

FINAL WORD ↗ BY TIM ROWLAND

Restrained by the Invisible Hand

For a hot second back in January, it looked as if Colombian President Gustavo Petro would be the mouse that roared, a Latino version of Tank Man standing up to oppression in Tiananmen Square.

When the United States sent a couple of military transport planes filled with Colombian immigrants Petro's way, he sent them right back, ordering—*ordering*—the American president to treat them with “dignity and respect.”

This lasted all of three seconds. Donald Trump was in no mood to suffer any South American backtalk and set forth to crush Colombia like a bug, most notably through use of his favored club, tariffs. (Sadly, there's no Gulf of Colombia to rename.)

Petro held a pretty strong hand—probably stronger than he knew. Some 20 percent of US coffee comes from Colombia, and the price of coffee, like gasoline, is one of those economic indicators that American households use to judge the overall cost of living. If the price of eggs could cripple Joe Biden, a spike in coffee prices would certainly ding the armor of an administration that rode into office promising to cut consumer costs.

But Petro declined to call the administration's bluff, and instead agreed to a few token concessions so Trump would focus his Old Testament wrath elsewhere.

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Which the president did, as—flush with the manly euphoria that comes with kicking to the curb a nation with about the same GDP as Wisconsin—he announced 25 percent tariffs on Mexico and Canada under the well-established economic dictate of “just because.”

The futility of protectionism is well-documented, and tariffs need no further debunking here. But the fear has been, what if tariffs fall into the hands of someone who famously doesn't care about policy outcomes or public pearl clutching; someone who is inclined to view tariffs less in terms of economics and more in terms of retribution and flexing?

Canada and Mexico demonstrated that those fears may be overblown. Wise to the ways of the world, or at least of The Donald, they kept their powder dry and let Wall Street do the heavy lifting for them.

The Trump administration announced the tariffs on a Saturday, perhaps hoping Wall Street would forget by Monday. It didn't. As futures markets fell Sunday night, the president slammed on the brakes in exchange for some token concessions. (Canadian envoys must still be guffawing in the back room about its “concession” to appoint a fentanyl czar: “Hey Randy, you want to be czar this week, eh?”).

This wasn't Trump's only retreat on the economic front

early in 2025, just the most visible. And his rather conciliatory behavior demonstrates there is indeed one

person he can't bully and bend to his will: the ghost of Adam Smith. Multiple times, economic rules and realities put a hard stop on many of the administration's more damaging instincts.

The Canada tariffs, for example, were to be much lower for oil, which demonstrates a rudimentary understanding in the West Wing that, no, it isn't foreigners who pay the tariffs, but the domestic subjects who, if social media is any indication, are expecting gas to hit \$2 a gallon any day now. Oil is far and away America's greatest Canadian import, more than double the value of automobiles. To omit it from the higher tariffs was to diminish the revenue stream the Trump administration claimed would deliver promised tax cuts without exploding the budget.

Real-world budgetary concerns, too, seem to be registering with an administration that openly pines for the pre-16th Amendment days of William McKinley. Fearing big headlines about exploding deficits, there has been a notable silence on big-ticket campaign promises such as tax-free Social Security.

Even in terms of immigration, this administration's Big Kahuna, deportations are running at similar levels to the Obama and Biden administrations. Americans may not realize this because those presidents did not dress their homeland security secretaries like Teenage Mutant Ninja Turtles and send them into the field for highly visible photo ops. But our new immigration policy is not different, just noisier.

Through bluff and bluster, politicians can control people. But labor markets can't be intimidated. Bond prices and markets cannot be threatened. You can't pick up the phone and tell inflation you're slapping it with a tariff. Gas prices don't care how loudly you yell at them.

Trump, a chaos junkie, is reputed not to care where the chips may fall. But his actions in the first weeks of his second term suggest otherwise. At the very least, he seems to have learned that an invisible hand is a difficult thing to slap. **R**

