

The Delray Democrat

“A Brief Tariff Tutorial¹”

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Is It True that “Tariffs Are Tax Cuts?”

No, Donald, your chief trade adviser Peter Navarro is either ignorant or was lying when he said that. The editorial board of [The Wall Street Journal](#) [responded](#) to that claim by writing, “George Orwell, call your office. In the real economic world, a tariff is a tax.” Or as Warren Buffet [said](#), “The tooth fairy doesn't pay 'em!”

Will American Consumers Pay for Trump's Tariffs? If So, How Much?

Tariffs are paid by [importers](#). They can pass the cost on to customers or get the foreign manufacturer to absorb the tariff by lowering the price of the goods.

During Trump's first term, most of the cost of the tariff on goods from China was passed on to customers. Trump's new tariffs have been [estimated](#) to cost American households \$2,100 annually.

Some importers are letting consumers know that Trump is responsible for the higher price. As one importer [explained](#): “We think transparency is the way to go here, and I am giving Trump full credit for his decision to add this tariff to all American consumers.”

He plans to add “*Trump Liberation Tariff*” to all online orders. Another importer plans to break out the additional cost and call it “*Trump Tariff Surcharge*.”

How Will Trump's Tariffs Affect Americans Looking to Buy Cars?

Trump “[couldn't care less](#)” if his tariffs cause manufacturers to raise their prices because people will instead buy cars made in America. He has also [warned](#) U.S. automakers not to raise their prices.

“[Working-class car buyers will be the hardest hit](#)” by Trump's 25% tariff on imported vehicles because “almost all low-cost new cars sold in the United States are built elsewhere.”

Of 16 models priced at less than \$30,000, [only one](#) (the Toyota Corolla) is assembled in the United States and thus not subject to the tariff. Three car models are sold by American manufacturers, but all are made in South Korea and are thus subject to the tariff.

Most U.S. automakers will be affected by the tariffs and “[have made clear](#)” they have little choice but to raise their prices. One Wall Street firm projected that vehicle prices would increase by 11%

¹ [The Delray Democrat](#), April 2025, page 2.

to 12%, while another estimated an increase of \$5,000 to \$10,000 for the typical car. And that in turn will increase demand for used cars, raising their prices as well.

Are Trump's Tariffs "Reciprocal"?

Trump claims that his tariffs are reciprocal, that he is placing the same conditions on imports from other countries that they place on our exports.

But that's not what Trump has done. He based his tariffs on the trade deficit the United States maintains with other countries, that is, the extent to which our imports from that country exceed our exports to that country.

America runs trade deficits with many countries, particularly in Asia, so foreign countries are being charged a higher tariff than the one they charge us, often a significantly higher tariff.

For example, Trump is imposing a 46% tariff on Vietnam when the average tariff charged by Vietnam is 9.4%. And Taiwan charges an average tariff of 2% but Trump is charging Taiwan a 32%

Why Did Trump Base His Tariffs on the Trade Deficit, and What Does That Mean?

Trump claims that he is trying to reduce the U.S. trade deficit with foreign countries, but the only way that works is if they raise the cost to U.S. consumers so much that they stop buying these goods.

On the other hand, if consumers are *not* forced to pay more for foreign goods, they have no reason to change their buying habits and the tariffs will have no impact on the U.S. trade deficit.

Trump is either engaging in a meaningless exercise or he is effectively admitting that his tariffs *will* cause Americans to pay more for imported goods. NPR's Planet Money estimates that every 10% hike in tariffs will result in a 2.5% increase in prices.