Some construction and heavy equipment associations expressed utter dismay recently at the Trump Administration’s steel and aluminum tariff decision. Yet other industry reactions to the Mar. 8 announcement were more measured, almost hopeful. The disparity in responses is a reminder that economics is not a hard science, let alone a settled one. The eventual impact of steel and aluminum tariffs is unknown, the ultimate consequences unset in concrete.

Costs Will Rise

“If you accept the premise that steel is used in construction, then construction workers are going to be hurt some,” said Dr. Peri da Silva, an international trade economist in the Department of Economics faculty of Kansas State University. “There are not a lot of other ways to say that. Anyone who uses steel is going to be economically hurt. Everyone who works in industries that use steel will lose a little bit, and the steel industry is going to benefit.”

Without question, the price of steel and aluminum products will go up, so profit margins will be squeezed. Rebar and steel beams for bridges or multistory structures will cost more, so project costs will increase. Heavy equipment manufacturers will pay more for steel and aluminum components, so machines will cost more to produce, a cost they may pass along to customers. Terex Corp. already has announced it will impose a surcharge on its equipment to offset new costs incurred from the tariffs.

The Associated Equipment Manufacturers certainly was not pleased at news of the tariffs. “The equipment manufacturing industry is profoundly disappointed at President Trump’s actions today to advance import tariffs on steel and aluminum,” said Dennis Slater, AEM president. “These ‘Trump Tariffs’ will put U.S. equipment manufacturers at a competitive disadvantage, risk undoing