

March 6, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear President Trump:

I write to urge you to ultimately reject the proposed effort to raise tariffs on aluminum and steel. Tariffs are taxes. Increasing them will, on net, hurt American manufacturing, its workers and their families, while undermining your administration's success with its landmark tax reform.

We support your goal of helping American businesses and workers through better trade deals. However, we have strong concerns that imposing global tariffs will be counterproductive to this aim.

In the case of the proposed steel and aluminum tariffs, while there will be some winners – in this case the domestic industries that manufacture steel and aluminum – there will be far more losers. Every industry that uses these products as an input will see higher prices, leading to increased costs for consumers, and lower wages and fewer jobs for American workers. Ironically, countries without these tariffs will be advantaged over the U.S.

New tariffs on these two metals will therefore have a net negative effect on American competitiveness and manufacturing. According to a [study](#) by Trade Partnership, imposing higher tariffs on steel and aluminum would create 33,464 jobs in domestic production, but cost 179,334 jobs through adverse negative economic effects.

We must avoid starting a civil war within the U.S. economy by picking winners and losers among American workers and businesses. Consumers will be clear losers as they will see higher prices on everyday products like cars, soda, and beer. But the real trade war we have to fear is the war between different sectors of the U.S. economy.

The U.S. government has tried increasing steel tariffs before, and the effort was counterproductive. In 2002, President George W. Bush increased tariffs on steel, a move which [cost](#) as many as 200,000 American jobs. This move also led to a trade war, with the European Union targeting the Florida orange industry in retaliation. Today, the EU is threatening American automobiles and distilled spirits, among other industries.

Your administration has taken strong strides to make America competitive. The tax reform bill passed in December created a competitive territorial system of taxation and lowered the corporate tax rate to 21 percent. Your dramatic tax reform will have major effects on manufacturing and U.S. trade, but will take some time to bring about the realignment your Administration is targeting.

Before tax reform, we had the [highest rate](#) in the developed world and were one of six countries in the 35-member OECD with a worldwide system. This encouraged investment outside the U.S., [suppressed](#) the creation of new jobs and American manufacturing, and lowered wages. The old system caused more than [\\$1.7 trillion](#) in business assets to flow outside the country between 2004 and 2016, according to one study. Your implementation of a globally competitive tax system will reverse these trends. But we must not allow these gains to be undermined by tariffs.

Tariffs also threaten to undercut the increased wages and greater take-home coming from tax reform. Ninety percent of Americans are seeing more money in their paychecks, while at least four million workers are seeing higher salaries or bonuses. Millions more are seeing increased wages, increased retirement benefits, and lower utility costs. We cannot risk these gains being undermined through higher tariffs.

We commend you for working toward better trade deals for American workers. Imposing tariffs puts this progress at risk. We believe that higher tariffs will result in far more American losers than winners and will hurt the creation of new jobs, higher wages, and, critically, undermine the success of tax reform.

Onward,



Grover Norquist, President
Americans for Tax Reform

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T: (202) 785-0266

F: (202) 785-0261

www.atr.org