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## Tariffs Are Vital Tool to Rebalance U.S. Trade, but Trump Must Act Immediately to Stop Corporations from Using New Tariffs as Cover to Price-Gouge

Washington, D.C. – Today, as the Trump administration announces its tariffs plan, American Economic Liberties Project's **Rethink Trade Director, Lori Wallach**, released this statement:

"The businesses that profited from our old broken trade system should pay for the necessary transition to more balanced trade, not American workers and consumers. President Trump must take immediate action to stop corporations from using the pretext of these tariffs to price-gouge the very Americans already slammed by decades of bad trade policy and corporate greed.

Trump's announcement goes much broader, but tariffs against mercantilist countries like China, Germany, Korea, Taiwan, and Japan to counter systemic trade abuses can help restore America's capacity to produce more of the critical products needed for American families to be healthy and safe and for our country to be more resilient and secure. But to deliver more American production and good jobs, the goal must be to balance trade, not equalize tariff rates, and tariffs must be consistent. Tariffs must be accompanied by other industrial policies like tax credits to build demand for U.S.-made goods, incentives for investment in new production capacity and bans on stock buybacks, and easier union formation so gains go to wages, not just profits."

### BACKGROUND:

Since 1975, the United States has had a trade deficit every year, which has deindustrialized the country and increased income inequality as economic theory would predict. **Read our [memo here](#)** on how tariffs can help rebalance trade and which countries have chronic deficits and surpluses.

Price gouging is when corporations use a shock as an excuse to jack up prices over and above their rising costs. To ensure corporations do not use the cover of tariffs to further raise prices on Americans, President Trump should call on the FTC to:

- Use its authority under FTC Act Section 6(b) to require large corporations to report their costs to the FTC, so that the FTC can expose when they are jacking up prices over and above rising costs.
- Use its authority over "unfair or deceptive acts or practices in or affecting commerce" (UDAP) to investigate and prosecute any price gouging that occurs.

Many states already use their "mini-FTC Act" unfair or deceptive acts and practices authorities to address price gouging. The FTC should similarly use every tool it has to stop price gouging.

Read Wallach's recent pieces on tariffs and balanced trade in [The American Prospect](#) and [Project Syndicate](#) to learn more. Learn more about Rethink Trade [here](#).