



The Daily Dish

Steel Tariffs and National Security

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Yesterday a [House Appropriations Committee](#) subpanel approved a \$31.4 billion funding bill for the Interior Department. The bill would reduce funding for the Environmental Protection Agency (EPA) by \$528 million, or 6.5% next year — far less than the \$2.6 billion reduction sought by the administration. The bill now moves on to the Appropriations Committee for a full mark-up.

On Wednesday Senate Majority Leader Mitch McConnell (R-KY) advised senators not to block debate on the Senate GOP's Obamacare repeal and replace bill set to be introduced today. Should the bill get the votes to proceed, McConnell assured senators they will have plenty of time for a “robust debate and robust amendment process.”

Eakinomics: Steel Tariffs and National Security

Yesterday each and every living former Chairman of the President's Council of Economic Advisers (exception: Janet Yellen who, as Fed Chairman, cannot comment) signed a [letter](#) to President Trump saying “[O]n some policies there is near universal agreement. One such issue is the harm of imposing tariffs on steel imports. Media reports indicate that you are contemplating using your authority under Section 232 of the Trade Expansion Act of 1962 to initiate the process of imposing steel tariffs because of a putative threat to national security. We urge the Administration not to take this action.”

That's right. Despite economists' reputation for inability to come to a conclusion, the 15 economists who have held the profession's most politically sensitive job unanimously concur that steel tariffs are a bad idea.

Fortunately for the rest of us, AAF's Jackie Varas has new [research](#) that outlines the problems with this policy.

First, this is a very unusual move. Section 232 is a special type of investigation which examines how U.S. reliance on certain imports would impact the United States during a time of war, when international trade would likely be restricted. Only two previous Section 232 investigations have resulted in actions taken by the United States to restrict imports.

Second, it is not well targeted. The United States [imports more steel from Canada](#) than any other nation. Other top exporters of steel to the United States are Brazil, South Korea, and Mexico. These are not nations likely to abandon the United States. Instead, it looks like the administration is [likely targeting China](#).

That leads to the final problem: the United States has already been here, done this — and regretted it. The Obama Administration imposed tariffs as high as 266 percent on certain steel products from China. President George W. Bush placed emergency tariffs on steel of up to 30 percent in 2002. In the latter case, the international outcry — including threats of retaliatory tariffs and suits at the World Trade Organization — was strong enough that President Bush withdrew the tariffs less than two years after they were imposed.

Bottom line: steel tariffs are a bad idea that do not address any serious national security concern.