



Donald Trump's motorcycle gang

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Plenty of Americans don't have a problem with the government taking harsh steps to stop immigrants from coming to this country. But surely, even these restrictionists would consider it beyond the pale if Uncle Sam stopped Americans from leaving. That's what tyrannical regimes do — not free countries like ours ... right?

Wrong. In fact, America's emigration restrictions have grown in tandem with immigration restrictions under both Democratic and Republican rule. And President Trump is about to take things to a whole new level.

The core component of Trump's America First agenda involves slamming the door on immigrants — low skilled and high skilled, authorized and unauthorized — whom he blames for every economic ill from unemployment to stagnant wages to straining welfare. He's wrong about nearly all of this, incidentally. But for now, let's focus on the fact that his zero-sum economic logic against immigrants seeking entry to the United States also applies to Americans trying to leave.

Even before President Trump was elected, he threatened to impose a 35 percent tariff on every vehicle Ford manufactured in Mexico. And now he is fulminating against Harley-Davidson because the motorcycle manufacturer wants to move some of its operations overseas.

Trump dashed off a series of tweets practically accusing the company (which he had once hailed as the "iconic" American brand) of treason. "Harley Davidson should never be built in another country — never," he declared. "If they move, watch, it will be the beginning of the end — they surrendered, they quit! The Aura (sic) will be gone." Even more ominously he threatened that the company "will be taxed like never before."

Trump's wrath will only grow, because Harley-Davidson is far from the last company that will flee America if the president escalates his multi-front trade war. Harley-Davidson is moving because it wants to shield itself from the retaliatory tariffs that America's s European trading partners imposed on it in response to Trump's steel and aluminum tariffs on their companies. These tariffs added an estimated \$2,200 to the price of every Harley sold in Europe, an annual hit of around \$100 million.

To escape Europe's tariffs, the company decided to consolidate its manufacturing operations in Europe, where it intends to sell these motorcycles, rather than manufacturing them in America

and then shipping them over. American automakers and electronics manufacturers are facing an identical dilemma and are likely to be the next domino to fall unless Trump realizes that his trade war is backfiring and backs off, argues Gary Hufbauer of the Peter Institute for International Economics.

Backing down is obviously not in Trump's nature. Secretary of Commerce Wilbur Ross affirmed as much when he stubbornly declared that the administration would stay on course on its belligerent trade policy despite a floundering stock market. So the more likely scenario is that Trump will, as he promised, try to make it prohibitively costly for these companies to flee. Precisely how he'll do so is unclear, but Cato Institute's Dan Ikenson notes that he could use his authority under Section 232 of the 1962 Trade Expansion Act and declare "outsourcing" a national security threat worthy of massive penalties. That sounds farfetched, but bear in mind that that's the authority Trump invoked to slap aluminum and steel tariffs on *friendly* nations just because they ran a trade deficit with America. "It's a scary thought," notes Ikenson, "but with Trump anything is possible."

Democrats might want to clamor in protest against the president ganging up on an iconic American motorcycle manufacturer — but they have no leg to stand on. They are very much a part of Trump's motorcycle gang.

Remember when Sen. Chuck Schumer (D-N.Y.) proposed the cutely titled Ex-PATRIOT Act in 2012 to go after Facebook cofounder Eduardo Saverin, who was allegedly trying to leave America to avoid paying capital gains taxes on his stock windfall? Channeling his inner Trump, the "infuriated" Schumer harrumphed: "We aren't going to let him get away with it so easily."

It's already not easy. Americans trying to quit America, apart from being current on all their tax liability, already have to pay a \$2,350 passport-relinquishing fee, about 20 times more than the average for other high-income countries. Furthermore, anyone who has a net worth of \$2 million or an average annual net income tax of \$162,000 is assumed to be quitting for tax avoidance purposes. They are required to pay an exit tax that consists of capital gains taxes on the current market value of their assets regardless of whether these assets have been sold or not. And it is not just their U.S. assets that are taxed. America is one of the few countries that taxes the global income of green card holders, citizens, and companies. So everyone who quits America has to pay taxes on everything they own. (President Trump's tax reforms gave corporations a reprieve from this but, regrettably, not individuals.)

Schumer's Ex-PATRIOT Act mercifully failed, crushing the left, which was fervently supportive of this raw exercise of government muscle.

Let's also not forget the Obama-era crusade against corporate "inverters" like Walgreens and Medtronic that tried to merge with overseas companies to change their address — or domicile — and avoid taxes on their global income. In prose that would do Trump proud, outfits like Americans for Taxpayer Fairness dubbed these companies "deserters" and "traitors" and demanded that Congress close the "loopholes" that allowed them to leave. Barack Obama, as it happens, happily obliged by forcing companies that wanted to "invert" to reclassify their debt as taxable equity and pay taxes on it.

In the last few decades, Republicans have led the charge against immigrants (and Democrats have followed). But Democrats have led the charge against emigrants (and Republicans have followed).

Trump, in a grand synthesis, is simultaneously whipping up hysteria against both. This shouldn't be surprising. Why shouldn't a government that is ruthlessly stopping immigrants from coming to America in the name of protecting American jobs also not ruthlessly stop Americans from leaving for the same reason? The inner logic is frightening, but at least this president is applying it consistently.