

The Economics of Tariffs: Research Reference

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Table 1: Foundational and Empirical Papers — Free Trade Benefits & Tariff Harms

These 11 papers span from Ricardo (1817) to Brookings (March 2026) and represent the overwhelming consensus of credentialed economists across the political spectrum: tariffs reduce overall welfare, are paid by domestic consumers, destroy more jobs than they protect, and do not reduce trade deficits.

Economist(s)	Publication	Date	Core Concept	What the Paper Proves	Plain-English Takeaway
David Ricardo	Principles of Political Economy and Taxation	1817	Law of Comparative Advantage	Even if one country produces everything more efficiently, both nations gain by specializing in their relative strengths and trading freely. Tariffs disrupt specialization and shrink total output for both sides.	If Missouri grows corn more efficiently than China and China makes electronics more efficiently than Missouri, both are richer when they trade freely. Tariffs force people to buy expensive local substitutes for things others make better and cheaper.
Eli Heckscher & Bertil Ohlin	Ekonomisk Tidskrift (1919); Interregional and International Trade (Harvard Press)	1919/1933	Factor Endowment Theory (H-O Model)	Countries export goods using their abundant resources and import goods using their scarce ones. Trade barriers prevent this efficient allocation, reducing welfare for both partners.	The U.S. has abundant farmland and capital. We should export food and capital-intensive goods and import labor-intensive goods. Tariffs on imports just raise prices for American consumers without changing underlying economics.
Wolfgang Stolper & Paul Samuelson	Review of Economic Studies	1941	Stolper-Samuelson Theorem	A tariff raises income for the protected industry's workers but lowers it for everyone else. Net economy-wide welfare is negative — tariffs redistribute income; they do not create it.	Steel tariffs help steelworkers but hurt everyone who buys things made with steel. The winners gain less than the losers lose. It's a redistribution with leakage, not a net gain for the country.
Paul Samuelson	Economic Journal	1948	Factor Price Equalization Theorem	Free trade tends to equalize factor prices across countries over time. Tariffs create artificial distortions in wages and capital returns, reducing global economic efficiency.	Free trade isn't just about goods — it gradually equalizes wages and investment returns internationally. Tariffs build a wall that traps inefficiency inside, keeping American businesses from accessing cheaper inputs they need.
Fajgelbaum, Goldberg, Kennedy & Khandelwal	Quarterly Journal of Economics	2020	Return to Protectionism — 2018 Tariff Welfare Analysis	U.S. consumers bore nearly 100% of the 2018 tariff costs. Real income fell \$1.4B/month. Retaliatory tariffs hurt U.S. exporters. Trade volumes dropped with negligible net benefit to protected industries.	Americans paid the tariff — not China. The price of tariffed goods rose in the U.S. but not abroad. We taxed ourselves while our farmers got hit by retaliatory tariffs on their exports.
Mary Amiti, Stephen Redding & David Weinstein	Journal of Economic Perspectives	2019	Impact of 2018 Tariffs on Prices and Welfare	Foreign exporters did NOT lower their prices to absorb the tariff. U.S. importers absorbed nearly 100% of the cost. Total welfare loss estimated at \$6.9 billion annually.	The claim that 'China pays the tariff' is empirically false. This paper measured it directly using import price data: American importers paid the tariff in full. The price of foreign goods did not fall when we taxed them.
Aaron Flaaen & Justin Pierce (Federal Reserve)	Federal Reserve Board Working Paper; review 2024	2024	Effects of 2018-19 Tariffs on U.S. Manufacturing Employment	Steel/aluminum tariffs saved some jobs in shielded industries but destroyed 3-4x more jobs in downstream industries (auto parts, appliances, construction) that rely on steel as an input. Net manufacturing employment declined.	For every steelworker's job the tariff protected, 3-4 jobs were lost in industries that use steel. We saved a few visible jobs by destroying many less-visible ones — and lost the net difference.
Kimberly Clausing & Mary Lovely	Peterson Institute for International Economics, Policy Brief 24-1	2024	Why Trump's Tariff Proposals Harm Working Americans	Tariffs are a regressive tax — they consume a higher share of income for low- and middle-income households than wealthy ones, because working families spend more of their income on goods. A 10% blanket tariff costs a median household ~\$1,700/year.	Tariffs hit working families the hardest. A family earning \$50K spends nearly everything on goods — food, clothes, appliances. A family earning \$500K spends proportionally more on untariffed services and investments. Tariffs are a tax cut for the rich paid for by working people.
Azzimonti, Edwards, Waddell & Wyckoff (Richmond Fed)	Federal Reserve Bank of Richmond Economic Brief, No. 25-12	April 2025	Estimating Economic Impact of 2025 Tariff Measures	The 2018-19 tariffs (much smaller than today's) caused a net employment decline of ~320,000 jobs when accounting for retaliation. 2025 tariff levels are 4-5x higher, implying substantially larger harm.	The Trump 1.0 tariffs, which were a fraction of today's, cost 320,000 net American jobs. These new tariffs are dramatically larger. The Fed's own economists did this math — and it isn't close.
Budget Lab at Yale University	State of U.S. Tariffs — Comprehensive Analysis	Nov. 2025	Full 2025 Tariff Impact — GDP, Agriculture, Employment	Tariffs raised consumer prices 1.2% (~\$1,700/household/year). Long-run GDP is persistently 0.3% smaller (\$90B/year). Agriculture contracts 1.4%. Manufacturing gains 2.9% are more than offset by losses elsewhere.	Tariffs make the whole economic pie smaller. Even if a few industries get a slightly bigger slice, everyone else gets less — and consumers pay more for everything. Missouri farmers lose 1.4% of sector output.

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Fajgelbaum & Khandelwal (UCLA & Yale)	Brookings Papers on Economic Activity, Spring 2026	Mar. 2026	Tariffs in 2025: Short-Run Impacts on the U.S. Economy	Tariffs hit 80-year high in 2025. Trade deficit rose despite tariffs. Manufacturing jobs declined slightly. ~90% of costs passed to U.S. importers; foreign exporters absorbed only ~10%.	The most current peer-reviewed data, presented at Brookings in 2026: the trade deficit grew, manufacturing didn't boom, and Americans paid 90 cents of every tariff dollar. The stated goals of the policy simply did not materialize.

Table 2: Refutations of Common Pro-Tariff Pseudo-Arguments

Each argument below starts with a true premise, then commits a specific logical error that invalidates the conclusion. The economic literature has directly addressed and empirically refuted each of these arguments.

Pseudo-Argument	Economist(s) / Source	Date	Publication	The Logical Flaw Identified	Plain-English Rebuttal
'China pays the tariff, not Americans'	Amiti, Redding & Weinstein; Fajgelbaum et al.	2019/2020	Journal of Economic Perspectives; Quarterly Journal of Economics	TRUE PREMISE: The government collects tariff revenue from U.S. importers. FLAW: Confuses who writes the check with who bears the cost. Both papers measured import prices before and after tariffs: foreign exporters did NOT lower prices. U.S. importers absorbed ~100% of the cost.	When the U.S. imposes a 25% tariff on Chinese steel, the Chinese steelmaker still charges the same price. The American buyer writes a check to U.S. Customs for 25% extra. That cost gets passed to you at the store. China paid nothing.
'Tariffs protect American jobs'	Flaen & Pierce; Autor, Dorn & Hanson; Russ & Cox	2019–2024	Federal Reserve; American Economic Review; peer-reviewed journals	TRUE PREMISE: Tariffs do protect jobs in the directly shielded industry. FLAW: Ignores downstream job losses. Industries using the tariffed material as an input face higher costs and lay off workers. Steel tariffs saved some steel jobs but destroyed 3-4x more jobs in steel-consuming industries.	Yes, a steel tariff keeps some steel plant workers employed. But every car maker, appliance factory, and construction company now pays more for steel — they raise prices, lose sales, and cut jobs. Net result: fewer American jobs, just moved from visible industries to less visible ones.
'Tariffs will fix the trade deficit'	Costinot & Werning; Fajgelbaum & Khandelwal; PIIE economists	2025/2026	NBER Working Paper; Brookings Papers on Economic Activity; PIIE analyses	TRUE PREMISE: If imports fall, the trade deficit narrows — all else equal. FLAW: All else is NOT equal. Trade deficits are determined by national saving vs. investment gaps, not tariff rates. Tariffs just reroute imports — deficit with China shrinks but deficits with Vietnam and Mexico grow. 2025 confirmed: highest tariffs in 80 years, overall deficit still grew.	The U.S. buys more than it saves, so it imports more than it exports. Tariffs on China just reroute shipments through Vietnam and Mexico. The total doesn't change — 2025 data proved it with the highest tariffs in 80 years and a growing deficit.
'Tariff revenue will cut the debt / fund tax cuts'	Clausing (PIIE); CBO; Cato Institute; CRFB	2024–2026	PIIE Policy Brief 25-19; CBO Reports; Cato at Liberty; Committee for a Responsible Federal Budget	TRUE PREMISE: Tariffs generate federal revenue. FLAW: Double-counts the dollar — the same dollar cannot fund a tax cut AND pay down debt AND fund new programs simultaneously. Also ignores that a smaller economy produces less income/payroll tax revenue, partially offsetting tariff collections. CBO confirmed net deficit reduction is far less than gross revenue.	Yes, tariffs bring in money — but from American consumers, not foreigners. And when the economy shrinks because of tariffs, income tax receipts fall. The administration's claim that tariffs can simultaneously fund tax cuts, new programs, AND pay down the debt is mathematically impossible.
'Tariffs will bring manufacturing back to America'	Budget Lab at Yale; Lashkaripour & Lugovskyy; McKibbin & Triggs (PIIE)	2023–2025	Budget Lab Analysis; American Economic Review; PIIE Working Paper	TRUE PREMISE: Higher import prices give domestic producers a temporary advantage. FLAW: Re-shoring requires years of capital investment and workforce training. A tariff creates an artificial price umbrella — but if reversed by election, court ruling, or executive action, that investment is stranded. Budget Lab found manufacturing up 2.9% but fully crowded out by contractions in agriculture and construction.	Companies won't build 10-year factories on a tariff that can be reversed by a court ruling — as happened in February 2026 when the Supreme Court struck down the IEEPA tariffs. The manufacturing gains were real but smaller than the losses everywhere else. The bubble popped and the investment was wasted.
'The U.S. is big enough to force foreign prices down (optimal tariff theory)'	Clausing (PIIE WP 25-19); Johnson 1953 (original); NBER rebuttals	1953/2025	Review of Economic Studies (Johnson); PIIE Working Paper 25-19	TRUE PREMISE: In theory, a country large enough to affect world prices could use tariffs to extract a 'terms of trade gain.' FLAW: Requires no retaliation (always happens), precise targeting (blanket tariffs are blunt), and market power in specific goods (U.S. is only 13% of world imports — insufficient in most categories). When retaliation occurs, the terms-of-trade gain is eliminated.	A monopolist can force suppliers to lower prices. But the U.S. isn't a monopolist — we're 13% of world imports. China, the EU, Canada, and Mexico all have other customers. They always retaliate. The theory collapses the moment trading partners push back, which they always do.
'We need tariffs on steel/aluminum for national security'	Flaen & Pierce; Clausing & Lovely; defense economists	2024–2025	Federal Reserve Working Papers; PIIE Policy Brief 24-1	TRUE PREMISE: A nation genuinely needs some domestic production capacity for national security goods. FLAW: The argument proves too much — it can justify tariffs on virtually anything by labeling it 'strategic.' Steel tariffs applied to Canada	Canada is our top steel supplier and closest military ally. If we can't trust Canadian steel in an emergency, we have bigger problems. The national security argument is real for a handful of genuinely

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				and NATO allies, not just adversaries. Economists note targeted subsidies for strategic stockpiles are far more efficient than blanket tariffs.	strategic goods — but stretched to cover French wine and Canadian lumber, it loses all meaning.

Sources: Ricardo (1817); Heckscher (1919); Ohlin (1933); Stolper & Samuelson, *Review of Economic Studies* (1941); Samuelson, *Economic Journal* (1948); Amiti, Redding & Weinstein, *Journal of Economic Perspectives* (2019); Fajgelbaum et al., *Quarterly Journal of Economics* (2020); Flaaen & Pierce, *Federal Reserve Board* (2024); Clausing & Lovely, *PIIE Policy Brief 24-1* (2024); Azzimonti et al., *Richmond Fed Economic Brief 25-12* (2025); *Budget Lab at Yale* (Nov. 2025); Clausing, *PIIE Working Paper 25-19* (2025); Fajgelbaum & Khandelwal, *Brookings Papers on Economic Activity* (Mar. 2026); *CBO Tariff Reports* (2025–2026).