

Toughest on the Poor *Tariffs, Taxes, and the Single Mom*

By Edward Gresser

Tariffs are the smallest, most opaque, and probably least understood part of America's tax system. The public has little opportunity to see their cost in daily life—tariffs on consumer goods, while often very high, never appear on department store receipts. The government publishes few statistics on tariff collection. And scholars and journalists have shown little interest in the subject. Writers on trade view tariff policy as old-fashioned drudgery, tax analysts consider it a trivial source of revenue, and social policy analysts have ignored it completely.

But the tariff system is well worth a look. Examined closely, it is remarkable—a tax that hits poor families hardest, fails to protect jobs in light industry, and can be reformed at little cost with large benefit to the poor.

To see why, one can imagine a group of workers at a hotel. The hotel vice president, an unmarried recent MBA, makes a salary of \$110,000 per year. Her secretary is a young, single mother, earning \$25,000. And the maid cleaning their hallway, also a single mom, left the welfare system two years ago to begin a minimum wage job.

Each of these women pays four major federal taxes: income taxes, payroll taxes, excise taxes, and tariffs. The largest of these, the income and payroll taxes, raise \$1 trillion and \$700 billion respectively, and make up the bulk of taxation on the vice president. The tariff system, bringing in less than \$20 billion a year,¹ is the smallest tax, but places a hidden and surprisingly heavy charge on the secretary and the maid.

Table 1 estimates the annual tariff expenses for each of these three workers and a typical two-parent family. Using a selection of high-tariff consumer goods—shoes, kitchenware, household linen, cutlery, jewelry, cars, and a few other items—the table combines the cost of goods for

high-income families, typical two-parent families, and single-parent families from the Bureau of Labor Statistics' (BLS) Consumer Expenditure Survey, with the data on tariff rates applied to these goods from the International Trade Commission to approximate the total tariff bill for these families. Expenses for welfare leavers, not available from the BLS, are estimated based on a formula assuming a constant rate of decline in spending on the selected goods and falling family incomes.

The data shows that each year the secretary loses three days' pay to tariffs—twice as much as the vice president. The maid likely loses a full week's pay.

The reason is simple: Tariffs are highest on the goods important to the poor. The trade agreements and bills of the past 25 years⁴ have sharply cut tariffs on luxury products and industrial inputs. But domestic industrial lobbies have fought hard and usually successfully to keep tariffs on cheap consumer goods high. The result of these bills is that as a percentage of total revenue, tariffs are now lower than at any time since at least the 1950s and perhaps ever; but on a few products, most of all shoes and clothes, the tariff system has changed little since the 1960s.

Therefore, shoes and clothes make up only one-fifteenth of America's merchandise imports, but bring in almost half of America's annual tariff revenue. In comparison to other major expenses—education, transport, entertainment, and so on—these goods are relatively small expenses for middle-class and wealthy families, but very large expenses for poor families with children.

This is why tariffs now hit maids and secretaries harder than company vice presidents—the more the tariff system raises money from shoes and clothes, therefore, the more it becomes some-

Table 1: Tariffs and the Single Mom²

| Family Type | Average Income | Expenses on High-Tariff Goods | Estimated Cost of Tariffs | Tariff Tax Rate | Income Lost |
|--|-----------------------|-------------------------------|---------------------------|-----------------|-------------|
| High-income | \$110,000 | \$7,916 | \$660 | 0.6% | 1.5 days |
| Two-parent | \$66,913 | \$5,752 | \$470 | 0.7% | 2 days |
| Single-parent | \$25,095 | \$2,158 | \$307 | 1.2% | 3 days |
| Working welfare leaver (expenses estimated) | \$14,872 ³ | \$1,900 | \$279 | 1.9% | 5 days |

Source: Bureau of Labor Statistics' Consumer Expenditure Survey 2000, available online at <http://www.bls.gov/cex/home.htm>.

thing like a large excise tax on necessities especially important to the poor. Its regressive nature is especially striking in comparison to other federal taxes. As Table 2 shows, tariffs appear at least on average to be the only major tax in which effective rates rise as incomes fall.

Overall, therefore, income taxes are fairly progressive; payroll taxes and excise taxes are more regressive, but the creation of the Earned Income Tax Credit gives poor families a way to offset at least part of the payroll tax. The effective tariff tax rate, in contrast to all other taxes, escalates rapidly for poorer families and has no offsetting credit comparable to the EITC.

Potential Benefits of Reform

Reforming the system by removing tariffs on household goods would have straightfor-

ward effects. It would cause some loss for the United States Treasury, as these goods raise slightly more than half of all tariff revenue—about \$10 billion—per year. But because tariffs contribute so little to total U.S. tax revenue, this loss would be minor in comparison to cuts in income, corporate, or payroll taxes. And it would have substantial and rapid benefits for the working poor.

The potential of reform becomes clear in looking at a real-world case where the tariff system reaches a kind of peak of absurdity and injustice: sneakers costing three dollars or less (tariff line 64041150). Here, tariff policy combines high taxes with selective effects on the poor and failure to protect jobs. The 48 percent tariff applied to these shoes is one of the highest in the tariff schedule, the shoes are bought most often by poor people, and

Table 2: Tariffs and Other Taxes

| Family Type | Average Income | Income Tax ⁵ | Payroll Tax | Excise Taxes ⁶ | Tariff Taxes |
|--------------------------|----------------|-------------------------|-------------|---------------------------|--------------|
| High-income | \$110,000 | 19.7% | 6.0% | 0.3% | 0.6% |
| <i>Average liability</i> | | \$21,200 | \$6,500 | \$307 | \$660 |
| Two-parent | \$66,913 | 6% | 7.7% | 0.4% | 0.7% |
| <i>Average liability</i> | | \$4,000 | \$5,100 | \$261 | \$491 |
| Single-parent | \$25,095 | 0% | 7.7% | 0.5% | 1.2% |
| <i>Average liability</i> | | [no liability] | \$1,900 | \$137 | \$308 |
| Working welfare leaver | \$14,872 | 0% | 7.7% | 0.5% | 1.9% |
| <i>Average liability</i> | | [no liability] | \$1,150 | \$78 | \$279 |

Source: Bureau of Labor Statistics' Consumer Expenditure Survey 2000, available online at <http://www.bls.gov/cex/home.htm>.

domestic employment in their production seems to be nearly non-existent.⁷

Cheap sneakers come from two principal sources: China and Indonesia. Neither of these countries qualify for any special trade benefits, so all imported cheap sneakers enter the United States at the published 48 percent tariff rate. Last year, the United States imported 16 million pairs, at a total cost of \$35 million. The average price per pair was thus \$2.20. The U.S. Customs Service collected \$17 million in tariffs on these sneakers, adding another \$1.06 per pair to the “landed cost” from which retailers calculate markups.

The extra dollar and change then passed on, magnified by markups and state sales taxes, to raise the final price in stores by about \$1.60 per pair. Tariff reform, as Table 3 shows, could thus cut the price of these shoes by as much as one-third with no domestic job effects at all.

Tariffs and Employment

Decisions on tariff reform, of course, should also consider the system’s most frequent justification—that is, preserving low-skill employment in light manufacturing industries.

manufacturing sectors. More specifically, as of spring 2002, the United States maintained about 520,000 manufacturing jobs in apparel, 28,000 in shoes, and a few tens of thousands in watches, cutlery, plates, and similar fields.⁹ About 200,000 workers are concentrated in the fields—women’s and childrens’ clothes and shoes—in which tariffs cost poor families most.

At first glance, proposals for tariff reform thus raise a complex ethical question. Should a relatively small number of light manufacturing workers bear a special burden as the country raises living standards for the poor by cutting tariffs? Alternatively, should millions of single mothers and their children—maids, secretaries, restaurant cashiers—pay to protect relatively few light manufacturing jobs if tariffs stay in place?

But on closer examination, this choice proves false. In reality, tariffs are not protecting jobs. Manufacturing employment in the United States appears to be going through a permanent shift, declining in light industry as it rises in semiconductors, medical technologies, auto manufacturing and construction equipment, and similar fields.

This is especially clear in apparel, where

Table 3: Tariffs on Cheap Sneakers

| Cheap Sneakers with Current Tariff | Cheap Sneakers if Tariff Was Removed |
|--|---|
| 1. \$2.20: manufacturing/ transport cost | 1. \$2.20: manufacturing/transport cost |
| 2. + \$1.06: tariff | |
| 3. = \$3.26: landed cost | 2. = \$2.20: landed cost |
| 4. x 1.40: notional 40% retail markup | 3. x 1.40: notional 40% retail markup |
| 5. = \$4.56: retail price | 4. = \$3.08: retail price |
| 6. x 1.05: 5% state sales tax | 5. x 1.05: 5% state sales tax |
| 7. = \$4.79: final consumer cost | 6. = \$3.23: final consumer cost |

Source: International Trade Commission’s Dataweb at <http://dataweb.usitc.gov>.

Here, the case of cheap sneakers is an extreme illustration of the fact that tariffs appear ineffective in protecting jobs.

The basic points are as follows: The United States now has about 9.7 million single-mother families with children under 18 years old,⁸ and about 600,000 workers in highly protected light

despite the persistence of high tariffs, employment has been falling since the 1970s. The case of cheap sneakers outlined earlier is extreme but illustrative—today’s 550,000 shoe and clothing production jobs are less than half the 1.1 million jobs that existed in 1992. Employment declines in other protected sectors

such as watches, luggage, handbags, drinking glasses, and plates have been comparably quick. Employment in women's apparel—which accounts for nearly one half of a single-parent family's tariff bill—has dropped furthest and fastest. In 1992, the United States had 21,400 jobs in girls' and children's blouses and dresses; now there are only 4,800. Employment in women's underwear is down from 48,500 to 10,400; in women's shirts, from 37,400 to 8,900; in women's shoes, from 23,700 to 3,400.¹⁰

To look at the figure in another way, total employment in the high-tariff fields is not much greater than routine monthly changes in American job totals. From 1992 to 2000, for example, the United States averaged a net gain of about 200,000 jobs every month, with a peak gain of 538,000 in March 2000.¹¹ Research, such as that done recently by the International Trade Commission,¹² indicates that removal of trade barriers would mean no overall loss of jobs and could actually mean a net increase in employment.

Choices between the jobs of workers and the living standards of welfare leavers are thus meaningless—the current tariff system is failing to protect jobs even as it depresses living standards.

Conclusion

None of this reasoning says that tariff reform would be easy. Tariffs, especially on clothes, have tenacious advocates. But a system that taxes secretaries and maids harder than stockbrokers and corporate executives is unfair on its face. And because it is so ineffective in protecting jobs, reform may be easier than many assume.

One option would be for Congress and the Bush administration to abolish tariffs unilaterally. Here, a logical initial step would be for the government to conduct an inventory of tariffs, find those like the 48 percent tariff on cheap sneakers where employment has vanished, and eliminate them immediately.

Alternatively—and recognizing that the tariff policies of most U.S. trading partners are no better—the United States could, through the World Trade Organization's current negotiating round, seek an international agreement in which several countries would join in removing tariffs on clothes, shoes, and household goods.

In either case, however, the goal should be clear: The time for reform is now.

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Appendix I: Methodology

These conclusions emerge from a study of statistics on family expenditures at different income levels kept by the Bureau of Labor Statistics, together with data on tariff rates and collections published by the International Trade Commission.

Calculating the average effective tariff on selected goods in which imports make up a large part of U.S. consumption, one can derive a reasonable assessment of the cost of tariffs to wealthy, middle-class, and single-parent families. (The goods include clothes, shoes, some foods, watches, jewelry, new cars, kitchen appliances, personal hygiene products, carpets, household linen, and tableware.) The regrettable exception is the working welfare leaver, where lack of hard data on spending habits requires a more tentative conclusion.

► **Income and Spending Habits.** Bureau of Labor Statistics data, published in the annual “Consumer Expenditure Survey,” provide detailed breakdowns of buying habits for families at different income levels.¹³ Three points on these figures deserve note.

- 1) Single-parent families have much lower incomes than other types of families. The average income for a single-parent American family is \$25,095; the average income for a two-parent is \$66,913. A large majority of single-parent families (about 82 percent) are headed by women.
- (2) Single-parent families spend less than two-parent families on virtually all goods and services. Annual two-parent family expenses on transport, for example, are \$11,088; for single-parent families, the figure falls by about 60 percent to \$5,017. For health care, the decline is comparable—a single-parent family’s spending is \$1,014 per year, or about 45 percent of the two-parent family’s \$2,306 health care budget. Single-parent budgets for education, insurance, and household furnishings expenses are less than 40 percent of two-parent family budgets; for telephones, computers, clocks, luggage, and jewelry, expenses are 20 percent or less.
- (3) Single-parent spending on necessities, however, is much closer to the average for all families. A single-parent family’s average \$2,647 annual budget for home meals is 60 percent of a two-parent family’s \$4,357 budget. The single-parent family’s clothing budget is \$1,509, or two-thirds of two-parent family’s \$2,269. And it appears exceptionally difficult for single-parent families to save money on shoes; here the figures are \$411 per year for a single-parent family, and \$480 for a two-parent family.

► **Welfare Leaver Expenses.** Hard data on the budgeting of welfare leavers, unfortunately, is not yet available. (Income levels are better known—a recent study by the Urban Institute indicates that the average working welfare leaver makes about \$7.15 per hour, or \$14,872 if employed full-time for a year.)

To estimate expenses on the selected goods for welfare leavers, this paper therefore uses a rough linear formula. This assumes that the welfare leaver’s change in spending on particular goods, relative to an average single-parent family’s spending on those goods, is the same as the decline in single-parent family spending relative to the two-parent family.

For example, an average single-parent family spends \$411 on shoes—\$69 less than a two-parent family’s \$480 shoe budget. Given that the two-parent family earns about \$40,000 more than the single-parent family, this implies that spending on shoes falls by about \$16.50 for every \$10,000 decline in income. The welfare leaver, earning about \$10,000 less than the average single-parent family, is thus assumed to spend \$394 on shoes. Two examples of the calculation are shown in the following chart.

| | Shoes | Jewelry |
|---|----------------------|--------------------|
| Two-parent family expense | \$480 | \$157 |
| Single-parent family expense | \$411 | \$41 |
| Spending decline | \$69 | \$116 |
| Decline per \$10,000 | \$17 | \$28 |
| Estimated expense for welfare leaver | $\$411 - 17 = \394 | $\$41 - 28 = \13 |

Source: Bureau of Labor Statistics' *Consumer Expenditure Survey 2000*, available online at <http://www.bls.gov/cex/home.htm>.

► **Tariff Rates.** Average tariff rates for the different goods are based on the following three factors:

- (1) Actual tariff rates as published in the U.S. Harmonized Tariff Schedule.¹⁴
- (2) Responses to an anecdotal survey of several retailers serving lower and middle-income customers, confirming that the tariff rate of a household product is usually reflected in the final retail price. This is because the normal retail price of a product is based on a percent-based markup of the "landed cost" of the good, which includes manufacturing costs, transport costs, and tariffs.
- (3) Data on tariff revenue compiled by the U.S. International Trade Commission.¹⁵ In some cases, this shows that effective tariff collection is lower than the rate published in the tariff schedule, and thus reduces average tariffs for some types of goods. For example, TVs (excluded from the data) are a case in which free trade agreements or special programs make published rates less important. Many types of TVs carry 5 percent official tariff rates. In reality, however, nearly 60 percent of all imported TVs come duty-free from Mexico under NAFTA, which also reduces the effective tariff rates on new cars, toasters, hair-dryers, microwave ovens, and some other consumer goods by one-third to one-half.

► **Choice of Products.** The selected products used in this paper are limited to manufactured goods and foods where tariffs are significant and imports have large shares of the domestic market. These include clothes, shoes, juice, processed vegetables, new cars, kitchen appliances, household linen, watches, bicycles, silverware, jewelry, and deodorant.¹⁶ The conclusions also focus on tariffs rather than non-tariff barriers such as quotas, which remain temporarily in effect for clothes.

► **Assumptions.** Two assumptions underlie the conclusions: (1) tariffs on imported goods are passed on to consumers; and (2) tariffs let domestic manufacturers and retailers raise prices for comparable domestically produced goods to levels including the tariff. (Therefore, imported sweaters carry tariffs commonly at 30 percent. The assumption is that this a tariff is passed on through retail markups, and that companies producing competing domestic sweaters use the tariff to raise their wholesale prices by 30 percent or slightly less.)

These assumptions have been confirmed in anecdotal conversations with retailers, but cannot be proven. They are strongest for shoes, clothes, watches, plates, and bicycles, where imports

make up between 60 percent and 90 percent of U.S. consumption, and domestic products are either absent or very likely to be sold at the higher prices created by tariffs. These goods make up about 90 percent of the tariff revenue from the group of selected products.

The assumptions are less secure, although defensible, for articles like tableware, juices, cutlery, and household linens, in which imports make up 20 percent to 50 percent of consumption. These latter goods, however, are relatively minor retail items for poor families and therefore relatively small parts of the total tariff bill.

► *Areas for Further Study.* Improved data on the effects of tariffs seem unlikely to change the general conclusion. However, the analysis in this paper can be extended in three important areas.

First, as noted earlier, the buying habits of welfare leavers are estimated rather than drawn from hard data as in the other three cases. A good study of buying patterns for welfare leavers would be valuable.

Second, the figures assume that tariffs on various goods apply equally to families at different income levels. In fact, though, tariffs on consumer goods are usually highest on cheap goods and lowest on luxuries. For example, silver-handled forks have no tariffs, but cheap stainless steel forks have 15 percent tariffs; women's silk underwear has a 2.4 percent tariff, and polyester has a 16.2 percent tariff; snakeskin handbags have 5.3 percent tariffs, and plastic-sided handbags 18 percent, etc. The goods with highest tariffs are thus the goods poor families are most likely to buy, and the cost of tariffs may therefore be somewhat lower for wealthy families than this paper estimates.

Third, the effect of tariffs and other trade barriers on food is hard to determine, but possibly substantial. This is especially true for dairy products, peanut butter, and sweets, where tariffs are overlaid on complicated quota policies. The combination is extremely effective in keeping foreign shares of the market low, meaning that tariff revenue on these foods is a poor measurement of the total cost of trade restrictions. Both are more important expenses for families with children than childless families. In effect, peanut butter-and-jelly sandwiches should join clothes and shoes as a product in which trade barriers have especially severe effects on the poor.

Appendix 2: Tariff Expenses in Detail

High-Income Family

| Goods | | Expenses | Tariff Rates | Cost of Tariffs |
|-------------------------|----------------|----------------|--------------|-----------------|
| Food (at home) | Juice | \$144 | 10% | \$13 |
| | Processed veg. | \$116 | 3% | \$3 |
| Clothes | Women's | \$1,553 | 10-30% | \$254 |
| | Men & Boys | \$1,022 | 10-30% | \$170 |
| | Children's | \$149 | | |
| | <i>Diapers</i> | \$81 | 5% | \$4 |
| | <i>Other</i> | \$68 | 10-30% | \$12 |
| Shoes | | \$609 | 10%-30% | \$100 |
| New Cars | | \$3,433 | 1.6% | \$54 |
| Linens | | \$236 | 10% | \$21 |
| Silverware, plates etc. | | \$135 | 7% | \$9 |
| Jewelry | | \$320 | 3% | \$9 |
| Deodorant etc. | | \$56 | 5% | \$3 |
| Bicycles | | \$29 | 11% | \$3 |
| Watches | | \$74 | 6% | \$4 |
| Kitchen Appliances | | \$40 | 3% | \$1 |
| Total | | \$8,145 | | \$660 |

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey 2000*, available online at <http://www.bls.gov/cex/home.htm>; the Harmonized Tariff Schedule is available on the International Trade Commission's Dataweb at <http://www.usitc.gov/taffairs.htm>; and the International Trade Commission's Dataweb at <http://dataweb.usitc.gov>.

Middle Class Family

| Goods | | Expenses | Tariff Rates | Cost of Tariffs |
|-------------------------|----------------|----------|--------------|-----------------|
| Food (at home) | Juice | \$136 | 10% | \$13 |
| | Processed veg. | \$119 | 3% | \$4 |
| Clothes | Women's | \$1,051 | 10-30% | \$170 |
| | Men & Boys | \$683 | 10-30% | \$113 |
| | Children's | \$173 | | |
| | <i>Diapers</i> | \$106 | 5% | \$5 |
| | <i>Other</i> | \$67 | 10%-30% | \$10 |
| Shoes | | \$480 | 10-30% | \$80 |
| New Cars | | \$2,500 | 1.6% | \$39 |
| Linens | | \$162 | 10% | \$15 |
| Silverware, plates etc. | | \$92 | 7% | \$7 |
| Jewelry | | \$157 | 3% | \$5 |
| Deodorant, etc. | | \$43 | 5% | \$2 |
| Carpet | | \$71 | 3% | \$2 |
| Bicycles | | \$20 | 11% | \$2 |
| Watches | | \$35 | 6% | \$2 |
| Kitchen Appliances | | \$30 | 3% | \$1 |
| Total | | \$5,855 | | \$470 |

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey 2000*, available online at <http://www.bls.gov/cex/home.htm>; the Harmonized Tariff Schedule is available on the International Trade Commission's Dataweb at <http://www.usitc.gov/taffairs.htm>; and the International Trade Commission's Dataweb at <http://dataweb.usitc.gov>.

Single-Parent Family

| Goods | | Expenses | Tariff Rates | Cost of Tariffs |
|-------------------------|----------------|----------|--------------|-----------------|
| Food (at home) | Juice | \$95 | 10% | \$9 |
| | Processed veg. | \$133 | 3% | \$5 |
| Clothes | Women's | \$812 | 10-30% | \$135 |
| | Men & Boys | \$406 | 10-30% | \$67 |
| | Children's | \$111 | | |
| | <i>Diapers</i> | \$64 | 5% | \$3 |
| | <i>Other</i> | \$47 | 10-30% | \$7 |
| Shoes | | \$411 | 10-30% | \$68 |
| Linens | | \$60 | 10% | \$5 |
| Silverware, plates etc. | | \$25 | 7% | \$2 |
| Deodorant etc. | | \$34 | 5% | \$2 |
| Bicycles | | \$20 | 11% | \$2 |
| Jewelry | | \$41 | 3% | \$1 |
| Watches | | \$10 | 6% | \$1 |
| Total | | \$2,158 | | \$307 |

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey 2000*, available online at <http://www.bls.gov/cex/home.htm>; the Harmonized Tariff Schedule is available on the International Trade Commission's Dataweb at <http://www.usitc.gov/taffairs.htm>; and the International Trade Commission's Dataweb at <http://dataweb.usitc.gov>.

Families of Welfare Leavers

| Goods | | Expenses | Tariff Rates | Cost of Tariffs |
|-------------------------|----------------|----------|--------------|-----------------|
| Food (at home) | Juice | \$85 | 10% | \$8 |
| | Processed veg. | \$136 | 3% | \$4 |
| Clothes | Women's | \$754 | 10-30% | \$126 |
| | Men & Boys | \$339 | 10-30% | \$57 |
| | Children's | \$96 | | |
| | <i>Diapers</i> | \$54 | 5% | \$3 |
| | <i>Other</i> | \$42 | 10-30% | \$7 |
| Shoes | | \$394 | 10-30% | \$67 |
| Linens | | \$35 | 10% | \$3 |
| Silverware, plates etc. | | \$9 | 7% | \$1 |
| Deodorant etc. | | \$32 | 5% | \$1 |
| Bicycles | | \$20 | 11% | \$2 |
| Total | | \$1,900 | | \$279 |

Source: Bureau of Labor Statistics, *Consumer Expenditure Survey 2000*, available online at <http://www.bls.gov/cex/home.htm>; the Harmonized Tariff Schedule is available on the International Trade Commission's Dataweb at <http://www.usitc.gov/taffairs.htm>; and the International Trade Commission's Dataweb at <http://dataweb.usitc.gov>.

Endnotes

¹ Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2003-2012*, January 2002, Table 3-3, page 48.

² Figures for two-parent family and single-parent family from Bureau of Labor Statistics, *Consumer Expenditure Survey 2000*, Table 1500. For high-income family, figures are from *Consumer Expenditure Survey 2000*, Table 1201. The survey is available online at <http://www.bls.gov/cex/home.htm>.

³ Pamela LoPrest, *How are Families that Left Welfare Doing: A Comparison of Early and Recent Welfare Leavers*, Urban Institute, April 2001; see http://newfederalism.urban.org/html/series_b/b36/b36.html.

⁴ Since the late 1970s, the United States has concluded ten revisions of tariff policy: the Tokyo and Uruguay Rounds of the GATT in 1979 and 1994 are the most important; others include elimination of tariffs on goods from Canada and Mexico through the North American Free Trade Agreement in 1989 and 1993, elimination of tariffs on information technologies through the WTO's Information Technology Agreement in 1997, creation of three special trade programs for developing countries since 1985 in the Caribbean Basin Initiative, the Andean Trade Preference Act and the African Growth and Opportunity Act, and free trade agreements with Israel and Jordan.

⁵ Calculations from PPI tax data-base. The author acknowledges and thanks Jeff Lemieux for his assistance with this calculation.

Wealthy family: \$217 gas tax, \$60 alcohol taxes, \$30 tobacco tax.

Middle-class family: \$198 gas tax, \$31 alcohol tax, \$32 tobacco tax.

Single-parent: \$94 gas tax, \$16 alcohol tax, \$27 tobacco tax.

Welfare leaver (estimated): \$47 gas tax, \$8 alcohol tax, \$23 tobacco tax.

⁷ Only about 3,000 Americans are now employed making sneakers, and apparently none make very cheap sneakers.

⁸ Bureau of the Census, *America's Families and Living Arrangements 2000*, June 2001, pg. 8, at <http://www.census.gov/prod/2001pubs/p20-537.pdf>.

⁹ See Bureau of Labor Statistics, *Consumer Expenditure Survey and Current Employment Statistics*, at <http://www.bls.gov>.

¹⁰ Figures from Bureau of Labor Statistics, *Current Employment Statistics Survey*, June 2002, available at <http://stats.bls.gov/ces/home.htm>.

¹¹ Bureau of Labor Statistics, *Current Employment Statistics survey*, June 2002.

¹² International Trade Commission, *Economic Effects of Significant Import Restraints: Third Update*, July 2002, available at <ftp://ftp.usitc.gov/pub/reports/studies/pub3519.pdf>.

¹³ See Bureau of Labor Statistics, *Consumer Expenditure Survey*, Table 1500.

¹⁴ The Harmonized Tariff Schedule is available on the International Trade Commission's Dataweb at <http://www.usitc.gov/taffairs.htm>.

¹⁵ Figures available from the International Trade Commission's Dataweb at <http://dataweb.usitc.gov/>; use "customs value" to find total value of imports of a given product, and "calculated duties" to find the tariffs collected.

¹⁶ Data from U.S. International Trade Commission, "Shifts in U.S. Merchandise Trade 2000," Publication No. 3436, July 2001, Appendix C.