

## **Trump's trade war is economic suicide**

By Donald J. Boudreaux

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[Trump hosts Made in America event as trade clouds gather](#)

President keeps up trade policy pressure as many Americans feel tariff pressures; Kevin Corke reports from the White House.

When President Trump imposed a 25 percent tariff on steel imports last month, America's largest nail manufacturer had little choice but to raise its prices. Mid Continent Nail Corporation quickly lost 50 percent of its orders as customers opted for cheaper suppliers. Within weeks, the firm had to lay off 60 workers. Up to 200 more might lose their jobs by the end of this month.

If the tariff isn't lifted, the company could fold by September.

Mid Continent and its employees are early victims in Trump's trade war. There will be many more if the president continues to raise import costs and anger our trading partners.

Since the start of the year, President Trump has announced a string of new tariffs - which, let's be clear, penalize Americans who buy imports.

In January, he imposed tariffs on Americans who buy solar panels and washing machines. In March, he directed the U.S. Trade Representative to levy \$50 billion in additional tariffs on Chinese imports. And then in June he applied tariffs of 25 percent on steel and 10 percent on aluminum.

This escalation shows no sign of slowing. Trump just announced that his administration is preparing to impose another \$200 billion in tariffs on Chinese goods, on products ranging from pickles and pastries to refrigerators and air conditioners.

***The U.S. economy is booming -- but it depends on trade.***

To repeat: American consumers -- not foreigners -- will ultimately pay the bulk of the price for these trade obstructions.

The economics are simple.

Consider cars. Trump has long made clear that he wants Americans to pay higher prices for cars coming into the nation. On the campaign trail, he promised a tariff of 35 percent on "every car, every truck, and every part manufactured in Ford's Mexico

plant that comes across the border." This past March, he threatened to impose tariffs on Europe' automobile manufacturers.

But even cars produced domestically will rise in price thanks to the president's economically illiterate trade interventions. As raw materials such as steel and aluminum rise in price, the cost of manufacturing each vehicle will rise. Manufacturers will pass those higher costs on to consumers.

Even beer and soda manufacturers are fretting about higher aluminum costs!

The damage extends beyond our wallets and pocketbooks. As domestic manufacturing costs increase, the competitiveness of some American producers decreases.

Consider American Keg Company of Pennsylvania. Already, the company laid off a third of its workers due to rising steel costs. Or take General Motors. The automobile giant has announced it might have to lower wages and cut jobs.

The energy sector will also take a hit. Because American steel companies don't produce the specialty pipes needed for many pipelines, new infrastructure projects will cost a whole lot more -- or be cancelled entirely.

Plus, tariffs aren't a one-way street -- trading partners will hit back by imposing their own taxes on American exports. China has already announced retaliatory tariffs on more than a hundred U.S. products like beef, poultry, and automobiles -- and has threatened to stop purchasing oil and natural gas from America. The European Union, Canada, and Mexico plan to hit major American exports like whiskey and motorcycles.

The U.S. economy is booming -- but it depends on trade. Exports support 10 million U.S. jobs, imports support another 16 million, and every single one of us has a life that's full of items manufactured abroad.

Trump's trade war means higher prices for American consumers, lower margins and less revenue for U.S. firms, and worse jobs for workers. It's economic suicide.

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