

Trump tariffs**| Analysis |**

America's Brexit? Trump's historic gamble on tariffs has been decades in the making

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in New York

Trump's economic assault on the world stunned economists and sent stock markets into a spiral. Who will pay the price?



📷 Cargo containers line a shipping terminal at the Port of Oakland on 3 April, in Oakland, California.
Photograph: Noah Berger/AP

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Donald Trump's vast overhaul of US trade policy this week has called time on an era of globalization, **alarming people**, governments and investors around the world. No one should have been surprised, the US president said.

The announcement of 10% to 50% tariffs on US trading partners tanked stock markets after Trump unveiled a “declaration of economic independence” so drastic it drew comparison with Britain’s exit from the European Union - Brexit.

But Trump, who won re-election promising that tariffs would make America great again, has advocated for the return of widespread tariffs with “great consistency” for decades. “I’ve been talking about it for 40 years,” he noted in the White House Rose Garden.

Many businesses, economists and politicians believe Trump’s trade plan is wrongheaded, flawed and risky. Some have even suggested it might have been written by ChatGPT. But he is unquestionably right when it comes to the number of decades he has argued for it.

“This is so unusual for Trump. He’s a conventional politician in one way: he doesn’t believe in much deeply,” Larry Sabato, the director of the Center for Politics at the University of Virginia. Tariffs are different. “This one thing, he seems to deeply believe in.”

As far back as 1987, when a fame-hungry real estate tycoon took out full-page ads in newspapers, the now president called for such a strategy. Other major economies are the “greatest profit machines ever created”, he argued way back when. “‘Tax’ these wealthy nations, not America.”

Eight years after the start of his first term and just 10 weeks into his second, he has finally set about seriously delivering that dream - and cast aside warnings it may deteriorate into a nightmare.

On the campaign trail last year, Trump made no secret of his vision: tariffs would unshackle the US economy, he promised, revitalize its industrial heartlands and unlock a gigantic financial windfall for the federal government.

But after pitching this big, beautiful and bold reconstruction of the global economic order, the early actions of the second Trump administration were strikingly smaller, messier and altogether more hesitant than trailed.

The focus, at first, narrowed dramatically from the world to just a handful of nations: China, Canada and Mexico. While China was hit hard, sweeping tariffs on Canada and Mexico were interrupted by a dizzying array of deadlines, delays and dispensations.

Tariffs were increased on steel and aluminum. But Trump’s trade agenda was largely characterized by threats and spats: rhetoric but not reality.

On Wednesday, dubbed “liberation day” by Trump and his aides, he did his best to draw a sharp line under weeks of wavering, doubt and confusion – and imposed the universal and “reciprocal” tariffs he pledged so many times to introduce while fighting to regain the White House.

Defying the stark forecasts and concerns of mainstream economists and corporations, Trump went with his gut. “That was true of the Brexiteers, was it not? They really believed it deeply from the core of their souls,” said Sabato.

At one point during his address, Trump switched from president to historian. “In 1913, for reasons unknown to mankind, they established the income tax,” he said, setting the stage for a sharp reduction in tariffs on foreign goods. “Citizens, rather than foreign countries, would start paying the money necessary to run our government.”

Decades of US prosperity “came to a very abrupt end” with the Great Depression from 1929, Professor Trump opined before his class of aides, cabinet secretaries and supporters. “It would have never happened if they had stayed with the tariff policy,” he claimed. “It would have been a much different story.”

Actual historians took issue with this account. “It’s what we would call a lie. False. Not true,” said Andrew Cohen, a professor of history in the Maxwell School at Syracuse University. “He’s wrong. No one thinks that. Even conservative economists don’t think that. Even protectionist economists don’t think that.”

Months into the depression, the **Smoot-Hawley Tariff Act of 1930** – which hiked tariffs on hundreds of imports in a bid to boost the US economy – is **widely considered** to have prolonged, and even deepened, the crisis. No other president has tried the same tactic again – until now.

The swift rebuttal to Trump’s analysis of the past was surpassed only by the response to his ambitious predictions for the future.

The president has promised a new Golden Age, with millions of new jobs, billions more dollars’ worth of US exports and trillions of dollars in tariff revenues. Outside his administration, skepticism is high.

“The **Trump tariffs** mark a liberation from the benefits of free trade for American businesses and consumers,” said Eswar Prasad, a professor of trade policy at Cornell University, and a former official at the International Monetary Fund. “Trump has taken the hatchet to trade with practically

every major US trading partner, sparing few allies or rivals,” he added, with action that will be “severely disruptive to the US economy, with the effects felt by American consumers and businesses in practically every industry”.

Who pays the price? The rest of the world, according to the president and his aides. But import tariffs are paid by the companies and consumers that import the goods from the rest of the world – in this case, US companies and consumers – rather than the overseas companies exporting them.

Trump’s tariffs will increase the average US household’s costs by \$3,800, according to the [Yale Budget Lab](#).

“These tariff increases are likely to be some of the biggest tax increases in US history and will result (if fully implemented) in some of the highest tariff rates the US has ever seen,” wrote Jeremy Horpedahl, an adjunct scholar at the libertarian Cato Institute, who noted that they could exceed the post-Smoot-Hawley levels of 1930.

“Like all tariffs, some large portion of these new levies will be paid by US consumers and businesses in the form of higher prices,” added Horpedahl.

If Trump is right, and his decades-old dream revives the world’s largest economy, enriching its citizens and transforming its industrial base into a manufacturing powerhouse, his administration will be one of the most successful in modern memory.

But if he’s wrong, the very Americans who elected him to rapidly bring down the cost of living are likely to be hit hardest.

“It’s either going to be Trump and his team or it’s going to be a large majority of experienced mainstream economists,” said Sabato. “I know where my bet is.”
