

DONALD TRUMP IS GETTING A PASS FOR HIS CATASTROPHIC TRADE WAR

WSJ had a heavily-produced story on Sunday, “Why Everyone Got Trump’s Tariffs Wrong,” purporting to assess the claims that Trump and economists had made ... at some point about his tariffs.

This table includes the six allegedly competing claims WSJ assesses; I’ve added a check marking whichever side WSJ claimed was really right.

Trump	Economists
A 10% global tariff could add 2.8 million jobs.	Tariffs are more likely to cause layoffs. ✓
Tariff costs will be borne by other countries, not the U.S.	Tariffs will push up inflation.
Tariffs will bring in “billions of dollars, even trillions of dollars.” ✓	Tariffs could raise \$2.1 trillion over a decade, as long as they don’t lower growth.
A 10% global tariff alone will grow the economy by \$728 billion. ✓	Warned a potential recession could shrink GDP.
We will supercharge our domestic industrial base.	Tariffs alone can’t revive manufacturing, nor does the sector necessarily need resuscitating. ✓
Tariffs will flip the trade deficit into surpluses, or at worse, the U.S. will break even.	A trade deficit isn’t necessarily a bad thing, and trade balances are ultimately driven by saving and investment patterns, not tariffs. ✓

For most of six paired predictions, WSJ makes a show of adjudicating who was right, giving Trump credit on two predictions and less ostentatiously confirming economists’ predictions on three.

For example, WSJ provides this table purporting to show that both Trump and the economists were wrong about inflation (with steeper tables showing the spike in coffee and appliances); for some reason, WSJ indexes this to January 1, 2024 prices, not 2025 (and some of the tables at WSJ’s source show steeper spikes).



WSJ judges that economists were wrong this way:

Tariffs swiftly hit Americans' wallets as major retailers from Macy's to Best Buy raised prices in response to the duties.

"The magnitude and speed at which these prices are coming to us is somewhat unprecedented in history," Walmart Chief Financial Officer John David Rainey told The Wall Street Journal in May.

But the worst inflation fears haven't come to pass. Inflation has for months hovered around 3%—higher than the Federal Reserve's 2% target, though still lower than many economists' expectations.

But starting in the very next paragraph, WSJ explains why inflation wasn't as bad as predicted: first, because Trump reversed the worst tariffs. Then, because companies are still trying to figure out what the fuck his tariff policy will be, especially after the Supreme Court gets done with it, and so haven't passed on all of the tariffs, which they will eventually do.

Another factor at play: Trump's repeated policy shifts on tariffs.

Many companies have said they want to see where tariffs will ultimately settle before introducing more price changes.

The still-undecided Supreme Court case on Trump's authority to impose tariffs gives them another reason to wait a bit longer.

Economists predict higher prices as companies draw down on their pre-tariffed inventory and renegotiate contracts with retailers and distributors.

If no new tariffs are announced, the Fed estimates the current ones will take nine months to work their way through the economy. That could push inflation from goods down in the back half of 2026. But "we haven't been able to predict this with any precision," said Fed Chairman Jerome Powell. "No one is."

The rest of the article has similar equivocations. WSJ returns to Trump's decision to reverse many of the tariffs when discussing the GDP growth (and notes that AI has kept the GDP afloat, without also noting that it's likely in a bubble that is beginning to crash).

Trump has also walked back and delayed many of his threatened duties.

WSJ's discussion of Trump's failure to bring manufacturing back returns to changing policy.

Big projects will likely take years to materialize, if they happen at all, as government policies could shift again in that time.

And the flux makes this assessment impossible. Two days ago, for example, WSJ hailed September's good job's report.

The U.S. added 119,000 jobs in September, far more than economists had expected. But the figure was an outlier from previous months, in which job growth had lagged. As of September, the

unemployment rate reached 4.4%, the highest in four years.

But that got revised downward today and – Justin Wolfers describes in reading today’s report – in reality there may be zero or negative job growth since Trump tried to impose his big tariffs, which if that proves true, would vindicate the economists.

WSJ gives Trump credit for predicting some revenue growth even while noting he wildly exaggerated how much growth there might be, but then admits that not only will much of the revenue go away if SCOTUS throws out the tariffs, but Trump would have to pay some portion – potentially as much as half – of the tariffs back.

Future collections hang on the Supreme Court’s decision on Trump’s authority to impose the tariffs, expected in coming days.

If the court strikes down tariffs imposed under the International Emergency Economic Powers Act, monthly revenue collected would fall by more than half. More than \$100 billion already collected might also need to be refunded.

And WSJ also notes that a lot of the data it would need to measure all this is delayed (it doesn’t address Trump’s efforts to tamper with the data).

Perhaps the most salient assessment in the story is the last line: “As long as Trump continues to surprise the market with tariffs, trade will remain volatile,” which is both a platitude and an observation that you can’t assess many of these claims using regular measures, because the tariffs are not (or not just) about creating a precondition to shift trade flows.

Trump’s tariffs aren’t just tariffs. They are

week-to-week business uncertainty.

They are also, just as importantly, about giving Trump a tool to attempt to leverage power, something captured in a different WSJ story, this interview with Meredith McGraw, in which Trump offers word salad to explain why tariffs are so cool.

When asked if he has alternative ways to use tariffs, the president said there are other laws but they are not as “nimble, not as quick.” He added, “I can do other things, but it’s not as fast. It’s not as good for national security.”

Trump also argued that tariffs gave him leverage in negotiations with other countries.

“I just used tariffs 10 minutes ago, just before you came, to settle the new inflammation that took place with Thailand and Cambodia,” Trump said. “And I told them, ‘If you have the war, not only am I going to break the trade deal we have, but I’m going to put tariffs on your country.’” He added, “Nobody can do that but me.”

“Nobody can do that but me,” Trump said of an authority that SCOTUS is likely to say he cannot lawfully do.

Worse, Trump equates being able to coerce other countries nimbly with national security. But it is anything but.

Consider how inconsistent Trump’s logic is. In the same week that Trump approved the sale of Nvidia chips to China (which chips China promptly said they would limit use), chips that remained, that very day, illegal to ship to China, the White House halted negotiations on similar kinds of technology with the UK because the Brits would not bow to Trump’s demands on food and tech standards. Trump wants to send chips to China instead of (just) shitty chicken,

but he won't send chips to the UK unless they accept US shitty chicken and Nazi Xitter posts.

None of it makes sense.

And this misrepresentation of how Trump is using tariffs – treating as sincere his false claims about how he claims he is using them – is just part of the reason why the reporting on Trump's catastrophic tariffs has been so shitty.

To be sure, there has been persistent reporting on how badly his tariffs have devastated farm markets, especially soybeans but now shifting to wheat. There have been stories on how China has gotten pretty much what it has wanted. But there has been less coverage of how Trump's stupid ass trade war – and China's preparation for it since Trump's last Administration – has created *the opportunity* for China to leverage its rare earth dominance and soybean consumption to bring Trump to heel.

Trump thought America was the irreplaceable market, and attempted to leverage access to it accordingly. But as he has discovered how little of all that he understands, it has backfired, giving China leverage it otherwise didn't have.

And, if we can believe Vanity Fair's profile of Susie Wiles, half of Trump's advisors knew it wouldn't work in real time.

“So much thinking out loud is what I would call it,” said Wiles of Trump's chaotic tariff rollout. “There was a huge disagreement over whether [tariffs were] a good idea.” Trump's advisers were sharply divided, some believing tariffs were a panacea and others predicting disaster. Wiles told them to get with Trump's program. “I said, ‘This is where we're going to end up. So figure out how you can work into what he's already thinking.’ Well, they couldn't get there.”

Wiles recruited Vance to help tap the brakes. “We told Donald Trump, ‘Hey,

let's not talk about tariffs today. Let's wait until we have the team in complete unity and then we'll do it,' " she said. But Trump barreled ahead, announcing sweeping "reciprocal" tariffs, from 10 to 100 percent—which triggered panic in the bond market and a sell-off of stocks. Trump paused his policy for 90 days, but by that time the president's helter-skelter levies had given rise to the TACO chant: "Trump Always Chickens Out."

Wiles believed a middle ground on tariffs would ultimately succeed, she said, "but it's been more painful than I expected."

All this is so painful not just because tariffs are a stupid policy and the way in which Trump implemented them is even stupid. It is painful because Trump has no fucking ability to discern what is good for America, and he doesn't much care if he fucks up and destroys entire markets as a result.

And coverage of Trump's destruction of the soybean market has not yet called out the systematic lies Republicans tell claiming Trump's grant of \$12 billion to struggling farmers is only an attempt (again) to reverse the damage he did, which will not come close to making farmers whole. Right wingers are, across the board, hailing Trump's payoff and blaming the damage Trump did on Joe Biden ... and almost no one is calling out the projection and lies.

Trump's tariffs are a failure not just as tariffs, in fulfilling their purported purpose. But because Trump knows so little about the markets he's trying to alter, he's simply making the US vulnerable.

Update: Paul Krugman has more on what we learned from yesterday's job numbers.

[T]he data show a weak labor market. Employment isn't falling off a cliff,

but job growth has been weak and hasn't kept pace with the number of people seeking work. The headline unemployment rate in November was 4.6 percent, up from an average of 4 percent in 2024. That number is close to triggering the **Sahm Rule**, an economic rule of thumb devised by Claudia Sahm, a former economist at the Board of Governors of the Federal Reserve, that has historically been highly successful at identifying the early stages of a recession.

We can't do a strict application of the Sahm Rule yet because Sahm's method is based on the average unemployment rate over the past three months.

Unfortunately, the shutdown prevented the Bureau of Labor Statistics from collecting key data in October. But if we do an interpolation of October's unemployment rate by averaging over September's rate of 4.4% and November's rate of 4.6%, we can estimate that October's unemployment rate was 4.5%. And those 3 months of unemployment numbers bring us within a whisker of the unemployment rise that, according to the Sahm Rule, signals that a recession is on the horizon.

The state of the economy looks even worse if we take a wider view of the labor market.

[snip]

Normally, when a president experiences a troubled economy during his first year he dispatches his ~~flying monkeys~~ minions to declare that it's all his predecessor's fault. And some Trump officials, like Scott Bessent, are indeed trying to play the blame game. But this standard political tactic is unlikely to work for this president.

First, the economy that Trump inherited when he took office was in much better shape than today's economy, with lower unemployment combined with faster job growth, and inflation trending down.

Second, Trump's radical policy changes – huge (illegal) tariffs, mass deportations, big tax cuts (for the rich), benefit cuts (for the poor and middle class), mass layoffs of federal workers, disinvesting in huge green energy projects and aid to farmers – have been clearly damaging to everything besides crypto and AI. It strains credulity – even for the Trump faithful – to claim that we are still in Joe Biden's economy.