

Trump tariffs

Trump adviser says New York Fed economists should be 'disciplined' for publishing study on tariffs

Kevin Hassett calls report showing US consumers and businesses are facing burden of levies 'an embarrassment'



Kevin Hassett, right, said: 'It's I think the worst paper I've ever seen in the history of the Federal Reserve system'
© Chip Somodevilla/Getty Images

Myles McCormick in Washington

Published 9 HOURS AGO | Updated 13:30

A top White House official has said Federal Reserve economists should be “disciplined” for publishing a report showing US businesses and consumers were shouldering the bulk of the costs from Donald Trump’s tariffs.

Kevin Hassett, director of the National Economic Council, described the recent study from the New York Fed as “an embarrassment” and said it failed to capture the full effect of the president’s levies.

“It’s I think the worst paper I’ve ever seen in the history of the Federal Reserve system,” Hassett told CNBC on Wednesday. “The people associated with this paper should presumably be disciplined.”

He added: “What they’ve done is they’ve put out a conclusion which has created a lot of news that’s highly partisan based on analysis that wouldn’t be accepted in a first semester econ[omics] class.”

Hassett’s comments are the latest broadside against the Fed, an independent federal agency, by the Trump administration.

Trump has attempted to remove governor Lisa Cook, while the justice department has launched a criminal investigation into chair Jay Powell. The president has also lambasted Powell for not cutting interest rates, calling him a “moron” and a “stubborn mule”.

Separately, Trump in August sacked the head of the Bureau of Labor Statistics, which produces important labour market and inflation data, just hours after it released a gloomy jobs report.

PLAY | 01:06

Kevin Hassett describes the recent study from the New York Fed as 'an embarrassment' in an interview on CNBC © CNBC

The New York Fed declined to comment on Hasset's remarks.

White House spokesperson Kush Desai said: "Kevin Hasset is right: the New York Fed's tariff report is the latest 'study' that does not match reality or hold up to any scrutiny."

He added: "The average American tariff has increased nearly sevenfold in the past year, while inflation cooled, real wages increased and economic growth accelerated — the exact opposite of what the 'experts' and a growing body of 'studies' said would happen."

The abrasive rhetoric from Hasset, a close adviser to Trump who had been a frontrunner to be the next chair of the Fed, comes as the administration looks to combat concerns about rising costs of living and sell its economic message to voters ahead of this year's midterm elections.

The New York Fed study, released last week, suggested US businesses and consumers paid nearly 90 per cent of the cost of Trump's tariffs in 2025, with the burden decreasing slightly as the year progressed.

It flew in the face of the administration's insistence that foreign exporters would assume the burden of the levies, which have been deployed liberally by the president in an attempt to reshape the global trading order.

The tariffs have helped provide significant revenues for the federal government, bringing in \$30bn in January and \$124bn in the fiscal year to date — over 300 per cent more than the same period in 2025.

Hasset criticised the paper, which was based on an analysis of customs data, for "only looking at changes in prices" and not paying sufficient attention to changes in trade volumes. He said a more holistic study would show "consumers were made better off by the tariffs".

“The basic theory of President Trump’s tariffs is: sure, we’re importing stuff from China, but we’ve got producers in the US who make stuff, maybe at a slightly higher price,” Hasset said. “If we bring the stuff home, create the demand at home, then that will hurt China and drive up wages in the US and American consumers will be better off.”

The study did not break down how US consumers and businesses split the burden. But its findings echo other recent papers — including from Germany’s Kiel Institute and the National Bureau of Economic Research — which showed Americans were shouldering most of the costs of the tariffs.

[Copyright](#) The Financial Times Limited 2026. All rights reserved.

Follow the topics in this article

Trump tariffs

US economy

US politics & policy

Federal Reserve Bank of New York

Federal Reserve