

Joint Economic Committee
Congressman Don Beyer – Prepared Remarks
Hearing: “Trade Wars & Higher Costs: The Case Against Trump’s Tariffs”
December 18, 2024

This hearing will come to order. I would like to welcome everyone to today’s hearing titled “Trade Wars & Higher Costs: The Case Against Trump’s Tariffs”.

I want to thank each of our distinguished witnesses for sharing their expertise today. Now, I would like to turn to my opening statement.

The Constitution empowers Congress, not the president, to determine trade policy for good reason. Misusing the power to impose tariffs can wreak havoc on our economy.

We’re holding this hearing today because president-elect Trump has vowed to implement massive tariff increases in his second term – wrongly claiming that it will lower costs for Americans and bring back jobs.

Trump seems to have forgotten the outcome from the first time he implemented this plan: trade wars that raised costs for Americans, outsourced American jobs, and resulted in billions in federal bailouts to large corporate farms.

This time it could be much worse.

His proposed across-the-board tariffs would apply a 10% to 20% tariff to all imported goods—cell phones, auto parts, coffee, bananas, you name it—regardless of their country of origin, which greatly expands the type and quantity of goods subject to the tariffs.

Experts across the ideological spectrum, including both Democratic and Republican witnesses for today’s hearing, have found that these tariffs drive up costs in the U.S., shrink the economy, and leave us worse off.

An analysis by our witness Brendan Duke of the Center for American Progress, found that a proposed 20% tariff on all imports combined with a 60% tariff on Chinese imports would mean that a typical American household pays up to \$3,900 more each year. And I know Ed Gresser has found similar effects in his work which shows how tariffs harm the U.S. economy.

Separately, one of the Republican witnesses Erica York of the Tax Foundation, found that Trump's proposed tariffs could shrink GDP by as much as 1.7% after factoring in retaliatory tariffs by other countries.

And just this afternoon, the Congressional Budget Office released a report showing that a version of Trump's tariff plan would cut GDP and raise prices, while failing to raise enough revenue to pay for things like his proposed tax cuts.

It is always refreshing when rigorous analysis done by experts across ideological lines reaches similar conclusions, and I look forward to hearing more from our witnesses.

As we can all clearly tell, China, Mexico, and Canada are not paying for these tariffs despite Trump's claims. Instead, Americans will feel the brunt of this policy.

Tariffs of this magnitude also invite carve outs and exemptions for well-connected corporations. A 2021 GAO report found that Trump administration officials gave away exemptions to hundreds of importers and often failed to fully document how they reviewed these exemption requests.

Perhaps that's because these exemptions were disproportionately granted to donors to Republican candidates, a conclusion reached by an analysis of exemption data and political contributions. This found that a company's donations to Democrats reduced its odds of being granted an exemption under the last Trump administration.

The reality of his reckless economic plan is this: it won't grow the middle class, nor will it lower the cost of groceries or rent. Trump even wants to use these tariffs as a way to pay for the trillions of dollars in tax cuts for the rich. Higher costs for you; lower taxes for his billionaire friends.

Thankfully, it's not only Democrats calling out his proposal. Economists on all sides of the political spectrum agree that tariffs are bad economic policy that would shrink the economy by billions of dollars.

And I know that many of my colleagues across the aisle are also concerned about this dangerous economic plan. Even Trump's former economic advisors have called tariffs exactly what they are -- "tax hikes".

Folks, this is basic economics.

Trump's trade wars are a threat to the economy, and that threat underscores the importance for Congress to reassert its Constitutional authority over trade policy.

And this is why I look forward to the testimonies and insights of our witnesses today. Now, I would like to turn it over to Vice Chairman Schweikert for his opening statement.

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