



## The Daily Dish

# Enough Already!

DOUGLAS HOLTZ-EAKIN | FEBRUARY 19, 2026

According to Bloomberg [news](#):

National Economic Council Director Kevin Hassett said a study from the Federal Reserve Bank of New York showing US companies bear most of the tariff burden “is an embarrassment” and the people associated with it should be “disciplined.”

“What they’ve done is they put out a conclusion which has created a lot of news that’s highly partisan, based on analysis that wouldn’t be accepted in a first semester econ class,” Hassett said Wednesday on CNBC. He added US consumers will be made better off by tariffs.

A couple of observations:

1. The only one who should be embarrassed is Kevin Hassett, the smell of whom’s burning reputation flavors the air of DC, and who is a bipartisan embarrassment to all who have attempted to inject economic reality to the policy process.
2. The tariffs exist.
3. Tariffs are taxes; taxes on imports of goods; taxes paid to the United States Customs and Immigration Service (USCIS) by the importer – a U.S. household or firm.
4. Sending in the check is known as the statutory incidence of the tax. The statutory incidence of tariffs is unambiguously on domestic households and firms.
5. A tax may be “shifted” so that the economic incidence – who is made worse off by the tax – is different from the statutory incidence. What would this look like for a tariff? Suppose the foreign supplier charges \$100 for a good, and the Trump administration

puts a 25 percent tariff on it. If the supplier price remains \$100 – no change – then the domestic purchaser pays \$100 plus the tariff of \$25 for a total of \$125. Here, the economic incidence matches the statutory incidence and is fully on the U.S. purchaser.

At the other extreme, suppose – for any of a million reasons – the foreign supplier drops its price to \$80. In this case the \$80 plus the tariff of \$20 (25 percent of the new price) adds up to \$100. The domestic purchasers' total cost is unchanged at \$100. The full economic incidence of the tariff has been shifted onto foreign suppliers.

Of course, the actual result may lie anywhere in between and, indeed, may change over time.

6. Identifying the economic incidence is a highly technical, data-driven non-partisan exercise. And it is easy to be off the mark in doing such analyses. However, the single answer that would be unacceptable in a first-semester econ class is the administration's insistence that the only possible outcome is the improbable event that exactly 100 percent of the burden of every tariff of every magnitude from every source country for every product is shifted to foreign suppliers.
7. Estimating the shifting of tariffs is an imprecise business. But it is telling that as studies accumulate (see [here](#), [here](#), or [here](#)) the results cluster around U.S. purchasers paying the vast majority of the economic cost.

This nonsense has lasted long enough and no one should tolerate any further discussion of the notion that foreigners are paying the tariff bill. Hasset evidently also asserted: "US consumers will be made better off by tariffs." On this point he might be right. Yes, the tariffs have a cost. But it might be the case that the benefits of the policy are even larger, and U.S. consumers are better off in the end. But that requires being honest about the objectives and a debate on the merits. Pretending tariffs are free is not an honest debate.