



Trump's Tariff Plans Will Drive up Costs for the Average American Family between \$1,600 and \$2,000 per year

The Trump Administration's plan to impose tariffs against Canada, Mexico, and China will drive up costs for Americans while hurting the overall economy. The tariffs that are set to take effect on March 4th will impose 25% tariffs on all goods coming from both Canada and Mexico and add a new 10% tariff on all goods coming from China, which is in addition to the 10% Chinese tariff already put into place by the Trump Administration last month.

Trump's tariffs will make everyday items more expensive

Despite Trump's claims that foreign countries pay for tariffs, evidence from his previous tariffs shows that it was actually domestic importers and American families who faced higher costs after they took effect. If Trump imposes his proposed tariffs, **economists expect they would cost middle-class households thousands of dollars.**

According to new analysis by the [Yale Budget Lab](#) these new tariffs will cost the average American family an additional \$1,600 to \$2,000 per year. And because tariffs are regressive, families at the bottom of the income ladder will shoulder more of a burden as a share of their income than those at the top of the income scale.

The costs of specific goods that Americans depend on are expected to rise significantly, including:

- Electronics, like computers, phones and televisions, will see overall prices rise by nearly 11%;
- Clothing prices are expected to also rise by 7.5%;
- The price of cars, car parts, and other motor vehicles are expected to increase by over 6%;
- Oil will also rise by 1.7% and petroleum and coal products will rise by 1.6%, making it more expensive for families to fill up their gas tanks and heat their homes;
- And at a time when a trip to the grocery store is already squeezing household budgets, grocery prices will jump under these tariffs, with fresh produce prices rising by nearly 3%, rice prices increasing by 4.4% and food prices overall rising by nearly 2%.

Trump's tariffs won't force foreign producers to cut their prices; they will lead to higher prices for both domestic and foreign products alike

Trump claims that his tariffs will force foreign sellers in countries like Mexico, Canada, and China to [lower](#) their [prices](#) so as not to lose American customers. But in the real world, foreign [sellers](#) have not cut their profits by lowering their prices just because of U.S. tariff policy. For [example](#), in the last Trump Administration, the tariffs imposed on China did not force Chinese producers to

lower their prices. Instead, U.S. importers and [consumers paid](#) almost [entirely](#) for [Trump's tariffs](#) through higher prices.

These tariffs also impact the price of domestically produced goods by causing U.S. producers to raise prices if their supply chain relies on imported raw materials subject to the tariffs. U.S. car makers are a prime example, as their manufacturing plants in the United States rely on certain [imported](#) auto parts from Canada and Mexico. Additionally, if prices of imported goods rise, domestic producers can increase the price of their own goods. This happened in 2018 after Trump placed tariffs on imported [washing machines](#), as U.S. manufacturers like Whirlpool and GE hiked their own prices even though they were not subject to the tariffs.

Due to the breadth of Trump's tariffs, American consumers can expect to see price hikes for goods we cannot produce enough of domestically to meet demand. For example, fruits and vegetables are heavily [produced](#) in Mexico and imported to the United States and are likely to see significant price increases under these tariffs.

Trump's tariffs will weaken the U.S. economy, driving costs up even faster than inflation
Economists on the [left](#) and [right](#) have [agreed](#) that Trump's array tariff plans proposed over the past year will raise prices on consumers, [harm](#) the economy, and will not achieve the goals that Trump claims they will.

Conservative groups like the American Action Forum and the non-partisan consulting firm Ernst & Young are sounding alarm bells by [estimating](#) significant losses to the U.S. economy from Trump's earlier tariff proposals. In fact, Ernst & Young warned when accounting for retaliation losses could be as high as [2.34%](#) of real GDP in 2026, which is equivalent to wiping out all of their [projected](#) growth in the economy that year.

Further, the Yale Budget Lab's estimated price increases show that under Trump's tariff proposal on Mexican, Canadian, and Chinese products **prices on many imported goods would rise at a faster rate than U.S. prices rose at the [worst](#) point following the pandemic.**

Additionally, Trump's erratic tariff plans have created confusion in the marketplace, further hurting the U.S. economy. As the Administration has made multiple changes to its tariff plans, American consumers and businesses are faced with uncertainty, making it increasingly challenging for them to make and execute their plans. In fact, after Trump's recent [announcements](#) that he would move forward with tariffs on Canada, Mexico, and China, the stock market [plunged](#). Consumer confidence has also been [dropping](#), with one [measure](#) showing February had the largest monthly decline since August 2021.

Trump's tariffs could also harm local economies across the country

In addition to harming the national economy, Trump's tariff policies will significantly impact state and local economies. In fact, small counties in the South and Midwest tend to have economies that are most [reliant](#) on international trade. Those states that are heavily dependent on trade for statewide business may also be particularly impacted.

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.

Trump's past tariffs hurt the U.S. economy; this time their impact could be even worse

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.