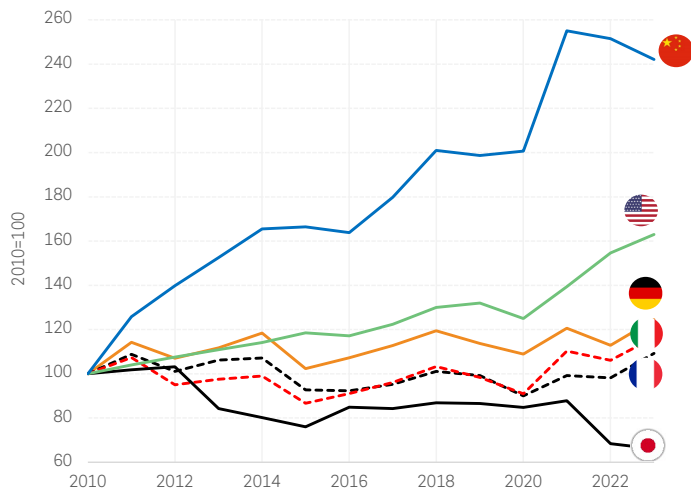


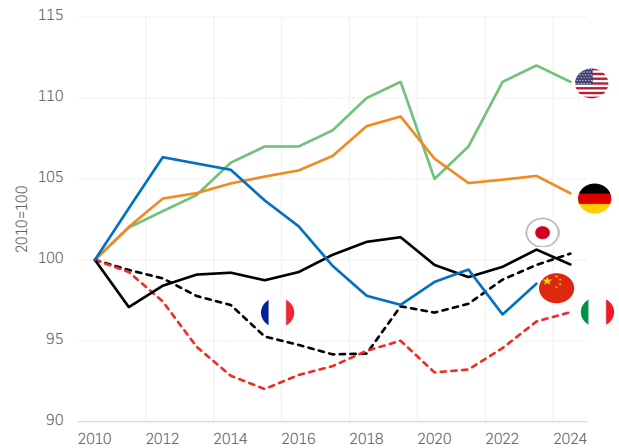
## WILL TARIFFS BRING INDUSTRIAL JOBS BACK TO AMERICA?

MANUFACTURING VALUE-ADDED



SOURCE: WORLD BANK, BNP PARIBAS

MANUFACTURING EMPLOYMENT



SOURCE: LSEG (DATASTREAM), CEIC, BNP PARIBAS

President Donald Trump has promised to bring manufacturing jobs back to the USA and make America again “the manufacturing superpower of the world that it once was”. This, of course, is the foremost objective of his radical tariff policy (alongside raising revenue and pressuring trading partners to deliver non-trade-related concessions). In his analysis, the US persistent trade deficit is evidence that the rest of the world is “ripping off” the US, through unfair trade barriers and overly weak exchange rates. As a result, the argument goes, the US industrial base is being hollowed out, undermining the living standards of Americans.

But, leaving aside the issue of whether tariffs are an effective remedy (which we have covered [here](#) and [here](#) among others), is the diagnostic even correct? The charts above suggest not. For one thing, US industrial production has been the most resilient of all the major advanced economies over the last 15 years. Moreover, after an initial marked decline in the first decade of the century, industrial jobs have recovered in the US, even as they were declining nearly everywhere else including in China: from a peak in 2012, China lost 17 million industrial jobs, while the US gained nearly 1.

This remarkable accomplishment reflects a labour productivity that is one of the highest in the world. Between Q4 2019 and Q1 2024, hourly labour productivity in industry rose by 8.8% in the US versus 0.8% in the Eurozone, exacerbating the 2:1 labour productivity growth gap observed between the two economies between 1995 and 2019.<sup>1</sup>

It would be a paradox if, by reducing the competitive pressures faced by US manufacturers, depriving them of North America supply-chain efficiencies, and increasing the cost of intermediate goods, President Trump’s tariffs ended up undermining the very bedrock of America’s industrial resilience.

Isabelle Mateos y Lago

Data visualisation: Tarik Rharrab

<sup>1</sup> See: [Labour productivity growth in the euro area and the United States: short and long-term developments](#), ECB Economic Bulletin, Issue 6/2024.

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