



## **GOP Meltdown Over Trump Plan to Impose Steel, Aluminum Tariffs**

March 1, 2018

Republicans pounced on President Donald Trump's plan Thursday to slap tariffs of 25 percent on imported steel and 10 percent on imported aluminum, warning that it will lead to a trade war and leave American consumers paying the price.

"New, huge tariffs on all kinds of imported steel is a big mistake that will increase costs on American consumers, cost our country jobs, and invite retaliation from other countries," said Sen. Pat Toomey of Pennsylvania.

Republicans in Congress broke ranks with the president in an unprecedented way, with one after another coming forward during the day to caution about the dangers of tariffs and plead with Trump to hold off on any action.

Sen. Mike Lee of Utah said Trump's tariffs would be a "huge job-killing tax hike" on consumers.

"While I am sympathetic to the issues facing domestic steel manufacturers, there must be a better way to address the steel industries concerns, and I hope Congress and the executive branch can identify an alternative solution before these tariffs are finalized next week," Lee said in a statement.

Key players on Capitol Hill, including House Speaker Paul Ryan, R-Wis., and Sen. Orrin Hatch, R-Utah, the Senate Finance Committee chairman, were not given any heads up about Trump's tariff announcement. Past practice has been that legislative leaders would be briefed ahead of such a major change of policy.

The prospects of a trade war also pushed the Dow down over 400 points at the close of trading.

Trump, who has made no secret of his desire to implement more protectionist trade policies, tweeted that steel and aluminum manufacturing in the U.S. had been "decimated by decades of unfair trade and bad policy."

“People have no idea how badly our country has been treated by other countries,” the president added, blaming past U.S. negotiators for not having a “clue” about trade.

A spokesman for Ryan said, “The speaker is hoping the president will consider the unintended consequences of this idea and look at other approaches before moving forward.”

Shares in steel and aluminum companies took a wild ride Thursday, soaring on news that the highly anticipated tariff would be imposed, then tanking after indications that the White House meeting with industry executives might not include a discussion on tariffs, only to rise again once the president signaled his intent to impose them.

The administration’s announcement came after reports of infighting between free trade and protectionist factions in the White House. Free trade supporters warned that imposing the tariffs could lead to trade wars that would negatively impact American industries ranging from agriculture to technology.

“My advice was ... that you’ve gotta be careful here, you get into a tariff war,” Sen. Roy Blunt, R-Mo., told reporters. “So I would prefer that this was not where we were.”

Experts who support free trade warned about the potential consequences.

“It will open a Pandora’s box — protecting an industry based on national security concerns is a rarity,” said Dan Ikenson, director of the Cato Institute’s trade policy studies center.

Canada, a U.S. ally and large trading partner, said Thursday that it views “any trade restrictions on Canadian steel and aluminum as absolutely unacceptable.”

“Any restrictions would harm workers, the industry and manufacturers on both sides of the border,” said the Canadian minister of foreign affairs, Chrystia Freeland. “The Canadian government will continue to make this point directly with the American administration at all levels. ... Should restrictions be imposed on Canadian steel and aluminum products, Canada will take responsive measures to defend its trade interests and workers.”

Robert Scott, senior economist at the left-leaning Economic Policy Institute, said tariffs that failed to distinguish between America’s trade allies and countries like China, which the U.S. has accused of illegal trade practices, could make it more difficult resolve trade disputes.

“The best of options is higher tariffs on steel from unfair traders and quotas on everyone else,” Scott said. “The advantage to that approach is it would allow us to work with other countries to impose similar tariffs on these unfair traders.”

Analysts on the right and left also warned that the tariffs would have unintended consequences that could hurt the same industries that Trump said during the campaign he would protect.

“Immediately, the steel- and aluminum-using industries in the United States are going to see their costs of production go up, and they’ll also have trouble competing with their foreign competition because foreign manufacturers will be able to charge lower prices,” Ikenson said. “This is disconcerting because there’s a lot at stake.”

Hatch said, "I don't believe tariffs work very well and, secondly, it creates tariff wars."