

Trump's Latest Big Tax Increase

Editoriale

Courts keep knocking down President Trump's border taxes, but he keeps imposing them, no matter the economic or (soon) the political harm. His tariff fixation is as unmovable as Bernie Sanders's loathing for the rich.

The U.S. Trade Representative last week teed up new [tariffs](#) of 10% to 12.5% on some 60 countries. After the Supreme Court struck down the President's emergency tariffs in February, the Administration invoked Section 122 to impose a 10% across the board tariff. A federal court last month ruled those tariffs unlawful, and they are also time-limited to 150 days.

So Mr. Trump is dusting off Section 301, which lets him impose tariffs in response to "unfair foreign acts, policies, or practices affecting U.S. commerce." The first Trump Administration used the law to slap tariffs on China as punishment for its mercantilist policies, including intellectual property theft and forced technology transfers.

But rather than perform detailed investigations for each country, the trade office simply declares that they all engage in unfair trade practices by failing to "impose and effectively enforce a forced labor import prohibition."

"This creates a dynamic where American workers are forced to compete globally on an unlevel playing field," says U.S. Trade Rep. Jamieson Greer. Sorry, forced labor isn't why companies manufacture products outside the U.S. Other countries have comparative advantages, but we know there's no point informing the President about David Ricardo.

Countries that ban imports using forced labor but fail "to effectively enforce" their prohibitions will get a 10% tariff. This includes six targets: Canada, Ecuador, the [European Union](#), Indonesia, Mexico and Pakistan. All other countries will endure a 12.5% tax. These rates seem as arbitrary as his "emergency" tariffs.

Pakistan and Indonesia have been accused of tolerating forced and child labor, but they get a lower tariff rate than Switzerland, the U.K. and Australia. Huh? These implausible targets suggest forced labor is a mere pretext to reimpose universal tariffs.

The President campaigned on an across-the-board 10% tariff, and that's more or less what he seems to be settling on with Section 301—assuming he doesn't ratchet up the rates on a whim, as he often does. The Tax Foundation estimated last year that a 10% universal tariff would raise \$1.7 trillion to \$2.2 trillion over a decade.

That's a big tax increase, and it comes on top of the President's Section 232 national security tariffs on wood products, copper, autos and auto parts, steel, aluminum and derivative metal products. Those tariffs raised \$20 billion during the first seven months of this fiscal year. Maybe the only salve is that the U.S. Trade Rep appears to be creating big holes in the tariff wall, but this also reveals the arbitrary nature of the border taxes.

The Section 301 memo proposes exemptions for products subject to Section 232 tariffs. This includes “raw materials that if subject to the proposed additional tariffs could lead to the unavailability of domestic supply”; “products that could cause economy-wide disruptions” if they were tariffed; “certain products that cannot be grown or produced in sufficient quantities in the United States or obtained from other sources”; and “articles for which additional tariffs may not contribute substantially to the elimination of the investigated acts, policies, and practices described above.”

The latter could include basically everything. There will also be a reduced rate for textiles. Lobbyists, on your marks, get set, and go to Howard Lutnick at Commerce or the White House—and don't forget your campaign checkbook.

Mr. Trump's tariff obsession is a self-defeating act. There's been no surge in domestic manufacturing, and they are contributing to rising prices. They are also unpopular, especially in the farm belt. That's presumably why he reduced the Section 232 tariff rate on farm equipment recently to 15% from 25%.

Tariffs are a major reason voters aren't happy with Mr. Trump and Republicans on the economy and inflation. A recent Fox News poll showed that 71% of voters disapprove

of his handling of the economy, including 42% of those who voted for the President and 67% of whites without college degrees. Good luck in November, Republicans.