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Coronavirus Finally Gets Trump To Admit Americans Pay His Tariffs

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President Donald Trump signed an executive order on Saturday that will provide some temporary relief from tariffs for some American businesses—but the order will not apply to tariffs imposed by Trump himself on imported steel, aluminum, or goods from China.

Even the businesses that could benefit from the change will have to find time to fill out additional paperwork before they get any relief. In a [statement](#) released Sunday, U.S. Customs and Border Protection (CBP) explained that "this payment flexibility will be available only for importers with significant financial hardship." As with so much of the Trump administration's trade policy, it appears this relief will be contingent on federal bureaucrats picking winners and losers.

Even though its scope seems limited, the new tariff policy is roughly akin to the Trump administration's earlier move to defer the federal income tax deadline from April 15 to July 15: People and businesses will still have to pay, but the delay will keep additional liquidity in the market. It would be better to lift those tariffs permanently, of course, but even a 90-day delay in payments will provide some flexibility to businesses currently facing a coronavirus-induced cash crunch.

"Any tariff relief is good news, but the benefits of this short-term deferral of duties are limited," says Bryan Riley, director of the free trade initiative at the fiscally conservative National Taxpayers Union Foundation. "At least the executive order seems to acknowledge the reality that tariffs are paid by Americans, not by China or anyone else."

Coming from the Trump White House, which has insisted for years that tariffs aren't paid by Americans but that they somehow function as a tax on foreign producers, this is a confusing stance. On one hand, lifting some tariffs as a form of economic stimulus—even if only on a temporary basis—is a welcome sign, and an acknowledgment that it is indeed Americans who pay the cost of those import duties.

On the other hand, if lifting some tariffs is good for American business, why not lift all of them? Trump doesn't seriously believe that the tariffs he's imposed on steel, aluminum, and Chinese imports are magically *not* paid by Americans too, right? But that's exactly what his latest *galaxy brain* trade maneuver seems to suggest.

Or, as *The Wall Street Journal* drolly explains: "The administration's defense of tariffs has complicated efforts to delay payments, according to people familiar with the debate. Mr. Trump has often said Chinese or other exporters pay the tariffs. In fact, U.S. importers pay them and frequently pass the extra cost on to American retailers, wholesalers, and consumers."

Indeed, the federal government may have lifted tariffs weeks ago in response to the COVID-19 pandemic if not for Trump's commitment to the fantasy world where Americans don't pay his tariffs. In mid-March, more than 100 businesses and trade associations sent a letter to the White House asking the president to immediately lift tariffs as a form of economic stimulus. Days later, a bipartisan group of lawmakers and Treasury Secretary Steve Mnuchin sent a letter to Trump urging the president to approve a 90-day deferral in tariff payments.

By March 28, CBP was reportedly preparing to do exactly that. But when he was asked about those plans at a press conference, Trump called the report "*fake news*" and then took steps to block the tariff relief, as *The New York Times* reported earlier this month.

Practically, Trump's partial deferral of tariff payments will apply to about half of all tariffs charged to American importers. Prior to the Trump administration's ramping up of American tariffs in a series of steps since March 2018, the federal government collected about \$36 billion in annual tariffs. By 2019, that total had doubled to \$72 billion, largely thanks to the tariffs on steel, aluminum, and Chinese-made goods that won't be exempted under the new executive order.

Keeping those tariffs in place, says Dan Ikenson, director of trade policy studies for the Cato Institute, a libertarian think tank, "presumably inoculates Trump from having to concede that his duties on China are actually paid by US importers."

"The burden on importers, according to this formulation—and, well, if logic's not your strong suit or your just willfully ignorant—is caused by the [tariffs that predated the Trump administration], but not the China or steel tariffs," Ikenson tells *Reason*.

That Trump has finally agreed to offer some tariff relief for American companies is a sign that there might be some limits to the White House's ability to ignore economic reality. But doing so will force his supporters to warp themselves into ever-more-ridiculous shapes to defend the president's tariff policy, which now seems to be that some tariffs are paid for by Americans but others are not.

