

NEWSLETTER

The Morning

A Trade Weapon

President Trump wants to use tariffs to solve a raft of policy problems.

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By Ana Swanson

I cover trade.

For most of U.S. history, tariffs were a solution to specific economic problems. Washington used them to raise money and to protect U.S. industries from foreign competitors. And after World War II, presidents used tariffs selectively.

President Trump has upended this practice. He says he'll use tariffs to solve a raft of policy problems, such as migration and territorial expansion. On Sunday, he threatened Colombia with 25 percent tariffs after it turned away two airplanes carrying deported immigrants. The government in Bogotá quickly reversed course.

It's a strategy rarely seen from other presidents — and one that Trump is now deploying almost daily, as my colleague Alan Rappeport and I describe in a story The Times published this morning. In today's newsletter, I'll explain.

An all-purpose tool

Since taking office, Trump has told several nations he would tax imports from their countries if they didn't do what he wants. He said he would put a 25 percent tariff on products from Canada and Mexico and a 10 percent tariff on products from China unless those countries stopped flows of drugs and migrants into the United States.

He has also said he would put tariffs on Russia for waging war in Ukraine and on Denmark if it refused to cede the territory of Greenland. Colombia's quick capitulation this weekend may embolden Trump, raising questions for the rest of the world about how far he will take the strategy.

Past presidents have typically issued tariffs in response to trade issues — a surge of imported tires from China that hurt American tire makers, subsidies Canada gave to its loggers, a European quota on banana imports.

Trump isn't the first president to use trade to shape other foreign-policy goals. Richard Nixon, for instance, said he'd return Okinawa to Japan only if it sent fewer textiles to the United States. But Trump's "very overt and transactional" approach is unique in American history, said Douglas Irwin, an economic historian at Dartmouth College.

Is this allowed?

Countries that belong to the World Trade Organization pledge that they won't harass one another with tariffs just to boost their own economies. But the international rules have a national security exception. And one U.S. law gives presidents broad powers if they declare a national emergency.

In the past, that law — the International Emergency Economic Powers Act of 1977 — has been used to issue sanctions but not tariffs. After North Korea tested a nuclear weapon in 2008, for example, Washington used the law to bar trade with the country and to punish its officials.

Trump's tariff threats suggest that he considers the bar for national emergencies to be low, said Ted Murphy, a trade specialist at the law firm Sidley Austin.

Other countries are still fumbling for the best way to respond to these threats. Many have drawn up lists of American goods to tax if a trade war ensues. But they also worry about tit-for-tat tariffs. The United States is an immense market, and they need access to it. "An escalating tariff war will hurt other countries a lot more than it hurts the U.S. economy," said Eswar Prasad, a trade policy professor at Cornell. "This is true of practically every major U.S. trading partner, including Canada, China, the European Union and Mexico."

Which is why many leaders have chosen to acquiesce to Trump's demands. Mexico is doing more to deter migration and has seized more illicit opioids. Canada sent more drones and helicopters to the border. It boasted that tighter visa rules had lowered illegal crossings by 86 percent in the last two months.

What next?

Still, many allied governments hate the idea of being strong-armed over policy disagreements. The European Union is expanding trade agreements with South America and Mexico.

On Monday, Europe's top diplomat said that it needed to "close ranks" as the Trump administration threatened more tariffs. She said that Europe was "an economic heavyweight and geopolitical partner."

It would not, she seemed to be saying, submit to bullying.

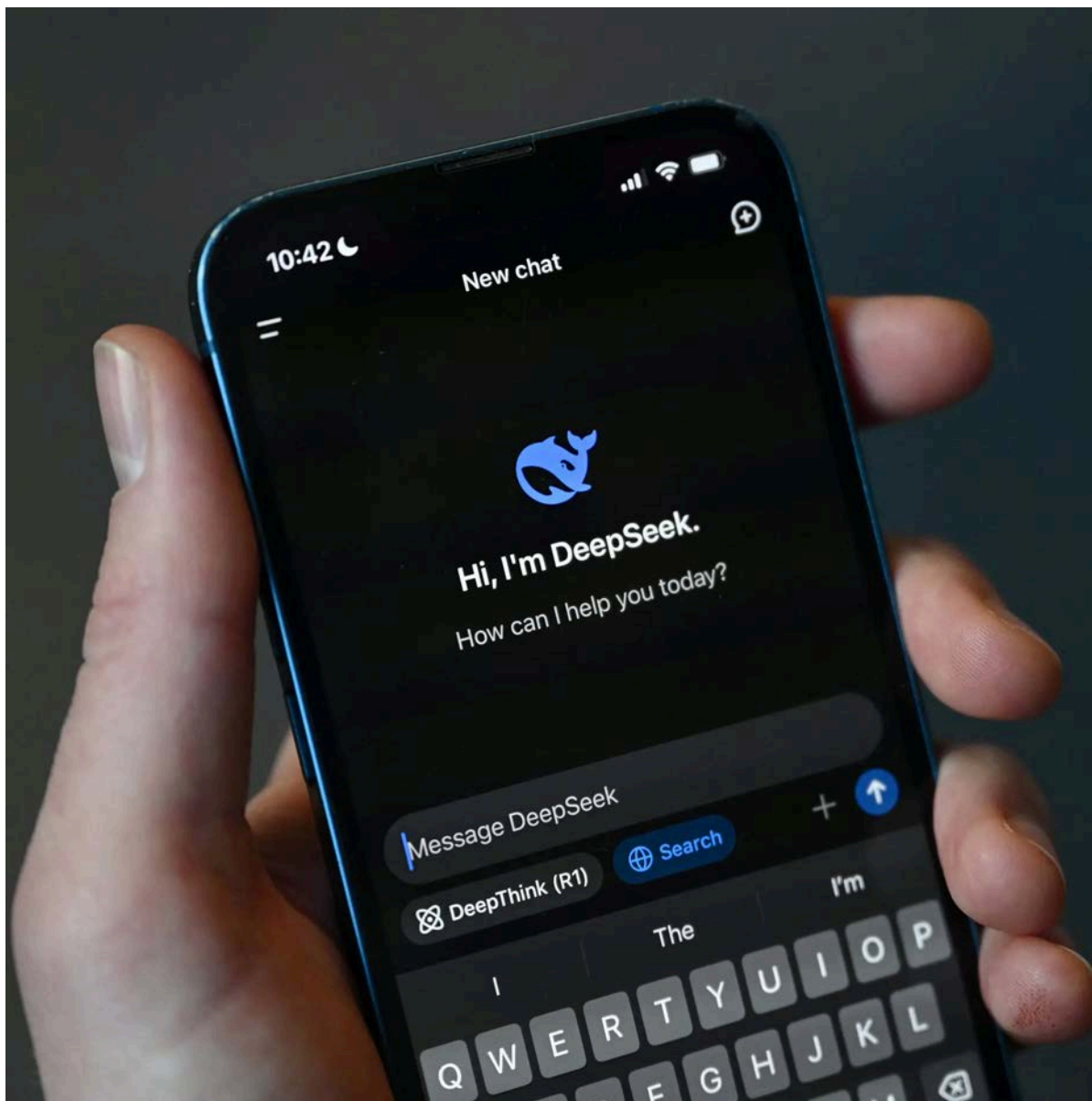
More on tariffs

- During the diplomatic debacle between Trump and Colombia, there were no Situation Room meetings or calls to de-escalate — just threats and counterthreats.

- Denmark, Panama and other countries are shopping for D.C. lobbyists with connections to the Trump administration.

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