

Trump's Economic Program Has Left Most Americans Worse Off

Robert Shapiro

President Trump's tax and tariff policies are the heart of the economic program that he has promised will materially help average people. Yet, the hard data show that this program actually imposes real net costs on nearly 70 percent of Americans. Those widespread costs reflect the growing burdens imposed by the President's tariffs alongside tax cuts that provide no benefit to nearly [43 percent of households](#) who paid no income taxes before the latest tax cuts. The tariffs also dwarf the modest tax benefits for an additional 40 percent of taxpayers, and another 5 percent of taxpayers pay higher tax cuts than they did before Trump's tax changes.

It could get a lot worse. If President Trump goes ahead in December with his additional tariffs on imports from China, his program will make net losers out of even more Americans. In that case, 80 percent of the country – 102 million households with 258 people -- will be worse off under Trump's economic policies.

The income effects of the Trump tax program are well documented. The Brookings Institution and Urban Institute's Tax Policy Center reports that before his tax changes, [42.7 percent of "tax-paying units"](#) – households or spouses filing separately with very modest incomes – owed no income taxes. While those changes raised that share to 44.4 percent, the 42.7 percent gained little or nothing from the December 2017 tax Act. That Act also raised income taxes for 5 percent of households, mainly by capping deductions for state and local taxes. By this accounting, 47.7 percent of the country's [127.6 million households in 2018](#) – 60.9 million households with 154 million people -- received no benefits from Trump's tax program.

While his tax program still produced benefits for a majority of Americans, the costs of his tariffs have swamped those benefits for the lower 40 percent of taxpaying households, by income. Among the bottom 20 percent of those taxpayers, their tax gains average \$70 per-household, per-year, in 2018 and 2019, including everyone with modest income who saw benefits from Trump's tax changes. Similarly, the tax gains for the next 20 percent of taxpayers will come to \$390 in 2018 and 2019.

Based on data from the Tax Foundation, we estimate that Trump's tariff program cost the average household \$690 per-year. We derive that estimate directly from the [Tax Foundation's calculations](#) that Trump current tariffs shave \$62.5 billion per-year from GDP, and foreign tariffs imposed in retaliation cost U.S. GDP another \$25.6 billion. Nearly all GDP ultimately translates into people's incomes, so those tariff-related costs of \$88.1 billion come to an average of \$690 across the nation's 127.6 million households.

The rest is arithmetic. We found that 55.6 percent of households paid income taxes in 2018 (100 – 44.4), so each 20 percent of taxpayers represent 11.1 percent of households (55.6 * 0.2). Therefore, Trump's economic program leaves 11.1 percent of households in the red by \$620 per year (\$690 - \$70), and an additional 11.1 percent in the red by \$300 per year (\$690 - \$390). Another 42.7.7 percent of households received no benefits from Trump's tax program

and another 5 percent actually pay higher taxes under that program – and all of them bear substantial new costs from the tariffs. Therefore, Trump’s economic program imposes net costs on 69.9 percent of all households – that’s more than 89 million households with nearly 226 million people.

The costs Americans are paying for the current tariff policies can be calculated in other ways, too. Based again on Tax Foundation data, Trump’s tariffs and the retaliatory tariffs imposed by our trading partners have, thus far, cost us 272,864 job and dampened American wages by \$25.6 billion, which is \$246 per working household. Or, consider the \$86.1 billion that U.S. businesses have paid in tariff fees. Most of those costs are passed along in higher prices. Even if our businesses pass along only two-thirds of those additional costs, the tariff program has cost an average household \$450 in higher prices.

Those effects will be much more damaging and widespread if the President carries out his threat to impose yet more tariffs in December. The average impact on wages will jump from \$246 to \$470 per-working household. Similarly, the impact in higher prices for an average household will rise from \$450 to \$1,024.

Moreover, the annual impact on GDP will nearly double from \$88.1 billion to \$167.8 billion. Again, those GDP losses ultimately translate into income; and at that magnitude, those losses will average of \$1,315 per-household. At that rate, the Trump economic program will also burden the 11.1 percent of taxpaying households in the third income quintile, because Trump’s tax cuts produced savings averaging \$910 per-household for at group. If Trump does impose his next round of tariffs in December as promised, fully 80 percent of Americans will be net losers under his economic program (69.1 + 11.1).

In the midst of our longest economic expansion, Donald Trump has imposed an economic program that nevertheless has already imposed substantial costs, net of people’s tax savings, on 89 million of the country’s 127.6 million households. Finally, if the President carries out his pledge to impose yet another round of tariffs, 102 million households with 258 million Americans will be net losers.