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Imposing New Tariffs During the Pandemic Could Have a Detrimental Impact on Society, and Here's Why:

By: *Samantha Grosinger*



While the merits of imposing tariffs are highly disputed, Americans should agree on one thing: no new tariffs during the Pandemic. A tariff is a government levied tax on an imported good.[1] As a general rule, the importing party pays the tariff once the good passes through customs at any American port.[2] The leading argument for imposing tariffs is that tariffs can protect American industries by raising the price of foreign goods, which allows comparable American products to compete at an advantage.[3] Ignoring the merits of this reasoning, it is impossible to ignore the truth, which is American consumers and businesses are often burdened with higher prices as a result of tariffs.[4]

Recently, the World Trade Organization (WTO) ruled on a seventeen-year trade conflict between the United States and the European Union about airplane manufacturer subsidies.[5] As part of the ruling, the WTO granted the United States the right to impose 7.5 billion dollars in tariffs against the European Union, which President Trump implemented,[6] by way of levying a twenty-five percent tariff on European goods such as wine, cheese, and scotch.[7] As a result, many businesses who sold the affected goods started stockpiling the goods in anticipation of the guaranteed price increases.[8]

At the time, it was unforeseeable that, just a few months later, stockpiling goods would become commonplace in America, for those who are able. As with most aspects of life, people experienced the Pandemic—and the stockpiling that

followed—unequally.[9] Those who stockpiled were overwhelmingly financially better off than those who did not stockpile, which is to be expected because panic buying requires expendable income.[10] One of the most well-known goods being stockpiled was toilet paper. According to one survey, on April 19, 2020, only half of America’s grocery stores had toilet paper in stock.[11] In addition to the news-worthy panic buying, many blamed the widespread shortage on international supply chain issues; however, this was wrongly placed, as roughly ninety percent of America’s toilet paper supply is made in America.[12] This is to say: the nationwide shortage of toilet paper was an artificial shortage created by panic buying. Had consumers not bought in bulk, the crisis would have been largely mitigated, if not avoided all together. This is not to say there weren’t any internal supply chain and labor shortage issues, but rather that the biggest strain on America’s supply of toilet paper was the result of people stockpiling in anticipation of a shortage, much like how grocery wholesalers and retailers stockpiled European agricultural goods in anticipation of the WTO retaliatory tariffs.

Although life in 2022 looks a lot more “normal” than life did in March 2020 when the first waves of panic buying began to take off, panic buying has become “worse” as the Pandemic progressed instead of better.[13] According to experts, panic buying is more readily triggered now than it was during the beginning on the pandemic,[14] and grocery stores are having a harder time predicting panic buying trends.[15]

If the government were to implement new tariffs at any point during the Pandemic, especially on agricultural goods, it would likely spark another round of mass panic buying and result in shortages. When former-President Trump imposed tariffs on cheese and wine, those in the food industry stockpiled in anticipation. This was before the Covid-19 Pandemic and, subsequently, the panic buying culture it induced. If current-President Biden were to impose tariffs before the “end” of the pandemic, whatever that may look like, it would likely exacerbate product shortages and delays already occurring due to the global supply chain crisis and America’s labor crisis. In short, there is reason to believe that imposing a tariff is likely to cause a new wave of stockpiling and product shortages; and the government would be foolish to even discuss the possibility of new tariffs until America’s supply chain crisis and panic buying tendencies are history.

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[1] Int’l Trade Org., *Import Tariffs Overview and Resources*, <https://www.trade.gov/import-tariffs-fees-overview> [https://perma.cc/FQ8K-DB3D] (last visited Jan. 16, 2022).

[2] Reuters Staff, *Who Pays Trump’s Tariffs, China or U.S. Customers and Companies?*, Reuters (May 21, 2019, 11:45 AM), <https://www.reuters.com/article/us-usa-trade-china-tariffs-explainer/who-pays-trumps-tariffs-china-or-u-s-customers-and-companies-idUSKCN1SR1UI> [https://perma.cc/HF39-2U9Z].

[3] Andrew Chatzky & Anshu Siripurapu, *The Truth About Tariffs*, Council on Foreign Rel.: Foreign Aff. (Oct. 8, 2021, 3:28 PM), <http://www.cfr.org/backgrounder/truth-about-tariffs> [https://perma.cc/N3AA-2V6V].

[4] *Id.*

[5] *Highlights of the 17-Year Airbus, Boeing Trade War*, Reuters, (June 15, 2021, 6:05 PM) <https://www.reuters.com/world/highlights-17-year-airbus-boeing-trade-war-2021-06-15/> [https://perma.cc/6AFD-82BH].

[6] *Id.*

[7] *Id.*

[8] *US Importers Stockpile Parmigiano, Provolone as Tariffs on EU Cheeses Loom*, CNBC: U.S. News (Oct. 5, 2019, 10:15 AM), <https://www.cnbc.com/2019/10/05/us-importers-stockpile-cheese-as-tariffs-on-eu-cheeses-loom.html> [https://perma.cc/K5YH-T2LB].

[9] Katherine Dunn, *The Psychology of Panic Buying: Why We Stockpile Pasta, Toilet Paper, and Gas When We Don’t Need It*, Fortune (Oct. 11, 2021, 10:16 AM), <https://fortune.com/2021/10/11/stockpiling-panic-buying-gas-crisis/> [https://perma.cc/2FDX-QGLJ].

[10] *Id.*

[11] Andrew Moore, *How the Coronavirus Created a Toilet Paper Shortage*, N.C. State Univ. (May 19, 2020), <https://cnr.ncsu.edu/news/2020/05/coronavirus-toilet-paper-shortage/> [<https://perma.cc/J5L2-NQJG>].

[12] *Id.*

[13] *See* Dunn, *supra* note 9.

[14] *Id.*

[15] Kelly Tyko, *Grocery Stores Still Have Empty Shelves Amid Supply Chain Disruptions, Omicron and Winter Storms*, USA Today (Jan. 12, 2022, 8:49 AM), <https://www.usatoday.com/story/money/shopping/2022/01/12/shortage-grocery-store-empty-shelves/9178100002/> [<https://perma.cc/Y89H-RJ8U>].