# Donald Trump's Proposed Trade War: Threatening Middle-Class Finances



**Donald Trump's Proposed Trade War: Potential Economic Impacts Explained**

Presidential candidate Donald Trump’s new trade war proposals could significantly increase the financial burden on middle-class American families, according to a recent report by the Peterson Institute for International Economics. A study from this nonpartisan think tank warns that Trump's proposed economic policies may cost middle-class families an estimated $1,700 annually.

Trump plans to decrease U.S. reliance on income taxes by implementing new tariffs to offset the shortfall. The former president intends to impose a 60 percent tariff on all Chinese goods and a 10 percent tariff across all $3 trillion worth of U.S. imports.

The Peterson Institute's research suggests these policies could cost consumers at least $500 billion annually, about 1.8 percent of the U.S. GDP, a figure substantially higher than the cost incurred during the U.S.-China trade war initiated by Trump in 2018. The report highlights that these tariffs could reduce the after-tax incomes by 3.5 percent for those in the lower half of the income distribution range, equating to a minimum additional tax burden of $1,700 per household each year.

Furthermore, the report contends that the tariffs will likely harm rather than help American workers and industries. It also emphasizes the risk of retaliatory measures from other countries, potentially exacerbating the economic impact. Similarly, the U.S. International Trade Commission's study from last year found that U.S. importers absorbed nearly the full cost of tariffs on Chinese goods, steel, and aluminum.

Addressing similar trade issues, current U.S. President Joe Biden has maintained many of Trump's tariffs. Recently, Biden announced increased tariffs on $18 billion worth of Chinese goods, including electric vehicles and renewable energy products.

In a separate development, Peter Navarro, Trump's former trade adviser currently serving a prison sentence for contempt of Congress, outlined potential early actions of a second Trump administration. In an interview from prison, Navarro mentioned plans to fire Federal Reserve Chair Jerome Powell, intensify the trade war with China, and commence mass deportations of undocumented immigrants. These predictions underscore the aggressive economic and immigration strategies that could define a prospective second term for Trump.