

# reason

## You Can Now Read the Secret Trump Administration Report That Claimed Your Toyota Is a National Security Threat

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More than 18 months after Congress mandated its publication, the Biden administration on Tuesday night published a Trump administration report that sought to justify imposing tariffs on imported cars under the guise of national security.

The 116-page document is, among other things, a useful reminder that tariffs imposed for ostensible national security reasons do not make America more secure. In fact, the Department of Commerce report dispenses with that notion in its very first paragraph. "The Secretary in this investigation again determined that 'national security'...includes the 'general security and welfare of certain industries, beyond those necessary to satisfy national defense requirements,'" the report states.

Once you've established that national security means protecting favored domestic industries, all manner of outright protectionism is allowed via Section 232 of the Trade Expansion Act of 1962—a flawed law that gives the president broad, unilateral power to impose tariffs on national security grounds.

The Trump administration never invoked the February 2019 report to impose tariffs on foreign automobiles and car parts, even though the president repeatedly threatened to do so. But Trump did use similarly hollow claims about national security to impose Section 232 tariffs on steel and aluminum imports—tariffs that the Biden administration has kept in place since taking office in January.

And even though the report was never used to justify new tariffs, it became the subject of a political fight between the White House and Congress. Frustrated by the White House's unwillingness to make the report public—even as the president was using the threat of new tariffs on foreign cars for political gain—Congress in December 2019 ordered the report's release no later than January 2020. The Trump administration ignored the order, and lawsuits seeking its release went nowhere.

"It was wholly unacceptable that the previous administration defied federal law and refused to release this report," said Sen. Pat Toomey (R–Pa.), who led the congressional effort to force the report's release, in a statement on Tuesday. "A quick glance confirms what we expected: The justification for these tariffs was so entirely unfounded that even the authors were too embarrassed to let it see the light of day."

The report is a warning for how the law's broad powers could be exercised by a future administration. For example, it depicts foreign-owned car companies that manufacture in the United States as potentially fairweather friends who "may not be reliable sources of equipment" for the Pentagon to seize and use as part of a war effort. Is America currently engaged in a war that requires the government to commandeer private vehicle manufacturing? The Trump trade document essentially argues that America should impose tariffs on Toyota and Volkswagen buyers *now* in order to shift consumer demand to domestic brands who will be loyal when World War III breaks out.

That's an especially foolhardy line of thought because there's really no such thing as a fully American-made or foreign-made car anymore. The National Highway Transit Safety Administration maintains a database listing every automobile make and model sold in the United States, along with the percentage of parts that are produced in either the U.S. or Canada. The "most American" cars turn out to be a few models produced by Honda, a Japanese company, that have 70 percent of their component parts made in the United States or Canada.

Worries about the health of the American automaking industry are also unhinged from reality. Global manufacturing supply chains that both the Trump and Biden administrations are eying warily have helped trigger a boom in American automaking, which now employs more than 8 million workers, a 50 percent increase since 2011.

But it is helpful to remember that all this nonsense is just a cover for the protectionism at the heart of the Trump administration's trade policies—and Section 232 itself. Declaring steel and aluminum imports to be national security risks was never any more serious than arguing that Mazda is operating a secret fifth-column aiming to dismantle America's readiness for war. That's merely a means to an end: jacking up prices on foreign competitors to benefit American-owned companies.

That strategy didn't work, of course, because tariffs are pretty ineffective tools when it comes to reshaping the flow of global trade. Trump's trade policies made a lot of goods more expensive and introduced a fair bit of political uncertainty into the economy, but didn't fundamentally change the dynamics governing American manufacturing, steel production, or automaking. There are plenty of costs but few benefits.

Nevertheless, Section 232 of the Trade Expansion Act of 1962 is a bad law with some amazingly bad potential.

Scott Lincicome and Inu Manak, trade policy experts at the libertarian Cato Institute, have explored the law's shortcomings at length. There are two main problems. First, Section 232's lack of an objective definition of "national security" allowed Trump (and would allow other

presidents) to easily expand the law's powers almost without limit. Second, the lack of procedural requirements and the president's unilateral powers essentially cut Congress, and the public, out of the tariff-making process entirely.

The law has become, essentially, an "excuse for blatant commercial protectionism," Lincicome and Manak conclude.

The Biden administration's decision to release the Trump administration's automobile tariff report is a small victory for transparency in trade policymaking. The White House and Congress should now work together to reform or abolish Section 232 so future presidents can't abuse the law in the same ways that Trump did.