

Trump's Tariff Plans Would Drive up Costs for Families and Shrink the Economy

Trump is proposing massive new tariffs—or taxes on imported goods—that will drive up costs for Americans while hurting the overall economy. Despite Trump's claims that foreign countries pay for tariffs, evidence from Trump's previous tariffs shows that it was actually domestic importers and American families who faced higher costs after they took effect. If Trump actually imposes his proposed tariffs, economists expect they would cost a middle-class household thousands of dollars per year, and result in billions of dollars in losses for the national economy.

Trump has proposed a series of tariffs that would drive up costs for families.

Throughout 2024, Donald Trump has proposed a series of tariffs *on all goods* coming from outside the U.S. or on goods from specific countries. His recent proposals include:

- An [across-the-board](#) 10 percent tariff on all [products](#) imported from other countries.
- An [across-the-board](#) 20 percent tariff on all products imported from other countries.
- A 60 percent tariff—“or higher”—on all goods imported from [China](#).
- An [additional](#) 10% above any additional tariffs on imports from China.
- A 25% tariff on products imported to the United States from [Mexico and Canada](#).

Economists on the [left](#) and [right agree](#): Trump's tariff plans will raise prices on consumers, harm the economy, and will not achieve the goals that Trump claims they will.

Trump's tariffs would cost consumers thousands of dollars per year.

- The Center for American Progress estimated that a 10% tariff on all goods imported to the United States and 60% tariff for all Chinese goods would [cost](#) a [middle class](#) U.S. household \$2,500, while a 20% tariff on all imported goods and 60% tariff on Chinese goods would cost them [\\$3,900](#) per year.
- The Peterson Institute for International Economics also finds that the 20% across-the-board tariff, coupled with a 60% tariff on Chinese goods, would result in a \$2,600 annual [loss](#) for middle class families.
- Groups like the American Action Forum (AAF) and non-partisan consulting firm Ernst and Young (EY) are estimating [losses](#) in the U.S. economy, with AAF estimating a low of 0.16% in real Gross Domestic Product (GDP) losses, and EY estimating losses as high as 2.34% of real GDP—[equivalent](#) to \$44.7 billion and \$653 billion in end-of-year 2023 GDP terms, respectively.

Trump's tariff plans would increase costs for goods that Americans rely on.

Prices for things ranging from smart phones to clothes to food are likely to increase.

- The United States [imports](#) 60% of its fresh fruits and 38% of its fresh vegetables, according to 2021 data, with a majority of those imports coming from Mexico, and 20% of

imported vegetables coming from Canada. The Produce Distributors Association has voiced [concern](#) that prices will rise significantly as a result of the tariff.

- Something as [simple](#) as a \$17 plush toy could increase to \$27, and the price of \$80 jeans could increase to nearly \$100, according to the National Retail Federation.
- Trump’s proposed tariffs could also [increase](#) smartphone prices by 26%. For the newest version of the iPhone, this means the price could increase by over \$200, and the cheapest version of the iPhone, sold directly by Apple, would be over \$100 more expensive.

Trump’s past tariffs failed to deliver on his promised goals and caused harm to key U.S. sectors. His new tariffs could cause even more harm due to their size and scope.

In his first term, Trump enacted tariffs on Chinese goods and on foreign steel and aluminum.

- [Multiple studies](#) have [found](#) that U.S. consumers paid for Trump’s last round of tariffs through higher prices.
- Trump’s tariffs also did [not](#) achieve their stated goal of bringing manufacturing jobs back to the United States. Instead, [research](#) shows either no change, or a decrease in manufacturing jobs as a result of Trump’s tariffs.
- Trump’s tariffs caused a trade war between the U.S. and China which, research finds, led to a [loss](#) in U.S. agricultural employment, as well as a loss of employment in the transportation and warehousing sector and the business services sector.
- Trump’s 10% tariff on all goods and 60% tariff on Chinese goods would affect almost [10 times](#) the value of goods Trump targeted with his 2018 and 2019 tariffs.

Trump’s tariffs could harm local economies across the country.

JEC analysis has found that multiple state economies are heavily dependent on trade for statewide business. Two lists of the top ten states where GDP is most dependent on trade, and where GDP is most dependent on imports, are provided below. In addition, states like New Mexico would be especially [harmed](#) by tariffs on imports from Mexico given the integrated, cross-border supply chains for things like cars, computers, and other electronics.

Top 10 States by Trade as a Share of GDP	
State	Trade Share of State’s GDP
Louisiana	42%
Kentucky	40%
Michigan	35%
Texas	32%
Indiana	29%
South Carolina	28%
Tennessee	28%
Illinois	28%
New Jersey	23%
Mississippi	23%

Source: JEC calculations based on U.S. Census Bureau and Bureau of Economic Analysis data

Note: Calculations are based on nominal 2023-dollar figures. Trade share is calculated as (Exports + Imports).

Top 10 States by Imports as a Share of GDP	
State	Import Share of GDP
Kentucky	26%
Michigan	25%
Tennessee	20%
Illinois	20%
Indiana	18%
New Jersey	18%
South Carolina	17%
Georgia	16%
Texas	15%
Mississippi	13%

Source: JEC calculations based on U.S. Census Bureau and Bureau of Economic Analysis data

Note: Calculations are based on nominal 2023-dollar figures.