



May 3, 2018

Open letter to President Trump and Congress:

In 1930, 1,028 economists urged Congress to reject the protectionist Smoot-Hawley Tariff Act. Today, Americans face a host of new protectionist activity, including threats to withdraw from trade agreements, misguided calls for new tariffs in response to trade imbalances, and the imposition of tariffs on washing machines, solar components, and even steel and aluminum used by U.S. manufacturers.

Congress did not take economists' advice in 1930, and Americans across the country paid the price. The undersigned economists and teachers of economics strongly urge you not to repeat that mistake. Much has changed since 1930 -- for example, trade is now significantly more important to our economy -- but the fundamental economic principles as explained at the time have not: **[note -- the following text is taken from the 1930 letter]**

We are convinced that increased protective duties would be a mistake. They would operate, in general, to increase the prices which domestic consumers would have to pay. A higher level of protection would raise the cost of living and injure the great majority of our citizens.

Few people could hope to gain from such a change. Construction, transportation and public utility workers, professional people and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no products which could be protected by tariff barriers.

The vast majority of farmers, also, would lose through increased duties, and in a double fashion. First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron, and steel, which they buy. Second, as producers, their ability to sell their products would be further restricted by barriers placed in the way of foreigners who wished to sell goods to us.

Our export trade, in general, would suffer. Countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs the more we reduce the possibility of our exporting to them. Such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods.

Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. A tariff war does not furnish good soil for the growth of world peace.

A full list of signatories can be found at www.ntu.org/tradeletter



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