

Will A Trade War Hurt Black Women?

by: Ingrid Saunders Jones

Eight times a year, the Federal Reserve Bank publishes a summary and analysis of the nation's economic condition, known as the Beige Book. The July Beige Book says the economy is good, but not great. Economic growth is described as "modest" and "moderate". The July Beige Book suggests steady, but not outstanding, economic growth.

There is at least one cause for concern. The U.S. has increased tariffs on trade with our European Allies and NATO partners, who have in turn imposed tariffs on us. The International Monetary Fund says that all these tariffs and a trade war will reduce the size of the world economy by about one percent.

NCNW believes it is important to understand how current U.S. trade policy will affect those at the economic periphery. These include poor people, people of color, small businesses, and others who may suffer in the trade war. For example, the costs of electronics are likely to rise. Why? China provides components that will be subject to additional tariffs. Farmers are likely to be hurt. Why? Because China says that it will increase tariffs on imports coming from states like Illinois and Wisconsin, the source of soy and grain imports. To the extent that people buy cheaply manufactured goods from China and the taxed goods will result in higher prices to consumers.

There is no evidence that African Americans will shoulder a heavier burden than other segments

of the population, but that's not the point. Any economic instability affects Black women particularly hard, especially given sluggish wage growth of just 2.7 percent in the last quarter which is largely canceled out by two percent inflation. The economic recovery from the Great Recession has been uneven and is particularly fragile among African Americans.

To put trade in perspective, our largest partners are China, Canada, Mexico, Germany, and Japan. We import (or bring in) about \$2.4 trillion worth of goods, about 12 percent (1/8th) of our GDP. We export (or send out) about \$1.6 trillion worth of goods. We have a trade deficit because we bring in more than we send out. Trade is a function of advanced economies and has often been an engine of economic growth in the U.S.



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Here is the message for Black women – stay aware of the many ways that global public policy affects you. Changes in tariffs may affect your personal bottom line, but you won't know the impact unless you pay attention. If you have a financial planner, consult with them. Black women are vulnerable because race and gender prejudice are powerful headwinds to economic stability.

Global trade is an important issue for African American women and is one of the main reasons for NCNW's "Four for the Future" focus on financial literacy and entrepreneurship. Claiming our space in the nation's \$19.3 trillion economy means being activists in every economic sector.