



# THE OKLAHOMAN

## Trump should revisit his tariff proposal

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IN announcing his administration planned to impose new tariffs on steel and aluminum imports, President Trump told representatives of those industries, “You’re going to see a lot of good things happen.” That’s highly debatable.

Trump views tariffs as a way to protect U.S. jobs, something that was central to winning blue collar support during his 2016 campaign. He announced Thursday that he plans this week to implement tariffs of 25 percent on steel, 10 percent on aluminum. Commerce Secretary Wilbur Ross recommended the moves, citing a “national security” exception to traditional trade rules.

Yet as Colin Grabow, a policy analyst at the Cato Institute, noted in *The Hill*, domestic production of steel hasn’t changed much from 20-30 years ago, “and the U.S. military requires a mere 3 percent of this to meet its needs.” Six of the top 10 foreign suppliers of U.S. steel “are countries with whom the United States has mutual defense arrangements.”

And, these moves aren’t made in a vacuum. The tariffs will cause prices on items made from steel and aluminum to increase, and retaliation by other nations is a near certainty. Former President George W. Bush learned that lesson during his first term.

In March 2002, in a move intended to help the Rust Belt, the Bush administration placed tariffs of 8 percent to 30 percent on foreign steel. The European Union objected and said it would impose retaliatory tariffs on the United States. A case went before the World Trade Organization, which in November 2003 ruled against the United States and authorized more than \$2 billion in sanctions if the tariffs weren’t removed.

Bush held firm until the EU said it planned to impose tariffs on U.S. items produced in key swing states, such as oranges from Florida and automobiles from Michigan. In December 2003, the administration withdrew the tariffs, but the damage was significant — one study said a net 200,000 U.S. jobs were lost.

Something similar will occur if the EU and other nations act, which is expected. And Oklahoma could feel that pinch. As Sen. Pat Roberts, R-Kan., said, “Every time you do this you get retaliation, and agriculture’s the No. 1 target.”

An example is the administration's decision last month to impose tariffs on imported solar panels and washing machines. That prompted China to begin investigating U.S. exports of sorghum to see if we are engaged in “dumping,” or exporting it at an especially low price.

Roberts is among many Republicans who were surprised and disappointed by Trump's announcement Thursday. Several members of the administration also said it was a bad idea, including Defense Secretary James Mattis and national security adviser H.R. McMaster.

They likely share the view of economists like Mickey D. Levy of Berenberg Capital Markets. Writing at Economics21.org, Levy said if the goal is to meet domestic demand with U.S.-made steel or aluminum, better to pursue it “through constructive incentives such as improving tax policy, eliminating burdensome regulations and providing incentives to improve efficiencies” instead of “punitive actions and penalties against international producers.”

This is no way to "make America great again." The president should revisit the wisdom of his plan.