

## Article 1

Read the article and answer the questions.

With just one week to go before U.S. President-elect Donald Trump takes office, domestic and international companies and financial markets are bracing themselves for his first move, as he is expected to sign approximately 100 executive orders to implement his “America First” agenda. We take a look at the presidential decrees he is expected to sign shortly after taking office on January 20.

“Tariffs are the most beautiful word in the dictionary.” Mr. Trump, who calls himself a “tariff man,” is deeply obsessed with tariffs.

During his first administration, he imposed high tariffs on more than 10,000 Chinese imports, forcing China to protect the intellectual property of U.S. companies and expand its purchases of American products.

Trump has stated that he will sign an executive order on his first day in office imposing 25% tariffs on Canada and Mexico, citing the problems of illegal immigration and illegal drug smuggling. He has also unveiled a proposal to impose an additional 10% tariff on China.

Trump has long indicated that he would impose a 60% tariff on China. He has also declared that he will impose a flat 10-20% tariff on imports from all countries.

Signing the executive order does not mean that tariffs will go up that day. It is expected that Japan will engage in “**deal diplomacy**” to make the U.S. comply with its demands, such as increasing imports of U.S. products and strengthening measures against illegal immigration, before the effective date of the tariffs.

Japanese companies will not be able to avoid the impact of the tariffs.

Of particular concern are tariffs on Mexican goods. Many companies are setting up bases for automobiles and parts in Mexico on the premise of the U.S.-Mexico-Canada Agreement (USMCA), which allows for no tariffs under certain conditions.

An official of a major Japanese automotive company believes that “this will lead to higher costs for parts used in the U.S. and higher prices for finished vehicles purchased in the U.S. market. Since many Japanese companies also have operations in China, particularly in the auto parts and textile industries, they may be affected by tariffs against China.

Under the concept of “an eye for an eye,” Trump has also pledged to pass the Trump Reciprocal Trade Act, which would impose tariffs on the products of other countries equivalent to those on U.S. products.

Behind Trump's insistence on tariffs is nostalgia for the U.S. of yesteryear.

“Tariffs. Yes, tariffs were the only thing that brought great wealth to our country in the past. Since then, the income tax has replaced tariffs, but there has never been a time when we were as rich as we are now.” Trump posted on a social networking site on Wednesday.

By “this period,” he meant the late 19th and early 20th centuries. In particular, he points to President McKinley, the “Napoleon of Protectionism” who passed a law similar to the Trump Reciprocal Trade Act at the end of the 19th century, as a role model.

The Yale University Budget Institute estimates that if Trump follows through on his pledge to impose a flat 10% tariff on products from all countries and a flat 60% tariff on China, the average share of the tariff burden on all U.S. imports would rise from the current 2.5% to 8.9-29.5%.

29.5% is exactly the same level as in 1899 during the McKinley presidency. Tariff revenues were the primary source of funding for the federal government.

By “reinstating” tariffs, **Trump aims to kill two birds with one stone**: reduce the trade deficit and improve public finances.

The U.S. media successively reported that at the end of 2024, Trump will rename “Denali,” the highest peak in North America located in Alaska, which was called “McKinley” until it was renamed in 2003. Driven by nostalgia for the days of high tariffs, there is a strong likelihood that he will push ahead with the realization of his pledge.

### Questions

1. What is the “deal diplomacy” of Donald Trump?
2. Why will Japanese firms suffer from the Trump’s extra tariffs even though they are charged on Mexico or China, not on Japan?
3. What did the former US president McKinley do around the turn of the century?
4. What are the two purposes of Trump’s tariff reform?