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CRAIG MELVIN: It is Friday morning. We're coming on the air with breaking news, the major defeat for President Trump's economic agenda. The Supreme Court ruling the President does not have the authority to impose some of his sweeping global tariffs. A decision set to have a massive impact potentially on the economy here and home and also around the world as well. Let's bring in our senior legal correspondent Laura Jarrett. I know you're sifting through the decision right now. A 6-3 decision.

LAURA JARRETT: Yep.

MELVIN: What have you been able to glean so far?

JARRETT: Yeah, it's a 6-3 decision, Craig, but we should mention. Chief Justice Roberts, Justice Gorsuch, Justice Barrett also joining the progressives here in a major blow to the centerpiece of the President's economic agenda. The high court today saying the President essentially overstepped his authority, trying to invoke a law that had never been used before by a President in this way, a statute that says nothing about tariff, nothing about taxes. And the high court saying he does not have the authority to do this. Every Court that looked at this before said the President had gone too far and said essentially this is a matter for Congress that can delegate some authority to the President but not all and certainly not in the sweeping ways he tried to do it. The big question now: what happens to the money that has been paid by these companies over the last year?

MELVIN: Sure.

JARRETT: Remember, these series of tariffs done by executive order. You see the President at the Oval Office announcing these tariffs against virtually all of our trading partners. He used a variety of different mechanisms to try to do it. The Court was only looking at one specific mechanism that he used under these Emergency Powers Act, right, and that's the one that doesn't say anything about tariffs or taxes. It talks about regulating imports. But the Court has looked at this before and said essentially regulating imports is not a tax, doing taxes is for Congress, and he went too far. Again, to this, we're talking about \$130 billion has been paid —

MELVIN: Yep

JARRETT: — by these companies over the last several weeks. You see the breakdown there of the justices. Again, Chief Justice Roberts, Justice Gorsuch, Justice Barrett all appointed — or Justice Gorsuch and Barrett, I should say, appointed by President Trump, now ruling against him in this major, major blow to the President's agenda.

MELVIN: Laura, how much of a surprise is this considering what you heard from the justices in

terms of their questioning during oral arguments and what you heard from the plaintiffs and the government?

JARRETT: We knew that they were skeptical at oral argument. They sort of previewed, just based on the text alone, their skepticism there. We didn't know what exactly the breakdown would be, how they would line up. You know, it's — it's never clear based on oral argument are they testing —

MELVIN: Yeah.

JARRETT: — are they — are they previewing. Again, we'll have to — we'll have to read through this carefully to see the implications of what comes next for these companies, what the President does going forward here, using other authorities. I mentioned the White House suggested he would do that.

MELVIN: Right.

JARRETT: He has done that when it comes to some tariffs. But at least using this Emergency Powers Act, the Court has said he has gone too far.

MELVIN: You raised an interesting point. About \$133 billion potentially would have to be refunded to companies. A lot of folks also wondering what this decision could mean for the markets. We can tell you a live look at the Dow Jones. You can see the market responding positively, up almost 60 points on this Friday. The market's been open about 40 minutes. Garrett Haake is standing by there at his post at the White House. Again, Garrett, this decision coming down just a few moments ago. Any word from the White House so far?

GARRETT HAAKE: Craig, interestingly enough, it's possible the President is one of the few people who doesn't know yet about this Supreme Court decision. He's at an event right now with some of the nation's governors. The press was in the room earlier, then escorted out, not back in the room. The President was expected to give remarks during that event. It is entirely possible no one has told him yet that his signature economic policy, really the centerpiece of the way he governed across the first year of this term, has been thrown out by the Supreme Court. Craig, I can't overstate how important these tariffs were as a tool for President Trump. He used them to address trade deficits, to try to bring money into the U.S. government, money that he had already, you know, teased sending back out to the American people in the form of refund checks or to use to fund other programs in the government and he has claimed repeatedly that the tariffs have helped him solve global conflicts around the world by the threat of their imposition. Now, all of that is off the table for him, at least temporarily. Now, the White House has known this decision was a possibility. They've been looking into alternative methods, alternative statutes under which the President might be able to levy some of these tariffs unilaterally without going through Congress. But this has been the President's favorite tool, his favorite thing to talk about even going back decades before his time in public service. Now, off the table. The White House is going to have to go back to the drawing board to figure how much of this economic program can be salvaged.

MELVIN: It will also be interesting to hear the White House in terms of a response because, as you alluded to, this wasn't just about tariffs. This was a test of presidential power. This is a conservative high court, a court that has been, by and large, somewhat favorable to this administration so far with a lot of its decisions. Not this time around. It will be interesting to seem, Craig, if the President decides to speak directly to some of the justices, especially perhaps one or two of the justices that he appointed.

GARRETT: It's a great point. The President views so much of this as about personal loyalty. And, Craig, whether he decides to do it before next week, he will have an opportunity to speak directly to the American people and, traditionally, to some of those judges when he delivers the State of the Union address. Remember, that's next Tuesday. Typically, at least some of justices attend that event. What the President has to say about tariffs to those justices when they're seated just a few feet away from him in the House chamber, I think, could be a fascinating element to what's already going to be a pretty dramatic speech next week.

MELVIN: Well, one thing does appear to be clear so far. We may not know what's going to happen to that \$130 billion plus that's already been tariffed, if you will, but the markets responding positively. In just the last two minutes since Garrett and I started our conversation, the markets are up about 140 points. So investors seem to be, again, responding positively to this decision. Laura Jarrett, our senior legal correspondent here, you've been able to sift through the decision a little bit more. What else have you been able to make?

JARRETT: Yeah, it's interesting just to see Justice Gorsuch complaining in his concurrence here knowing the criticism that could be on the way at least from a political standpoint and he says, "all I can offer them that most major decisions affecting the rights and responsibilities of the American people are funneled through the legislative process for a reason. Yes, legislating can be hard and take time and, yes, it can be tempting to bypass Congress when some passing problem arises, but the deliberative nature of the legislative process was the whole point of its design, essentially saying the Constitution was set up this way, having the legislative branch be the one

MELVIN: Right.

JARRETT: — that can levy taxes. And the President, of course, can enforce the laws. He can regulate some imports, but he can't go too far, and the Constitution does that by design.

MELVIN: They also — there also seemed to be this question of whether tariffs could be considered a form of taxation, right?

JARRETT: Yeah, and it's not that clear that the Court sees it obviously the same way the President has. But it's worth noting no president has ever tried to do this before. What — what has happened here was so sweeping and so — such a broad, broad exertion of authority, the Court — you know, it's — it was facing something that had never been done before. And so, I think obviously the implications of this and the precedent it sets going forward, it can't be overstated.

MELVIN: It will be interesting to see what it could mean potentially for executive authority. There's another case we're watching —

JARRETT: Major.

MELVIN: — which is another test of executive authority involving the Fed.

JARRETT: Well, and this whole term, if you think about it, is the Supreme Court taking a hard look at some of the things Donald Trump has done that have never been done before, like trying to fire a member of the Federal Reserve board, Lisa Cook. It's another big case on the docket. He's tried to fire her. He's tried to fire a woman who was on the FTC. They obviously have other big questions concerning his birthright citizenship plan. So, this is really the term of SCOTUS and the President, and how they see executive authority. At least as it results to tariffs, [this] is a big blow.

MELVIN: 6-3. Remind us again which were the conservative justices that sided with the liberal justices?

JARRETT: Yeah, so the Chief Justice, Justice Gorsuch, and Justice Barrett joining Justice Sotomayor and Justice Jackson and Justice Kagan here in a 6-3 decision, Craig.

MELVIN: Okay, our senior legal correspondent Laura Jarrett. Laura, thank you so much. Garrett Haake at the White House, thank you so much. Again, for those of you just joining us, 6-3 the Supreme Court ruling that most of President Trump's tariffs are, in fact, unconstitutional. What remains unclear, though, at this point is what happens to the money that has been collected. Again, so far more than \$130 billion from large and small businesses around this country and around the world as well.