EDITORIAL HIGHLIGHTS

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U.S. announces permanent tariffs; India remains at 10%

☞ GS Paper II: Effect of policies and politics of developed and developing countries on India's interests

☞ GS Paper III: Effects of liberalization on the economy, changes in industrial policy, and their effects on industrial growth(TH PAGE NO ☞ 1)

U.S. announces permanent tariffs; India remains at 10%

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WASHINGTON

Even as the U.S.'s temporary 10% tariffs come to an end, it has announced permanent tariffs related to its investigation into forced labour on 60 of its trading partners, including India. India's tariff rate, however, remains at 10% instead of the proposed 12.5% after it banned the import of forced labour goods earlier this month.

The U.S. had in February imposed a temporary 150-day 10% tariff on all of its trade partners, which expired on Friday. In March, the office of the U.S. Trade Representative had also launched two separate investigations under Section 301 of the Trade Act, 1974. The new tariffs announced late Thursday night (India time) are a result of the findings of one of these investigations — the one on whether the U.S.'s trade partners were doing enough to prevent the import of goods made using forced labour.

The second investigation, into whether other economies were using excess manufacturing capacity to export to the U.S. in a manner that was hurting the U.S. economy, is still pending and could result in further tariffs.

'Correct rights abuses'

"President Donald Trump recognises that decades of moral suasion have not eradicated forced labour from global supply chains," U.S. Trade Representative Jamieson Greer said in a statement.

"The U.S. has had a forced labour import ban for nearly a century, and rigorously enforces it; it's well past time for our trading partners to do the same... Today's action will begin to correct what is both a human rights abuse and a distortive trade practice to improve the welfare of workers everywhere," he added.

Donald Trump

The draft report of the investigation, released in June, had proposed a 12.5% tariff on 54 countries as they had "failed to impose and effectively enforce" prohibitions on the import of goods produced using forced labour.

Now, after final findings, 10% tariffs will apply to countries that impose a forced labour import prohibition, have committed to enforce such a prohibition through a trade agreement with the U.S., or have imposed a partial regime with the effect of preventing the import of certain forced labour goods.

These economies include India, Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, Trinidad and Tobago, and the United Kingdom. The U.S. will impose a 12.5% tariff on all other countries it probed.

'MIXED REACTION'
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A growth story that needs women at work

☞ GS Paper I: Role of women and women's organizations; Population and associated issues, poverty, and developmental issues

☞ GS Paper III: Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment; Inclusive growth(TH PAGE NO ☞ 6)

A growth story that needs women at work

India aspires to become a developed country (Viksit Bharat) by 2047, yet youth unemployment is already double the rate of 2012. India, especially the government, may be forced to recognise the weaknesses of India's economy due to the West Asia war shock. However, weakness pre-dates this exogenous shock. Policy-induced shocks from 2016 (demonetisation, a poorly designed Goods and Services Tax, NBFCs, COVID-19 pandemic management) to the economy had already reversed structural change (rise in farm employment, falling manufacturing share of gross value added and in employment); non-farm job growth had slowed. The economy became more unequal, and hence aggregate demand collapsed, and with it investment/GDP ratio. So, GDP growth is much slower (even if government figures of 6.2% p.a. are believed (it is actually at best 4.5%, as the former Chief Economic Adviser recently argued).

An engine of growth

Further, India's growth story will remain incomplete without increasing the work participation rate (WPR) of half the population, i.e., women. In a new study, we estimate that a 10-percentage-point increase in India's female WPR could add nearly two percentage points to GDP growth, making women's employment one of the strongest drivers of economic growth. To sustain rapid growth of 8%-9% and emerge as a global economic power, the nation must harness the immense potential of its youth, especially young women.

Increased female WPR could contribute to economic growth in multiple ways. First, it increases the overall labour supply, thereby expanding productive capacity. When more women enter paid employment, household incomes rise, consumption increases, and savings improve. Higher household incomes also lead to better nutrition, education, and healthcare for children, thereby strengthening long-term human capital. Women's work participation can also improve productivity and innovation. Based on cross-country evidence, Nobel laureate Claudia Goldin argues that gender-diverse workplaces are often more efficient, creative, and competitive. Including women in the workforce is not merely a welfare measure but also a strategy for enhancing national productivity.

However, the work participation rate (WPR) of women in India remains below 30% – among the lowest in the world, comparable to that of countries such as Saudi Arabia and Yemen and West Asia. India's female labour force participation rate (LFPR) is low by international standards, even when compared with countries at similar levels of per capita income. Worse, it declined steadily between 1983 and 2018. As overall job growth in both the farm and non-farm sectors fell between 2012 and 2018, how did women fare? This is a critical question, especially since women are now much better educated than earlier.

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Women's employment is essential for growth, productivity, and achieving Viksit Bharat goals

Decline in women's work

In the 1980s and during the early 1990s, the WPR for women was high, primarily due to high participation in agricultural activities. However, this trend began to decline as economic growth and structural transformation led to a shift away from agriculture from 2004-05 to 2012. Many rural women withdrew from the workforce due to mechanisation and reduced demand for manual labour.

Fortunately, this period also saw a rise in educational attainment among young women, leading to increased school attendance. In other words, the Indian economy experienced a downward movement in female WPR in the first half of the U-shaped curve until 2018-19, consistent with the argument of Claudia Goldin.

Much has been made by government economists of the increase in women's work participation in India, post 2020. However, this increase built upon a GDP growth slowdown since 2017. Further, COVID-19 had induced economic distress, and large-scale return migration from urban to rural areas. With male workers losing urban employment and moving back to villages, women were compelled to intensify their role in subsistence agriculture and allied activities, often as unpaid family labour (UFL). This surge in UFL reflected a "distress-driven feminisation of agriculture", as women entered or remained in insecure, informal, and unremunerated agricultural work, due to shrinking non-farm opportunities and reinforced gender norms that limited mobility. The share of such work was falling from 1983 to 2012, as was the absolute number of women in such work. The collapse of non-farm work for men and women now meant that adult, poorly educated women returned to agriculture.

The structure of India's economic growth has also contributed to weak female employment generation. Much of India's recent GDP growth has been concentrated in capital-intensive sectors such as finance, information technology, and organised manufacturing, which do not absorb large numbers of workers. Labour-intensive sectors such as textiles, food processing, garments, and small-scale manufacturing saw a fall in absolute terms in employment between 2013 and 2019. In fact fewer women were employed in manufacturing in 2019 than in 2004 which shows how manufacturing jobs collapsed, despite all the hype about "Make in India" and Performance-Linked Incentives for manufacturing. It was not until 2022 that manufacturing work for women rose to a level found in 2004. In much of India, manufacturing, or women's work has not received sufficient policy support.

The north-south divide

We show that young girls' unemployment is much higher than for young men. However, there is a real north-south divide, as highlighted in the book, *India Out of Work*. What is achievable is demonstrated by Tamil Nadu, which has been one of India's fastest-growing States. More than 40% of India's women factory workers are employed in Tamil Nadu. This is remarkable, given that Tamil Nadu accounts for only about 5%-6% of India's population. This concentration is driven primarily by the State's strong presence in textiles and garments (especially in Tiruppur and Coimbatore), footwear, electronics assembly (Sriperumbudur), and automobiles and auto components, as well as by higher female literacy, greater mobility, and well-developed hostel and transport facilities for women workers.

Similarly, Hindi-belt States need to invest in the health (not insurance-based) and public education for all, especially of girls and women, to reduce higher-than-African level malnutrition and stunting rates – as the Southern states have done. They can then also see similar outcomes. There is no chance for India being 'Viksit' without gender equality in all dimensions, especially in north India.

Some increase of female WPR (who re-entered agriculture) across India since 2020 was due to older adult women engaging in animal husbandry and poultry farming – a welcome development for household incomes.

However, what about educated young girls? The gross enrolment rate at the secondary level was universalised between 2010 and 2015, with gender parity achieved even in rural Uttar Pradesh and Bihar. However, educated young women face high and rising unemployment rates.

Worse, the number of young women (aged 15-29 years) who were neither looking for work nor in education, was under 70 million until 2004. It increased to 84 million in 2012 and then rose to over 100 million by 2018. Bihar's female WPR is only 15%. Hence, India will remain out of work, and cannot become a developed country by excluding half its population from productive employment.

India's foreign policy must look seaward

☞ GS Paper II: Indian Diaspora; Effect of policies and politics of developed and developing countries on India's interests; Bilateral, regional, and global groupings and agreements involving India(TH PAGE NO ☞ 6)

India's foreign policy must look seaward

Syed Akbaruddin

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Indian seafarers need protection beyond borders, flags, and jurisdictions

At sea, nationality is usually clear. Responsibility seldom is. An Indian seafarer may be recruited in Mumbai, hired by a company based in Singapore, placed on a ship flying the flag of Panama, carrying Kuwaiti oil, attacked off the coast of Oman, and detained in a fifth country. His family may know that he is in danger without knowing which government, shipowner, or insurer is responsible for bringing him home. No single authority is fully in charge. For thousands of Indian seafarers, this uncertainty is not an exception but a routine part of ordinary working life.

Of the 14 Indians killed in attacks connected to the conflict in West Asia since February 28, at least eight were seafarers aboard commercial ships. Other Indian seafarers have been injured or stranded because their vessel, its owner or its cargo made them targets in a war they did not choose.

Forgotten maritime workforce

India tends to regard seafarers as a shipping matter until trouble arises. Then, they become a consular case. Government figures put the workforce at about 3.2 lakh as of June 2025, nearly three times its size in 2014. The 2026 Seafarer Workforce Report ranks it second behind the Philippines, narrowly ahead of China, with just over 12% of global supply.

They work abroad without ever settling abroad. Their workplace moves. That mobility sits awkwardly with a consular system organised by territory. During a single voyage, a seafarer can cross several jurisdictions. No authority follows him all the way. An Indian mission may not even know that one of its nationals is nearby until his ship is seized, abandoned or hit.

India cannot wait for an emergency to find out where its seafarers are. Data compiled by the International Transport Workers' Federation show that 1,125 Indian seafarers were abandoned in 2025, more than from any other country. In such cases, the file ricochets among a flag State, port authority, owner, insurer and Indian mission. After the recent strikes in West Asia, the government announced its Seafarer First response.

Officials must now account for every Indian seafarer in West Asia, whatever flag the vessel flies. A dashboard will track ships, threats and crew welfare; each affected family will have a liaison officer.

West Asia is not the only danger zone. In the Black Sea and Red Sea, crews now face missiles, drones and mines. Piracy and hostage-taking persist around the Gulf of Aden and off West Africa. On July 15, the government told shipowners, managers and recruitment agencies to avoid deploying Indian seafarers on vessels passing through the Strait of Hormuz until further orders. The dashboard and liaison system should remain available whenever a region is identified as high-risk.

There is a lifeline, there are gaps

Technology adds a peculiar cruelty here. A family in Kochi can watch a ship crawl, dot by dot, across a tracking app and still have no idea whether the person aboard is injured, detained or being sent into danger. A moving dot is a poor substitute for a phone call.

The dashboard can locate a ship. It cannot compel an owner or flag State to act, or secure access to a detained seafarer. Continuous tracking is unrealistic. When the system is activated, recruitment agencies should supply current crew and route data from owners and managers. India needs a standing maritime consular protocol that specifies who takes charge from the moment a distress signal is received.

In major shipping centres, Indian missions need a designated officer who knows the port authority, hospitals, insurers and local lawyers. Such relationships cannot be improvised after a ship is hit. Some flag States are quick to register a ship and slow to enforce the Maritime Labour Convention when wages stop, a crew is abandoned or repatriation is due. India must press them to honour those obligations.

India's bilateral maritime agreements usually recognise Indian certificates and expand access to jobs. However, they say little about legal assistance, consular access, or repatriation. Shipowners choose the flag under which vessels operate, but they still need crews. The Philippines and Indonesia face similar challenges. Together, the three countries could push for common standards on repatriation, detention, and deployment in conflict zones through the International Maritime Organization and the International Labour Organization. Otherwise, an owner constrained by one country's rules can simply hire elsewhere.

A cook in the ship galley does not become a combatant because the cargo is disputed or the owner has acquired enemies. India should oppose attacks on commercial shipping, whoever carries them out. Open sea lanes mean little if civilian crews cannot sail through them safely.

The right to know

Before signing a contract, a seafarer has a right to know who really owns the vessel, where it will sail, whether it is under sanctions, whether its insurance is valid and whether its owners have abandoned a crew before. Routes can change after departure. A seafarer ordered into a designated high-risk region should be able to refuse and return home without penalty.

On May 14, the Directorate General of Shipping prohibited licensed recruitment agencies from placing Indian seafarers on 366 vessels linked to abandonment unless specified compliance requirements were met. A seafarer should not have to hunt for the list. Recruitment agencies must show it to him before he signs and face penalties if they ignore it.

India's maritime ambitions are usually measured in ports, corridors, naval deployments and tonnage. In a seafarer's home, the questions are more immediate. Where is he? Who employs him? Who is responsible if he does not return? The flag above the vessel may be foreign. India's responsibility to its nationals is not.

India has ridden out crisis of Iran war, but a much bigger challenge is upon it

☞ GS Paper II: Effect of policies and politics of developed and developing countries on India's interests; Bilateral, regional, and global groupings

☞ GS Paper III: Indian Economy (Growth, development, and employment); Science and Technology (IT, AI, and critical minerals) (IE,PAGE NO ☞ 12)

India has ridden out crisis of Iran war, but a much bigger challenge is upon it

KANTI BAJPAI

DONALD TRUMP'S foreign policy in his second term has been uncomfortable for India. But it has revealed a pressing reality: The country faces a 1991 challenge and more in economics and geopolitics.

In 1991, India faced its most serious economic crisis since Independence. Its finances put it in danger of sovereign default. On the back of the 1990-91 Gulf War, India's import bill ballooned. Delhi was forced to get an IMF loan and send gold shipments to the UK, Japan, and Switzerland to tide over the foreign exchange crisis.

The year 1991 was also the end of the Cold War. To India's shock, its security backstop against China and the US disappeared along with the Soviet Union. Falling massively behind the Western countries economically, plus the failures in Afghanistan, irreparably strained the Soviet political system.

India faced a third challenge with US pressures on nuclear proliferation, on human rights (in Kashmir, Punjab, and the Northeast), and on India's closed economy.

A fourth challenge was China. Twelve years into its economic reforms, China was rising rapidly. It grew at 9 per cent per annum over the 12 years from 1979, and its GDP stood at $380 billion. India grew on average at about 5 per cent after 1979. With a GDP of $270 billion, it was already falling behind.

Finally, in 1991, Pakistan was triumphant. It had partnered the US and China to drive the Soviets out of Afghanistan and felt it was on the winning side in the Cold War (in comparison with India).

In 2026, 35 years later, we find ourselves at a strikingly similar conjunction.

The Indian economy once again faces huge challenges. Clearly, its financial position in 2026 is far more robust than in 1991. On the other hand, the rupee depreciated against the dollar and FIIs moved capital out of India. As in 1991, a Gulf war impacted India, this time leading to energy shortages and inflation. Worryingly, growth remains at 6 per cent, consistent with the 30-year average, but well below the 8 per cent benchmark.

The problem today, though, is not so much in the macro-economy. The problem is in four Cs — commerce (manufacturing), critical minerals/rare earths, computer chips, and computer software and infrastructure for AI. The challenges here are far greater than in 1991. In 1991, a series of structural reforms fixed the crisis and set India on a new growth path — relatively simple to do.

The challenge of the four Cs is much greater. Manufacturing is stagnant despite 30 years of encouragement. We have critical minerals/rare earths but have not sufficiently mapped and mined them; processing is another challenge altogether. Meanwhile, dependence on China ranges from 50 per cent to nearly 100 per cent across minerals and metals. On chips, NITI Aayog estimates that 90-95 per cent of India's demand until 2035 will be met by imports. And in AI, India has strengths in adoption and talent, but not much of a presence in the AI value chain.

Geopolitically, too, India faces a situation arguably more difficult than in 1991. Today, the US is retreating from its alliances. And the special relationship with India is over: India is just another transactional opportunity, not a partner. In effect, India's backstop against China has disappeared, with the added threat that Washington is eyeing a G-2 accommodation with Beijing.

In 1991, the US pressured India on nuclear proliferation, human rights, and its economy. In 2026, US pressures are on Indian exports, trade-related labour and other standards, and imports of Russian oil — hardly trivial areas.

By 1991, China was rising but its GDP was only slightly bigger than India's. In 2026, it has a $20 trillion economy. At 3 per cent growth rates, China's economy will double by 2050. India's GDP is $4 trillion. At 6 per cent growth rates, India's GDP will be $16 trillion in 2050. The current $16 trillion GDP gap will become $24 trillion in 2050.

> In 1991, the US pressured India on nuclear proliferation, human rights, and its economy. In 2026, US pressures are on Indian exports, trade-related labour and other standards, and imports of Russian oil

As for Pakistan, it is once again triumphalist. It feels it did well in the fight with India in 2025. It is integrated deeply with the Chinese military. It is on good terms with China, the US, and Russia, and in 2025, signed a defence agreement with Saudi Arabia. It was also one of the key mediators between the US and Iran in 2026.

What does all this mean for India's grand strategy?

The economy needs a Manhattan Project on the four Cs, nothing less. Otherwise, India will be stuck at 6 per cent growth rates. And if India does not progress on the four Cs, averaging 6 per cent could become challenging.

Geopolitically, India's approach to the US and China needs serious thought. Are we content with a "hide-and-bide" strategy with both superpowers where we stay out of their way and concentrate on reforms in our economic journey? Is motoring along in our own lane enough? Should we simply avoid any more bumps with the US and focus more on China? Is "doing a China on China" the answer — using Chinese imports, investment, and innovation to drive India's growth, as the Chinese did with the US after 1972? Will China indulge us, like the Americans indulged China, without a more fundamental reset with Beijing? What would a more ambitious reset with China mean?

To conclude, India has ridden out the immediate economic crisis of the Iran war and shifting geopolitics of the past year, but a much bigger challenge is upon it.

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Opposition amplifies, not captures, citizens' voice

☞ GS Paper II: Parliament and State legislatures—structure, functioning, conduct of business, powers & privileges; Indian Constitution—features, significant provisions, and basic structure(IE PAGE NO ☞ 13)

MANOJ KUMAR JHA

Opposition amplifies, not captures, citizens' voice

YOUTH MOVEMENTS across the world are concerned with matters well beyond their immediate aims. The immediate concern of the young people protesting in Delhi is fair examinations. They have shown ample understanding that irregularities deepen inequalities of class and identities. The protest expresses a sense of betrayal among students, aspirants, and parents. The moral language of protesting youth has helped add urgency to wider grievances about the quality and experience of democracy itself.

Movements do not appear in a political vacuum but are a product of the political environment in which collective action develops. Whether some people like it or not, opposition parties are an important part of this process. Where a regime restricts protest or raises the costs of dissent, opposition parties can play an important role in expanding the space available to a movement.

Rahul Gandhi, Priyanka Gandhi Vadra, Mallikarjun Kharge, Akhilesh Yadav and other parliamentarians pressed for both a parliamentary debate and ministerial accountability. They carried the students' demands from Jantar Mantar to the vicinity of the PM's residence, and were detained. Opposition MPs, CMs and ex-CMs met with protesters and condemned the police action. Opposition representatives also provided food and other practical support, and offered legal assistance.

These actions are significant because repression isolates protesters by raising the personal costs of participation. The physical presence of recognised political leaders makes violence more visible, gives detained participants access to institutional assistance and ensures that demands enter legislative debate. The youth have not rejected party politics; they want parties to perform their representative function. The intervention of opposition CMs and regional leaders also enlarges the meaning of the mobilisation.

Against this, the BJP's response has combined coercion with politically hollow and morally reprehensible rhetoric. The use of barricades, prohibitory orders, detention, tear gas, pellet guns and baton charges treated a crisis of public confidence as a problem of crowd control. The subsequent attempt by Dharmendra Pradhan to portray Rahul Gandhi as "exploiting" students or staging a political spectacle evaded the elementary democratic point that opposition parties are expected to politicise failures of government and demand accountability. By attacking the legitimacy of Opposition involvement, the ruling party seeks to leave citizens facing the state as isolated individuals. The Opposition's task is to protect the movement's autonomy while giving its demands institutional endurance, federal reach and consequences within Parliament and electoral politics.

> A march towards the PM's residence expresses the shared conviction that responsibility for institutional breakdown ultimately resides with the highest executive office

What began as a campaign around a specific policy failure has undergone frame extension. The movement has successfully connected examination irregularities with wider anxieties about unemployment, institutional decay, arbitrariness and the shrinking space for democratic dissent. It is this capacity to broaden its moral appeal that explains why students, parents, teachers, workers and citizens with no direct stake in competitive examinations increasingly recognise themselves in the movement.

Popular mobilisation creates pressure from below; parties, legislatures and federal institutions translate this into sustained scrutiny, legislative intervention and electoral accountability. Opposition involvement need not be understood as the capture of a citizens' movement but as a mechanism through which democratic institutions become responsive to popular demands. A march towards the PM's residence expresses the shared conviction that responsibility for institutional breakdown ultimately resides with the highest executive office. Whether the state chooses to hear these voices or merely police them will determine not only the future of this agitation but also the health of India's democratic imagination itself.

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Trump's Saudi nuclear gambit marks a shift
☞ GS Paper II: Effect of policies and politics of developed and developing countries on India's interests; Bilateral, regional, and global groupings
☞ GS Paper III: Science and Technology—developments and their applications and effects in everyday life (Nuclear technology and energy sector)(IE PAGE NO ☞ 12)

Trump's Saudi nuclear gambit marks a shift

WASHINGTON'S DECISION to sign a civil nuclear cooperation agreement with Saudi Arabia marks an important shift in Middle East geopolitics — and highlights the growing role of advanced technologies in the regional power balance. The agreement will face close scrutiny in the US Congress, along with opposition from Israel's supporters and the non-proliferation community. The deal will help Riyadh build a civilian nuclear energy programme and reduce its dependence on hydrocarbons. Washington wants American companies to build Saudi reactors and secure a long-term position in its nuclear infrastructure.

The main controversy is the possibility of a uranium enrichment facility in Saudi Arabia at a time when Washington seeks to roll back Iran's nuclear capabilities. Yet that contradiction also points to the strategic rationale behind the agreement — the need to address Saudi concerns about the regional nuclear balance. The growth of Iranian power relative to its Arab neighbours has already encouraged the UAE to establish a civilian nuclear programme. A Saudi enrichment facility would be built by American companies and operate under US supervision. Such arrangements could reduce proliferation risks while giving Riyadh a measure of strategic parity with Tehran. Washington is also linking the nuclear deal to Saudi recognition of Israel. Riyadh has so far resisted joining the Abraham Accords. The nuclear agreement could therefore become part of a wider triangular negotiation among Washington, Riyadh and Tel Aviv over regional security, Palestinian statehood and the future of Arab-Israeli relations.

India is largely absent from the emerging nuclear industrial competition in the Middle East. This reflects decades of resistance in Delhi and Mumbai to reforming the atomic energy sector. The US-Saudi agreement should accelerate the implementation of the SHANTI Act and help prepare Indian industry to participate in the export of nuclear technologies across the Middle East. Politically, Delhi should support the US-Saudi agreement, underwritten by ironclad non-proliferation safeguards, and offer assistance to Riyadh's civilian nuclear programme.

Trump's tariff mania is inextricable from his politics

☞ GS Paper II: Effect of policies and politics of developed and developing countries on India's interests

☞ GS Paper III: Effects of liberalization on the economy, changes in industrial policy, and global supply chain dynamics (IE PAGE NO ☞ 12)

Trump's tariff mania is inextricable from his politics

DEEPANSHU MOHAN

ANKUR SINGH

AS THE legal door on temporary tariffs imposed under one section of US trade law is likely to expire, the Trump administration seems to be shifting to another statutory provision to preserve import duties on almost all of America's trading partners. The legal justification has changed but the politics, sans any economic rationale, has not. Washington under Donald Trump's tariff mania remains convinced that indiscriminate tariffs can restore industrial strength, independent of what evidence suggests. It is an idea with enduring political appeal for Trump's electoral base where imports apparently threaten domestic jobs. Taxing them appears to protect domestic workers. The story is simple and intuitive. Economics, however, has rarely rewarded simple stories. Few economic policies have been studied as extensively as tariffs over the past decade, especially in the last two years.

Broad import duties raise costs across the economy, disrupt supply chains and create uncertainty for businesses. Their contribution to reviving manufacturing has been far more limited than political rhetoric suggests. The biggest misconception surrounding tariffs is also the most persistent. They are often presented as a penalty imposed on foreign producers. In practice, they function largely as a domestic tax. Research by economists including Mary Amiti, David Weinstein and Stephen Redding shows that most tariff costs are ultimately borne by American businesses and consumers through higher prices. Modern manufacturing explains why. Components cross multiple borders before reaching consumers. More than half of global trade consists of intermediate goods used to produce other goods. Tariffs imposed on steel, electronics or machinery therefore raise costs for the manufacturers they are intended to protect, making domestic production less competitive.

The same disconnect appears in America's trade deficit. Despite successive rounds of tariffs, the US continues to run a record merchandise trade deficit. Trade balances are shaped by deeper forces such as national savings, investment and consumption. Tariffs can redirect trade from one country to another. They cannot change those fundamentals. This helps explain why supply chains have adjusted more quickly than factories. Production has increasingly shifted through countries like Vietnam, Mexico and other intermediary economies rather than returning to the US. Businesses adapt to incentives with remarkable speed. They reorganise sourcing, reroute shipments and redesign supply chains before they rebuild factories. Protection may change the geography of trade. It rarely changes the economics of production.

If tariffs repeatedly disappoint as economic policy, why do they continue to dominate political debate? The answer lies beyond economics. Tariffs have evolved from an economic instrument into a political language. Every successful political narrative needs three ingredients. Someone to blame, someone to protect and a visible action that signals resolve. Tariffs provide all three. Foreign producers become the villain, domestic workers the beneficiaries. Governments appear decisive. Structural reforms demand patience, political consensus and years before their benefits become visible. Tariffs create headlines overnight.

> Every successful political narrative needs three ingredients. Someone to blame, someone to protect and a visible action that signals resolve. Tariffs provide all three

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