The Harvard-Westlake Chronicle • May 8, 2025 • https://hwchronicle.com/111458/features/seeing-red-responses-to-recent-tariffs/

Seeing Red: Responses to Recent Tariffs

Students and faculty discuss how the recent tariffs have affected the United States economy, the school and the stock market.

Celine Wang, Assistant Features Editor

Illustration by Iris Chung

When Ethan Chen '26 opened his stocks app, he instantly noticed red numbers flashing across the screen. His manufacturing and tech stocks were plummeting. Watching in disbelief, he sat in shock, seeing the stock market tumble as President Donald Trump's new tariffs came into action March 12. Chen had a moderate amount of money invested initially, and, concerned about his account, immediately checked the news. He realized global trade tensions were rattling markets faster than he expected.

Chen said he experienced major account fluctuations following the new tariffs, directly impacting his investing portfolio and causing rapid shifts in stock values.

"Ever since the tariff announcement, my account has been increasingly volatile," Chen said. "The two days after Trump announced his original global tariffs, my account dropped by about 13%, only to go back up about 12% when he made the new announcement that tariffs were going to be mainly for China. I was concerned at first about a few foreign stocks that I hold. They are doing [better now]."

Trump announced a 25% tariff on all steel and aluminum imports Feb. 10. In addition, the administration imposed a 10% baseline tariff on all imports April 2. This led to a sharp market downturn, with the S&P 500 dropping over 10% in two days, marking one of the steepest declines in decades, according to Business Insider. In response to the tariffs on steel and aluminum, China raised duties on U.S. goods to 125% April 11. This move was a direct retaliation against the U.S.'s increased tariffs on Chinese imports, which rose to 145%, according to Reuters. As a result, big coporations announced job cuts, such as United Parcel Services, which announced 20,000 job cuts, citing reduced shipping volumes and the impact of tariffs, according to AllWork.

Mathematics Department Head and Economics Teacher Kent Nealis said schools will be impacted by higher costs. Nealis said the stock market is struggling due to the unpredictability of the administration's tariff policy.

“It will affect educational institutions in the sense that all schools buy materials for learning,” Nealis said. “Anything that they buy now is probably going to become more expensive. For us as individuals, simple things, like automobiles or coffees, are going to cost a lot more now. Everybody’s still in a ‘wait and see’ mode, and that’s one of the reasons why the stock market is doing so poorly. Investors don’t like uncertainty, and it’s very uncertain how this is all going to play out because some of the tariffs, especially the tariffs with China, are intended to severely limit trade.”

Chen, who leads the Economics Club, said he has previously discussed the potential effects of tariffs, even prior to Trump’s presidency.

“At the beginning of the year, tariffs were a big problem in Trump’s campaign, which our club discussed,” Chen said. “We discussed how Trump had [talked about] these tariffs within his campaign, and we compared it to Kamala Harris’ campaign. In email announcements, I usually link a few New York Times articles and Wall Street Journal articles regarding a few of the specific tariffs. Once, I linked a threat made by Trump, where he said he’d put a 200% tariff on champagne or wine products from Europe.”

Jacob Massey ’25 said his mother’s stocks, mainly long-term funds for herself and her children, have dropped noticeably.

“Most of her stocks are retirement accounts for herself and mini-retirement accounts for all her kids that she started,” Massey said. “She’s not really worried about anything because if they go down 15% now, it will go back up. The farther it goes down, the more we’ll be concerned. She was definitely happy when the tariffs were paused and the stocks recovered partially.”

Nealis said students have been concerned about how tariffs might impact the economy.

“The students have been talking to me about the impact of the current financial situation,” Nealis said. “Obviously, these are probably the most important economic issues of our time. Tariffs are something that are a part of any economics course, regardless of whether there’s an issue of tariff controversy going on at the moment. Students are very well aware of how tariffs might impact the economy, and this just gives them a chance to see it happening in real life.”

To reduce the effects of market fluctuations on its operating budget, the school uses a calculated method to determine how much investment income to withdraw from the stock market. Chief Financial Officer David Weil ’93 said this formula averages investment performance over a three-year period, which helps smooth out short-term volatility and prevents abrupt budget changes. Because of this approach, a single difficult financial year has only a moderate impact. However, if there were a prolonged, multi-year decline across the stock market, he said the financial effect on the school would be more significant. While tariffs may lead to temporary shifts in costs, schools focus on long-term stability, making adjustments without drastic cuts. Weil said the recent tariffs are only mildly affecting the school.

“The school is impacted, but not to a degree that really changes how we operate, what we do [or] the programs we offer,” Weil said. “The school does have a portion of its operating budget paid for through its investments and endowments, and our budget is a little bit less than 10% in terms of investments and the income it produces.”

In line with its long-term priorities, the school remains committed to supporting families, maintaining its aid goals regardless of temporary financial pressures. Weil said the school will not reduce financial aid in response to short-term issues like tariffs or market fluctuations.

“We’re not going to cut back on financial aid,” Weil said. “That would be an example of a reaction to a short-term circumstance that ultimately is not beneficial to the school and our families in the long run. It’s not something that we would consider, just relative to tariffs in the stock market. Our board of trustees, with management collaboration, establishes the target percent of our student body that we’d like to receive financial aid right now, that percent is 20.”

Experts caution that the current tariff policies may lead to higher consumer prices and increased uncertainty for businesses and consumers alike in the near future, according to Business Insider. Economists anticipate that the tariffs will contribute to rising inflation, estimating that consumer prices could increase from 0.5% to 0.7%, pushing the inflation rate to around 3% by late 2025, according to S&P Global. Tariffs will also be positioned as a significant source of federal revenue. In 2025, tariffs are projected to increase federal tax revenues by $166.6 billion, marking the largest tax hike since 1993, according to Tax Foundation.

Chen said that retaliatory tariffs by foreign countries, notably China, would harm both the U.S. and the global economy by creating excessive progressivism, or a greatly ambitious approach in government intervention, potentially leading to economic isolation.

“Retaliatory tariffs will also affect America and in general are detrimental to the global economy because all the countries are more closed off,” Chen said. “A free, fair and globally-connected market is absolutely essential for the mutually beneficial development of society. Acts of excessive government regulation will cause separation not only from other nations, but also result in isolating our own economy.”