



The Daily Dish

Farewell Section 122 Tariffs

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At midnight yesterday, the Trump Administration's across-the-board 10-percent tariffs expired. These were in response to the Supreme Court invalidating the original tariffs levied under the International Emergency Economic Powers Act, and were done under the auspices of Section 122 of the Trade Act of 1974. That statute only allows for tariffs up to 15 percent, for a maximum of 150 days – which arrived yesterday, and the tariffs are no more.

Did they “work”? It's hard to make the case that they did. The public is giving the president low marks on the economy; his signature policy would seem to be in trouble, too. The trade deficit is essentially unchanged. Growth is anything but supercharged, limping along at something near 1.5 percent (annually). Inflation was stubbornly stuck around 3 percent until the president supercharged it with a dose of war in Iran.

While the tariffs have yielded some concessions, and a lot of empty promises, from other governments, the only real manufacturing construction boom is the one being driven by AI.

Nevertheless, now that Section 122 tariffs are gone, something else will take their place. AAF's Jacob Jensen has a nice discussion in this week's [Shipment](#) (everyone should subscribe). One candidate is a broader version of the tariffs launched against Canada recently and levied using Section 338 of the Trade Act of 1930. But those are fraught with potential legal exposures. The Trump Administration has launched multiple Section 301 (of the Trade Act of 1974) investigations. Brazil was hit with 25-percent tariffs on July 22 while the Section 301 relating to forced labor has proposed tariffs ranging from 10-12.5 percent across 86 countries.

Something will replace Section 122, and last night U.S. Trade Representative Greer [announced](#) a series of Section 301 tariffs. But while the legal foundation will change, the policy goal is unchanged. That means the economic impacts will be unchanged. And that is too bad.