

Issue Brief

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Trump's Protectionist Triumvirate Continues to Hammer U.S. Taxpayers

New trade restrictions from the Trump administration continue to make life worse for millions of Americans. Much of the blame rests President Trump's top trade advisors, who have been described as a "protectionist triumvirate."¹ Their ongoing activities show how these advisors continue to live up to this description.

U.S. Trade Representative Robert Lighthizer has said, "I'm not in favor of reducing tariffs on the things we need. I would be far more in favor of increasing tariffs on the things we need."² This backwards perspective is not surprising, coming from a career DC insider who got rich by representing industries seeking protectionist tariffs.

Commerce Secretary Wilbur Ross, who oversaw national security trade investigations that led to tariffs on steel and aluminum used by American manufacturers, has bragged about a 260 percent increase in trade-restricting antidumping and countervailing duty investigations.³ He seems to believe the Commerce Department's mission is to restrict commerce.

¹ Ikenson, Daniel J. "Lighthizer Completes Trump's Protectionist Triumvirate." The Cato Institute, January 3, 2017. Retrieved from: <https://www.cato.org/blog/lighthizer-completes-trumps-protectionist-triumvirate>.

² Baschuk, Bryce. "Lighthizer's Prescription in a Pandemic Is More U.S. Tariffs." Bloomberg, June 23, 2020. Retrieved from: <https://www.bloomberg.com/news/newsletters/2020-06-23/supply-chains-latest-lighthizer-s-prescription-more-tariffs>.

³ "Remarks by Commerce Secretary Wilbur L. Ross at the U.S. Trade Representative Virtual Field Hearing on Seasonal and Perishable Produce," August 13, 2020. Retrieved from: <https://www.commerce.gov/news/speeches/2020/08/remarks-commerce-secretary-wilbur-l-ross-us-trade-representative-virtual>.

Key Facts:



Policies advocated by President Trump's "protectionist triumvirate" (U.S. Trade Representative Robert Lighthizer, Commerce Secretary Wilbur Ross, and Director of the Office of Trade and Manufacturing Policy Peter Navarro) continue to make life worse for millions of Americans.



In recent weeks the Trump administration has either imposed or threatened to impose new restrictions on imported aluminum, steel, blueberries, fertilizer, and other products.



The obvious lesson from the Trump administration's trade actions should be that "tough" trade policies often make things worse, not better.

Last but perhaps not least is Peter Navarro, Assistant to the President and Director of the Office of Trade and Manufacturing Policy. Ever since March 2, 2018, when Navarro said “I don't believe any country in the world is going to retaliate” against U.S. tariffs, he has been wrong about nearly everything related to trade and manufacturing.⁴

These three officials continue to undermine President Trump's efforts to reduce taxes and regulations that strangle economic growth.

New trade-destroying efforts include the possible imposition of new taxes of up to 71.5 percent on imported phosphate fertilizer. Sen. Jerry Moran (R-KS) and seven other GOP senators noted that these tariffs “would result in higher input costs for U.S. farmers.”⁵

Unfortunately, that's the way U.S. “unfair trade” laws administered by the Commerce Department are designed to work. They are unfair to Americans who need imported supplies and components to compete in the global economy. A new working paper from the National Bureau of Economic Research concluded: “Protectionism has small and insignificant beneficial effects in protected industries. In contrast, the effects in downstream industries are negative, sizable, and significant.”⁶

The Trump administration also continues to abuse national security laws in order to impose trade restrictions on our allies. Last month, it imposed a 10 percent tax on aluminum imported from Canada, which apparently is one of our top national security threats. A letter from trade associations including the American Beverage Association, the Beer Institute, and the National Association of Trailer Manufacturers called the tariffs “financially disastrous” for aluminum-using businesses.⁷

At the same time, the administration strong-armed Mexico into adopting “a strict export monitoring regime” to avoid new U.S. steel tariffs and slashed the quota for semi-finished steel from Brazil by 83 percent.

These steel quotas threaten the jobs of steelworkers in Alabama, California, Indiana and Pennsylvania who depend on imported steel slab to produce finished steel. The Trump administration is using trade policy to pick winners and losers -- not just between steel producers and steel-using manufacturers, but also within different segments of the U.S. steelmaking industry.

The administration is even contemplating the imposition of new “national security” tariffs on components used to make steel transformers. New tariffs on these products would weaken U.S. economic security by increasing the cost of electricity for American households, hospitals, and everyone else -- even, ironically, the energy-intensive aluminum industry.

The administration is also investigating whether to impose national security tariffs on vanadium, a metal used to make products ranging from piston rods to jet engines. According to the National Association of Manufacturers, “broad and unilateral import restrictions on vanadium would slow the growth of U.S. manufacturing and undermine the industry's competitiveness.”⁸

⁴Solman, Paul. “Meet the Trump trade adviser whose tariff policy is about to be tested.” PBS NewsHour, March 8, 2018. Retrieved from: <https://www.pbs.org/newshour/show/meet-the-trump-trade-adviser-whose-tariff-policy-is-about-to-be-tested>.

⁵“Sen. Moran Leads Senate Colleagues in Urging Administration to not Impose Tariffs on Phosphate Fertilizers.” News Release, August 4, 2020. Retrieved from: <https://www.moran.senate.gov/public/index.cfm/2020/8/sen-moran-leads-senate-colleagues-in-urging-administration-to-not-impose-tariffs-on-phosphate-fertilizers>.

⁶<https://www.nber.org/papers/w27630>

⁷“U.S. aluminium premiums may double if Section 232 tariffs, quotas on Canada return, trade bodies say.” Metal Bulletin, July 15, 2020. Retrieved from: <https://www.metalbulletin.com/Article/3941893/Latest-news/US-aluminium-premiums-may-double-if-Section-232-tariffs-quotas-on-Canada-return-trade-bodies-say.html>.

⁸National Association of Manufacturers. “Comments Regarding Section 232 National Security Investigation of Imports of Vanadium.” Comments to: Department of Commerce, July 20, 2020. Retrieved from: <https://beta.regulations.gov/document/BIS-2020-0002-0011>.

Yet another investigation is looking into the national security implications of mobile cranes imported from allied countries like Germany, Japan, and Austria. As a comment filed by Davis Crane Companies pointed out: “If these tariffs were to be approved and enforced it would simply drive all costs of the construction industry upwards.”⁹

In August, the Trump administration held field hearings in Florida and Georgia on whether to restrict imports of affordable fruits and vegetables. A cynical observer might notice that these just happen to be battleground states in the upcoming presidential election.

Just a few weeks after holding these hearings, the Office of the U.S. Trade Representative announced an investigation “into the extent to which increased imports of blueberries have caused serious injury to domestic blueberry growers.” This is a dubious undertaking, since tame blueberry production (as opposed to wild) grew from \$459 million in 2010 to \$758 million in 2019, a 39 percent increase.¹⁰

This same reasoning would justify an investigation into the extent to which decreased exports of wild blueberries have caused serious injury to domestic blueberry producers. After all, wild blueberry exports have declined by 89 percent since President Trump launched his trade war.

The administration simultaneously announced an investigation into strawberry and bell pepper imports, along with broader senior-level talks regarding fruit and vegetable imports from Mexico.

Using tariffs to deny American consumers of a year-round supply of affordable fresh fruits and vegetables in order to benefit a handful of special interests located in electoral swing states is a rotten strategy. It also threatens the broader interests of U.S. agricultural producers who rely on exports for their livelihoods, and who can expect other countries to impose copycat restrictions on U.S. farm exports.

President Trump’s signature trade deal, the U.S.-Mexico-Canada Agreement (USMCA), took effect July 1. Peter Navarro said USMCA would create nearly 200,000 jobs.¹¹ But according to the U.S. International Trade Commission (USITC), these new jobs would only be created if USMCA reduced trade policy uncertainty.¹² Otherwise, the United States would actually lose jobs. New and threatened tariffs on Canada and Mexico represent the kind of ongoing job-killing uncertainty that USMCA was supposed to eliminate.

The centerpiece of the administration’s trade policy has been to “get tough” on China by imposing tariffs on Americans who import Chinese-assembled goods. Since those tariffs were imposed, just about every significant Chinese policy has gotten worse, including its treatment of Hong Kong, its abuse of Uighurs, and its response to the COVID-19 pandemic.

The obvious lesson here should be that “tough” trade policies often make things worse, not better. President Reagan observed that is often more accurate to call such policies “stupid” due to the damage they inflict on the United States.¹³

⁹ Dowd, Wes. (Director of Operations and Equipment, Davis Crane Companies). “Public Comment Re: Section 232 National Security Investigation of Imports of Mobile Cranes.” Comments to: Department of Commerce, July 10, 2020. Retrieved from: <https://beta.regulations.gov/document/BIS-2020-0009-0052>.

¹⁰ Data from U.S. Department of Agriculture, National Agriculture Statistics Service, “National Statistics for Blueberries.” Retrieved from: https://www.nass.usda.gov/Statistics_by_Subject/result.php?CBDC536-13A5-3D67-94CA-D068D478FBD4§or=CROPS&group=FRUIT%20%26%20TREE%20NUTS&comm=BLUEBERRIES.

¹¹ Navarro, Peter. “USMCA is Trump’s vision (not Pelosi’s) -- and a shining example of promises made, promises kept.” Fox Business, December 10, 2019. Retrieved from: <https://www.foxbusiness.com/markets/peter-navarro-usmca-trump-pelosi>.

¹² U.S. International Trade Commission. “U.S.-Mexico-Canada Trade Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors,” Table 2.7, p. 57. Retrieved from: <https://www.usitc.gov/publications/332/pub4889.pdf>.

¹³ President Ronald Reagan. “Radio Address to the Nation on International Free Trade,” November 20, 1982. Retrieved from: <https://www.reaganlibrary.gov/research/speeches/112082a>.

The mounting damage of trade taxes and regulations foisted on Americans under the direction of President Trump's protectionist triumvirate provide a growing body of evidence that President Reagan was right. The Trump administration should quit threatening to impose tariffs on everything from blueberries to vanadium.

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