

2/4-15 2026

LETTERS TO THE EDITOR

Who Pays for Trump's Tariffs? Americans Do

Peter Navarro's "Foreign Countries Bear the Burden of Tariffs" (Letters, Feb. 11) on foreigners indirectly paying U.S. tariffs is correct in theory yet detached from reality.

If the U.S. actually had the market power he describes, foreign exporters would in many cases lower their prices to keep selling their goods here, thus offsetting the tariffs' domestic costs. In practice, however, the U.S. hasn't been hegemonic in global markets for many years, thanks to the proliferation of regional supply chains and growing economies outside our borders.

Given the relatively low and declining U.S. share of global merchandise trade, economists predicted in 2024 that producers abroad would respond to U.S. tariffs not by lowering their prices here but by diverting trade elsewhere and forcing Americans to bear the tariffs' costs. This is exactly what's happened. China, for example, saw its U.S. exports decline in 2025 yet had strong overall export growth and a record trade surplus thanks to higher sales in other markets.

U.S. nonfuel import prices, which include discounts and rebates but exclude tariffs, would show major declines if exporters were eating Mr. Trump's tariffs, but they were slightly up in 2025.

Many studies—not only from Harvard and the Kiel Institute, which Mr. Navarro blithely dismisses, but also

the St. Louis Federal Reserve Bank, the Tax Foundation, economists Gita Gopinath and Brent Neiman, and Goldman-Sachs, among others—have examined real-world transactions and found that U.S. companies and consumers are bearing almost all the tariff burden via higher retail prices or input costs. There are exceptions, but the data confirm they're not the rule.

Mr. Navarro needn't, however, read wonky economics papers to see that Americans are paying Mr. Trump's tariffs (and the higher prices for U.S.-made alternatives that tariffs encourage). Instead, he could ask the thousands of American business owners and farmers who say they're suffering under the weight of Mr. Trump's ill-conceived trade wars. They have voiced these concerns in shareholder earnings calls, media interviews, court challenges, bankruptcy filings, regulatory comments and town hall meetings. Hundreds of small-business owners from across the country have even formed a coalition called "We Pay the Tariffs." These good folks would jump at the chance to go to the White House and tell Mr. Navarro who, exactly, is paying these taxes—if, that is, they had enough lobbying clout to get through the front door.

SCOTT LINCICOME

VP of general economics and trade
Cato Institute
Washington