

## **Tariffs Are an Important Tool for Supporting American Jobs & the Economy — But the Reckless Way Trump Has Proposed Using Them Could Do The Opposite**

*If Trump was serious about using tariffs to strengthen the American economy or help American workers, he would pair tariffs with the additional policy tools needed to create good-paying American jobs and target imports made under abusive labor conditions or that otherwise unfairly disadvantage American producers.*

*Instead, Trump's reckless proposals to impose tariffs across-the-board on all goods from all countries and to terminate Biden administration industrial policies like the CHIPS Act and the Inflation Reduction Act will kill the biggest boom in new American factory construction in thirty years and raise prices on things we cannot make at home like coffee and bananas.*

*Trump shouts about tariffs to distract people from his repeated giveaways to his billionaire buddies and to redirect public anger away from greedy corporations and onto foreign nations. It's classic con artist behavior that shortchanges American workers, farmers and consumers.*

### **When Used Strategically and as Part of a Broader Economic Plan, Tariffs Help Support American Jobs & Industry**

- Tariffs are an important tool for protecting American jobs and industries from unfair competition and, when combined with other industrial policy tools like tax incentives, procurement preferences and government investment, they are key to rebuilding American manufacturing and resilient supply chains for critical goods.
- The United States currently has low tariffs. Our average tariff rate is below that of most other nations. Corporations take advantage of this, offshoring production to low-wage countries knowing that they will face low tariffs when they import goods made abroad back for sale here. This has hollowed out communities nationwide and created a huge, sustained trade deficit. If applied strategically and as part of a broader industrial policy package, increasing tariffs can help reverse that trend.
- Tariffs alone do not build new production capacity or ensure Americans have reliable access to goods. Revitalizing U.S. manufacturing and creating good-paying jobs requires combining tariffs with tax, investment, procurement and other industrial policy tools.
- Tariffs do not always increase consumer prices. It depends how they are applied and is influenced by factors including whether there are domestic goods or non-tariffed imports to substitute for tariffed goods, whether a good has a large wholesale-to-retail markup, and whether there is price competition in a sector. Imposing large across-the-board tariffs on all goods from all nations, including goods we will never produce here at scale like coffee and bananas, is much more likely to significantly raise consumer prices. In contrast, when tariffs

are targeted to hit specific goods or countries, companies seeking inputs and retailers can find other sources. And often companies that buy lots of imports can absorb tariff costs in their profit markup, especially since the corporate tax rate is the lowest it has been in generations.

- To level the playing field as effectively as possible, tariffs should target imports that are made under abusive labor conditions, that ignore environmental standards or that otherwise put American workers and producers at an unfair disadvantage.

### **Three Big Problems with Trump's Across-the-Board Tariffs**

- (1) **Trump's tariffs proposal is not a plan to boost U.S. manufacturing.** To help create American manufacturing jobs and resilient supply chains, tariffs must be combined with other industrial policy tools like tax incentives, procurement preferences and government investment. Not only does Trump's proposal fail to do that, but he has pledged to kill off the Biden industrial policies that do. During the pre-pandemic years of the first Trump administration, U.S. manufacturing investment was stagnant even after Trump imposed sizeable new tariffs on China. Investment in new manufacturing plants only boomed during the Biden administration, when tariffs were coupled with sensible industrial policy measures found within the infrastructure bill, Inflation Reduction Act and CHIPS and Science Act. Not only does Trump not have a plan to boost manufacturing, but he's pledged to end *existing* investments that are crucial to creating good-paying American manufacturing jobs.
- (2) **Trump's tariffs proposal fails to target specific abuses.** Effective tariffs target imports from facilities, industries or countries that are engaging in labor rights abuses, environmental dumping or benefiting from other unfair practices that put American producers at unfair disadvantage. By singling out bad actors, such tariffs can leverage changes in behavior or force bad actors out of business. Trump's proposal to apply tariffs to all products from all countries fails to distinguish between products we can and should make here and those we will need to import and it fails to distinguish between fair and unfair imports. This counterproductive approach is not intended to end unfair practices associated with many imported goods. And it will likely raise consumer prices on things we will never produce here at scale, such as coffee and bananas.
- (3) **More than anything else, Trump uses tariffs to distract Americans.** Virtually every president over the past 60 years has utilized tariffs to achieve legitimate policy goals — usually to little fanfare. The Biden-Harris administration's tariffs on key strategic goods, for example, were much higher than those of the first Trump administration. In contrast, Donald Trump shouts about how he'll raise tariffs to distract people from his repeated giveaways to the billionaire class and to redirect public anger away from CEOs and greedy corporations and towards foreign nations. Americans need a real plan to revitalize American industry.