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Are President Trump's tariffs working?

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The writers address the question, "Are President Trump's tariffs working?"

The Denver Gazette · 7 Feb 2026 · B5 · Steve Cortes is president of the League of American Workers, a populist right, pro-laborer advocacy group. Desmond Lachman is a senior fellow at the American Enterprise Institute.

POINT: Steve Cortes

The debate over President Donald Trump's tariffs was never really about economics; it was about framing.

Instead of asking whether tariffs generated leverage, revenue or strategic correction, many observers chose a different path: emotional labeling. Tariffs were routinely described as "tantrums," "outbursts" or "chaos." Policy was treated as psychology. Outcomes were secondary to impressions.

That choice matters because tariffs did work, and the framing was designed to obscure why.

Strip away the narrative, and tariffs delivered several concrete outcomes that critics said were impossible.

They generated substantial revenue, largely paid by foreign producers seeking access to the U.S. market. They altered negotiating dynamics, a Trump specialty, forcing counterparties to the table long-resisted reform. They encouraged supply-chain diversification and domestic investment. And they demonstrated that the United States was willing to enforce reciprocity rather than merely request it.

Those effects are not theoretical. They are observable, especially in the trade agreement frameworks Trump made with Japan and South Korea, which not only set tariff rates and rules of the road on various goods and services. It also became the impetus for companies from both countries to make investment commitments in the United States to the tune of hundreds of billions of dollars, set to supercharge U.S. growth and create good-paying jobs.

Yet, rather than engaging those results, coverage focused obsessively on tone. That is a tell. When policy opponents avoid debating mechanisms and outcomes, it often signals that the results are inconvenient to their case.

Tariffs worked because they addressed a structural reality that polite trade discourse often ignores: the United States is the world's indispensable market, and Trump demanded that American consumers and workers be treated with respect.

Access to American consumers is not a shared asset — it is leverage. For decades, the U.S. largely refrained from using it, even as trading partners deployed subsidies, barriers and non-tariff restrictions. The result was a system where imbalance became normalized.

Tariffs changed incentives.

They raised the cost of asymmetry. They forced exporters and foreign governments to internalize behaviors that had previously been externalized onto American workers and producers. In practical terms, they transformed trade discussions from abstract principles into concrete negotiations. Note

One reason tariffs were so easy to mischaracterize is that they were treated as a break from normalcy, rather than a correction of it.

For years, the U.S. tolerated chronic trade deficits, intellectual property leakage, and industrial hollowing while being told this was the price of leadership. Resistance to that arrangement was portrayed as hostility to trade itself.

Tariffs were not anti-trade. They were anti-imbalance. Executives from different parts of the U.S. economy — from the automotive industry to the pharmaceutical manufacturing industry — have readily acknowledged that tariffs, along with tax and regulator reform, changed their behavior and incentivized them to invest more in the U.S.

They did not close markets; they conditioned access to them. They did not reject globalization; they rejected one-sided globalization. And they did not create instability so much as reveal how dependent stability had become on American restraint.

From that perspective, tariffs were less a disruption than an awakening. Public opinion shifted not because of rhetoric, but because experience contradicted the warnings.

It was argued that tariffs would destroy growth. Growth continued. They were told prices would spiral uncontrollably. They didn't. They were told allies would flee. Instead, negotiations intensified.

COUNTERPOINT: Desmond Lachman

It has been 10 months since President Donald Trump's "Liberation Day" import tariff announcement in April. Ultimately, that announcement led to U.S. import tariffs rising to an average of 17 percent, their highest level in 100 years.

Note

It is still too early to draw conclusions as to the overall damage those tariffs might inflict on the economy. However, it is not too early to see that those tariffs are failing to meet the basic objectives of narrowing the trade deficit, increasing manufacturing output and employment, and securing for the United States a more level international trade playing field.

Note

Start with the trade deficit. For years, Trump has argued that the trade deficit is a national emergency that requires remedying through an aggressive import tariff policy. In his view, the trade deficit is a reflection of how foreigners have been ripping us off with their unfair trade practices and becoming wealthy at our expense. It is also a reflection of how foreigners have been stealing our manufacturing jobs.

Note

Trump seems not to buy the alternative view that the trade deficit has afforded the U.S. the exorbitant privilege of being able to continually live beyond its means. Foreigners have done so by providing us with the wherewithal to spend more than we produce.

The numbers to date suggest that import tariffs are not succeeding in narrowing the trade deficit. Indeed, far from narrowing, the trade deficit in the first nine months of Trump's second term widened by 14% relative to the comparable period a year earlier. This is reminiscent of the 40% increase in the trade deficit that occurred during Trump's first term in office.

A key lesson that Trump did not learn from his first term was that, even with import tariffs, an excessively expansive budget policy can give rise to a country's overall spending exceeding its overall level of production. The reason the trade deficit blew out in Trump's first term, despite his resort to import tariffs, was that the 2017 Tax Cut and Jobs Act had the effect of blowing out the budget deficit and reducing the country's savings level. It would seem that this is what is now occurring with Trump's One Big Beautiful Bill.

Note

According to the International Monetary Fund, that bill will keep the U.S. budget deficit at or above 7% of GDP for as far as the eye can see. Such a large budget deficit would seem inconsistent with reducing the trade deficit, regardless of how high Trump might set import tariffs.

If Trump's import tariffs are not succeeding in reducing the trade deficit, they are also not succeeding in bringing manufacturing jobs back home. Indeed, in 2025, the United States lost 50,000 manufacturing jobs while manufacturing output was virtually flat. Meanwhile, the overall unemployment rate has risen from 4% at the start of Trump's second term to 4.6% at present.

Contrary to Trump's claim that foreigners would be the ones who paid for the tariffs, it has turned out that tariffs have kept inflation uncomfortably high. That is now causing Trump an affordability problem. Instead of prices falling as Trump had promised on the campaign trail, inflation is still running at the 3% that prevailed at the start of his second term.

Yet another area in which Trump's tariff policy has not met expectations is our trade relations with China. Far from China buckling under our import tariff pressure, it was Trump who had to back down from his 140% import tariff on China without getting much in return. It seems that Trump miscalculated China's leverage over the United States, given that China is the world's major supplier of rare earth metals and batteries vital to many high-tech industries. It also appears that Trump miscalculated how much more ready Chinese President Xi Jinping was to bear economic pain than Trump was to tolerate a stock market downturn.