

Title: **Tariffs are a tax – pure and simple**  
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# Tariffs are a tax – pure and simple

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Consider the following: “I have little patience with current statements that the new tariff is retarding business...thousands and thousands of people are at work today...who would be idle except for the new tariff.”

A Trumpian rant against those opposing his recently imposed tariffs on Chinese steel and Canadian aluminum? No. Senator Reed Smoot (R-Utah), co-author of the calamitous Smoot-Hawley tariff bill, made in 1930.

Passed by Congress as the economy struggled to extricate itself from the worsening grip of the Great Depression, the Tariff Act of 1930 raised some 890 tariffs. Political expediency more than economics determined which tariff increased and by how much. It had more to do with protecting a few select industries, especially agriculture, than with national policy. At one point in the debate, Smoot argued that “the question is now whether the tariff is high enough, not whether it is too high.”

Many called for President Hoover not to sign the bill into law. Thomas Lamont, a leading partner at J.P. Morgan and prominent ad-

visor to heads of state, called the bill “asinine” and implored the president not to sign. The Economist magazine called the signing a “tragic-comic finale” to a long, rancorous debate. Then as now, economists rejected the hike in tariffs. Over one thousand economists, many the leading figures of their time, signed a petition against the tariff act.

History has shown that the Smoot-Hawley Act, as it came to be known, was a disaster for the U.S. economy. It brought about a decline in worldwide trade and exacerbated the Great Depression. Why go down this same path?

President Trump usually defends his tariffs by playing the jobs card.

“We’ve lost, over a fairly short period of time, 60,000 factories in our country—closed, shuttered, gone. Six million jobs, at least, gone. And now they’re starting to come back.” Through hyperbole and dubious math, the President’s logic is that by shutting out foreign competition, consumers will “buy American.” And that translates into more jobs in our country.

Some U.S. jobs will be saved, but the cost is very high. A recent analysis by the Mercatus Center at George Mason University

suggests that the tariff on steel would directly affect 140,000 U.S. steel workers. But higher resulting steel prices could have negative effects on 5.4 million workers in those industries using steel products.

Tariffs also mean higher costs for consumers. President Obama justified his tariffs on Chinese tires in 2009 using a too-familiar defense: “Over a thousand Americans are working today because we stopped a surge in Chinese tires.” The Peterson Institute estimates that Obama’s tariff raised the cost to Americans buying cars and trucks by about \$1.1 billion in 2011. With an estimated maximum of 1,200 jobs protected, the cost to consumers—a tax hidden in higher prices—was about \$900,000 per job saved in that one year.

The Information Technology & Innovation Foundation estimates that the proposed 25% import tariff on communications equipment and parts from China would make U.S. businesses less competitive. Increases in prices for technology reduce the purchase of such items, thus reducing the competitiveness of American firms relative to their foreign competitors.

Tariffs also lead to damaging trade repercussions.

China already has announced it will respond to Trump’s tariffs by raising their tariffs on 128 goods imported from the U.S. Canada is mulling over a similar response. Such retaliatory actions, as occurred in the 1930s, make our exports less competitive in foreign markets and reduce income to export industries in the U.S.

Missouri’s exports accounted for over \$14 billion in income in 2017. With an economy already one of the slowest growing in the nation, reducing exports to our three top trading partners—Canada, Mexico, and China—would be another blow to improving economic growth and job creation.

No matter who is president or which political party is proposing them, tariffs are never a good idea. Tariffs are a tax, pure and simple, and they should be opposed.

## **FIRST AMENDMENT:**

“Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press or the right of the people peacefully to assemble, and to petition the government for a redress of grievances.”