



The Daily Dish

Turkish Tariffs

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Eakinomics: Turkish Tariffs

In my youth there was a candy called Turkish Taffy that was perhaps taffy and definitely not Turkish. It wasn't particularly tasty, was hard to bite off, and stuck to your teeth. I could never really understand the point.

I feel the same way about President Trump's Turkish tariffs. On Friday, the White House announced that the steel and aluminum tariffs would be doubled on imports from Turkey to 50 percent and 20 percent, respectively. The White House explanation was [plain vanilla](#): "Section 232 tariffs are imposed on imports from particular countries whose exports threaten to impair national security as defined in Section 232, independent of negotiations on trade or any other matter." Of course, the president had already pre-empted the announcement by tweeting: "I have just authorized a doubling of Tariffs on Steel and Aluminum with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar! Aluminum will now be 20% and Steel 50%. Our relations with Turkey are not good at this time!"

So the tariffs were doubled because of a slide in the Turkish lira or because U.S. national security was impaired at 25 and 10 percent? If it is the former, good luck Mr. President as those crafty currencies are always changing in value. In fact, imposing tariffs on imports from Turkey causes investors to shift away from Turkey and toward U.S. treasuries, placing downward pressure on the value of Turkey's currency relative to the U.S. The same is true for China or any other nation.

If it is the latter, why? Of course, most people suspect that the move was just the latest in the conflict over the fate of Andrew Brunson, an evangelical pastor accused by Turkey of participating in an attempted coup against President Erdogan. If so, it means that the president is prepared to use them as an activist tool in foreign policy.

In this particular case there are some real risks involved. Turkey hosts both U.S. troops and nuclear weapons. In an entirely predictable maneuver, Erdogan has attempted to deal with his rising crisis by uniting his country against outside force; i.e., [the United States](#): "What is the cause of this storm?" he asked a gathering of ruling party officials in the Black Sea city of Trabzon. "There is no economic reason?..?..?It's an operation against Turkey." How does this play out on the national security front?

In the big picture, tariffs have been levied in steel and aluminum in the name of national security (disputed by the Pentagon itself), threatened on cars in the name of national security (laughable), imposed on China because of economic practices (a real issue), and have regularly been rationalized as a means to force other countries to the bargaining table in pursuit of lower tariff and non-tariff barriers to trade (a strategy for which there is not yet evidence). Add to this, now, foreign policy objectives. It raises the specter of tariffs for almost any reason at all, which has to be confusing to our trading partners.

Trade is a voluntary activity. It works best when both parties trust one another and agree on the rules of the game. The seemingly capricious nature of U.S. actions has already done real damage that will take real effort to reverse.