

TRENDMACRO LIVE!

You Heard It Here First: Court Strikes Down Trump's Tariffs

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Donald Luskin

His own appointee voted against him, as will all three at the Supreme Court. The worst is over.

From the first day that President Donald J. Trump used [1977's International Emergency Economic Powers Act](#) to impose tariffs, we said they would be struck down in federal court – and now they have (see ["Tariffs are Taxes. This is a Tax Hike."](#) March 4, 2025). We have predicted this outcome repeatedly in research reports, and in our conversation with former Federal Appellate Judge Gregg Costa (see ["Video: TrendMacro conversation with Judge Gregg Costa on nationwide judicial injunctions -- are tariffs next?"](#) May 2, 2025)

- [By a unanimous ruling](#), the three-judge panel of the US Court of International Trade has found that Trump's executive orders "exceed any authority granted to the President by IEEPA to regulate importation by means of tariffs."
- This is not a politically motivated decision. The three judges were appointed by Presidents Obama, Reagan and Trump himself.
- The ruling gives the Trump administration 10 days to halt the collection of tariffs currently imposed. Presumably the administration will comply. The Justice Department has said that it will file an appeal.
- We expect the Supreme Court will uphold the lower court. We think all three of Trump's first-term appointments will vote against him. They have the habit of actually reading the text of laws. In this case, as we have pointed out over and over, the IEEPA does not give the president the power to lay tariffs.
- *[To be sure, there are other statutes available to Trump for the imposition of tariffs, and he will use them.](#)* He used them in 2018 and 2019, and again in 2025 to impose tariffs on imports of steel and aluminum. Now they will be used to justify sectoral tariffs on automobiles and auto part and semiconductors. But *[they entail formalities that constrain the ad hoc on-again-off-again make-it-up-as-you-go along shoot-from-the-hip improvisations in the name of emergency that have been as damaging as the prospect of tariffs themselves](#)* (see ["The Other Trump Effect: Uncertainty"](#) February 25, 2025).
- In an important sense, markets have learned to look through all that self-made chaos (see ["Video: What you're not hearing about the narrowest equity risk premium in 23 years"](#) May 23, 2025). But now it's official. The Supreme Court will make it even more so.

Update to strategic view

US MACRO: As we predicted from the very first day, the US Court of International Trade has struck down the Trump tariffs imposed under the International Emergency Economic Powers Act. It was a unanimous ruling by a panel of three judges, appointed by Obama, Reagan and Trump himself. The Justice Department has said it will appeal, but we think the Supreme Court will uphold the lower court. All three Trump appointees will vote against him. They are constructionists who read the text of laws, and they will find that IEEPA simply does not give the power to lay tariffs. Trump has other laws to use, as he did in 2018 and 2019, and already again in 2025 for his sectoral tariffs. He will use them, to be sure. But the time of unconstrained *ad hoc* tariff improvisation is over. Markets have already learned to look through it, but now it's official.

[\[Strategy dashboard\]](#)