



The Daily Dish

Tariff Dynamics

DOUGLAS HOLTZ-EAKIN | JULY 23, 2025

The New York Times provides an [update](#) on impacts of the steel (and aluminum) tariffs that is well worth the read. Here are the highlights, at least from an Eakinomics perspective.

There is no reason to have these tariffs. “About a fifth of the steel sold in the United States is imported.” That means 80 percent of steel is domestically produced, well in excess of the needs of the military. “Jim Mattis, a defense secretary in the first Trump administration, [said in a 2018 memo](#) that the military’s requirements of steel and aluminum were equivalent to only about 3 percent of U.S. production of each metal.” The steel tariffs are levied under the Section 232 authority to offset a threat to national security. There is no threat to national security.

Steel tariffs result in higher prices for imported AND domestic steel. The steel tariff is 50 percent, so import prices are sure to rise. But:

In the second quarter, the average price of Steel Dynamics’ steel was \$1,134 per ton, up from \$998 in the first quarter. Cleveland-Cliffs sold steel for an average price of \$1,015 a ton in the second quarter, up from \$980 in the first quarter. Government price data shows that domestic steel producers have raised prices 16 percent this year.

This is guaranteed to happen. If imported steel costs more, domestic producers can raise their prices - where else can customers go? Moreover, it has to happen. If President Trump wants more domestic production, their prices must rise. If the prices stay the same, the production decisions will stay the same.

The employment losses for manufacturers using steel will outweigh any benefit to steel employment. “The tariffs come at a hard time for Daimler Truck, which is grappling with a dip in demand for its trucks. The company said last week that it had reduced its work force

by around 2,000 employees across four facilities in the United States and one in Mexico.”

The U.S. levied tariffs in 2002 to “save” the U.S. steel industry. It levied tariffs in 2018 to “save” the U.S. steel industry. It is 2025 and here we go again. Evidently this does not work, so it has nothing to do with saving the U.S. steel industry. “‘It’s just pure protectionism and cronyism,’ said Scott Lincicome.” Amen.