swing State Electoral Votes



Source: *ITV News*

9. The Anti-Chinese Language of the Obama Speeches and Advertisements

As recently as 1985, trade between China and the United States was virtually non-existent. However, since joining the WTO, China has accounted for a continuously larger percentage of American exports and imports.

At first glance it appears to be beneficial. The trade relationship between the United States and China supports the entire structure of American consumerism by allowing American consumers to purchase products at a far lower price than would otherwise be possible. An overwhelming majority of economists believe that this trade relationship is beneficial for the average American.⁴⁴ Chinese-American trade has become so important to the American

⁴⁴ For example, in a 2015 poll conducted by the IGM Economics panel, 85% percent of economists answered affirmatively the question "Does Trade with China Make Most Americans Better Off?"

economy that the cessation of free trade with China has been characterized by Henry Kissinger as “suicide”.

However, these lower prices come at a price – namely job loss. While it is a complicated phenomenon, free trade with China has undoubtedly resulted in significant job loss in America. The problem politically is that the manufacturing sector in the United States tends to be clustered in certain regions of the country. As David Autor has said, when one industry is affected “a lot of people lose jobs all at once in the same place” (Vox 2017). This effect is especially noticeable in the so-called “rust-belt” comprising Michigan, Indiana, and Ohio.

Ohio has lost about 307,000 manufacturing jobs since 1994 (MSNBC 2016). This has caused enormous disruption. Large numbers of factories have closed and hundreds of thousands of workers have lost their jobs. As Barack Obama ruminated, “If you are a blue collar-worker, you saw manufacturing head out to China....and suddenly you get washed away” (The New York Times 2016).

Image 6: Former Firestone Tire Plant in Akron, Ohio



Source: Wikipedia

As might be expected, this has had an effect on the American political system. 56% of the American public think it is very important for the U.S. to be tough on China on trade and only 26% feel that China is a partner that can be trusted (Pew 2012). Strong feelings in crucial rustbelt states against China means, as the Economist (2012) has noted, “China-bashing is a perennial sport at election time.” Frequent and vitriolic denunciations of China have never hurt any candidate for the American presidency. So it may well be that the fact the tariff could be linked to China, incentivized the choice of tires as a target of trade protection.

It is easy to imagine this conversation between President Obama and his advisors, perhaps David Plouffe and David Axelrod, in the Oval Office in 2009: “Tires makes up a small part of our overall trade with China; it will be a stick we can throw to the unions and it will play well in Ohio in 2012.”

10. Conclusion

A ruler must be a great feigner and dissembler.

Niccolo Machiavelli, The Prince

With this research, I have attempted to make an academic contribution by embedding the Obama 2012 tire tariff within the theoretical framework of swing state theory. This paper shows how political realities of the U.S. Electoral College might have been an important factor incentivizing Barack Obama to engage in trade protection against the People’s Republic of China. While the prevalent union explanation may be partially correct, it does not explain President Obama’s relentless campaigning and advertising focus on the state of Ohio; the swing state model is one theoretical approach that does.

As David Plouffe has said – the first duty of an incumbent is to be elected. The swing state approach suggests that the benefit of gaining the state of Ohio may have appeared to the Obama administration as outweighing the risks of a trade war with China. Tires made up a quite insignificant portion of Chinese exports to the United States, and this allowed the Obama administration to pander to a swing state with vital Electoral College votes while leaving the essential structure of Chinese-American trade intact. If this hypothesis is correct, it provides an example of the distorting effect that the Electoral College has on both the domestic and international fabric of US policy.

The tariff benefitted none of the parties that it was ostensibly enacted to protect and was certainly an economic failure, but it was probably never President Obama’s aim to enact a welfare maximizing policy. The determinants of the tariff were probably entirely political, and if it helped add anti-free trade voters to the Obama coalition in Ohio, this “stupid” Obama tariff may be judged a success. In the final analysis, we may never know exactly why President Obama enacted the tariff, but we certainly know where he wanted it to be emphasized. And swing state theory provides a strong explanation in this context.

11. Suggestions for Further Study:

11.1 The Political Economy of Chinese Counter-Tariffs

By all accounts, the Chinese showed great skill and sophistication in applying retaliatory tariffs on American imports in 2018. This contrasts with their apparent naivety in the 2009 tire tariff case – where the counter tariffs were imposed mainly on chicken parts from red states where President Obama was not politically competitive. It would be instructive to trace in greater depth the development of Chinese counter-tariffs in regard to their targeting of swing states.

11.2 The Tire Tariff and the TPP

The nations who benefitted from the tariff - Canada, Indonesia, South Korea etc. were all proposed members of the Trans-Pacific Partnership. The TPP was intended to be part of the “pivot to Asia” and to be one of the cornerstones of President Obama’s foreign policy - in his words, it was intended to let the United States “write the rules” of the world’s future economic structure. This may suggest that the tire tariff played some role in Obama’s overall TPP strategy.



Appendix

Swing state theory postulates that swing states are a significant determinant in trade protection. The equation describing this effect is an augmentation of the equation of Gawande and Bandyopadhyay, where trade protection is predicted to be:

$$\frac{t_i}{1 + t_i} = \gamma_0 + \gamma_1 I_i \frac{z_i}{e_i} + \gamma_2 \frac{z_i}{e_i} + Z_{1i} + Z_{2i} + s_i$$

(Where t_i denotes the protection of industry I , z_i is the inverse of the price penetration ratio, e_i is the price elasticity of imports, Z_{1i} includes tariffs on intermediate goods, Z_{2i} includes NTBs on intermediate goods, and the error term is denoted by s_i .)

As tariff barriers have been much reduced through GATT and WTO regulations, the effects of NTBs (Non-tariff barriers) were investigated.

To test the hypothesis that swing states have an effect, the variable q_i (which measures “swingness”) was introduced, which is defined by:

$$q_i = 1000 \times \sum_{s=1}^s \left[Q_s \times \left(\frac{L_{is}}{L_s} - \frac{L_i}{L} \right) \right]$$

(Where Q_s represents the probability of a state being a decisive swing state, L represents total US employment, L_s represents state employment and L_i represents industry employment.)

Which gives the equation:

$$\frac{t_i}{1 + t_i} = \gamma_0 + \gamma_1 I_i \frac{z_i}{e_i} + \gamma_2 \frac{z_i}{e_i} + \gamma_3 q_i + Z_{1i} + Z_{2i} + s_i$$

The literature does not suggest that concentration of industry in swing states determines trade protection, implying that γ_3 is zero. However, the work of Muûls’ and Petropoulou implies that q_i is a significant determinant.

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