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Tariffs as an Economic Strategy: A Critical Evaluation of the Recent Us Approach

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Abstract

In the context of global economic integration, tariff policies are commonly regarded as relics of the protectionist past, particularly inadequate for advanced economies. Nevertheless, the recent adoption of broad tariff measures by the United States under the Trump administration reignited debates about the strategic use of tariffs in open markets. This opinion article critically examines the economic and geopolitical implications of tariff imposition in a mature economy. Drawing on empirical studies and trade policy analyses, the paper identifies exceptional contexts where tariffs may be justified (such as national security and environmental regulation) highlighting the inefficiencies and unintended consequences arising from unilateral and poorly coordinated protectionist strategies. The findings suggest that open economies should prioritize innovation, multilateral cooperation, and institutional trade frameworks over reactive tariff-based approaches.

Keywords: tariff policy, protectionism, trade war, national security, environmental tariffs, Trump administration, open economies

1. Introduction

For many years, free trade was regarded as the prevailing approach to achieving economic growth, global integration and productive efficiency (Anderson & Yotov, 2016). Conversely, the concept of customs tariffs has come to be regarded as obsolete in the context of globalisation (Handley et al., 2025). However, the rise of Donald Trump and his aggressive tariff policy has revived an old debate: is there room, even in advanced economies, for the strategic use of tariffs? Despite the evident risks of abuse and distortion revealed by the US case under Trump, it is undeniable that there are circumstances in which the imposition of tariffs can be justified (Gros, 2022). Wang et al. (2023) emphasize the importance of setting clear criteria, defining strategic objectives, and implementing effective monitoring mechanisms. The present article examines such situations and argues that, while tariffs can be useful in specific circumstances, the way they have been used in the US reveals more risks than benefits.

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The rationales for the adoption of tariffs exhibit significant variation between nations at varying stages of development. The primary contexts in which tariffs are applied, along with the rationales underpinning their implementation and the associated risks, are outlined in Table 1.

Table 1. Rationales for the Adoption of Tariffs

Rationales	Developing Countries	Developed Countries	Principal Risks
Protection of infant industries	✓	✗	Economic stagnation and inefficiency
National security	✓	✓	Over-expansion of the concept
Environmental protection	✓	✓	Undercover protectionist use
Commercial retaliation	✓	✓	Trade war

Source: Author owns work

2. Tariffs and Infant Industries: An Anachronism for the US

The classical theory of protective tariffs is supported by authors such as Milner and Yoffie (1989) or Brandler (1986), who advocate the temporary protection of strategic sectors until they reach maturity. This logic is valid in developing countries that are still in the process of building their industrial base (Naseemullah, 2023; Dadush, 2022). However, in the US (a global leader in innovation and with consolidated industrial sectors), the application of this policy appears to be misplaced.

The decision of the Trump administration to impose tariffs on steel and aluminium is an illustrative example of this discrepancy. Contrary to the objectives of encouraging modernisation and protecting employment, the measure resulted in increased costs for the automotive industry, construction and consumer goods manufacturers (Klomp, 2025). Feng et al. (2022) observe that the absence of segmentation has deleterious consequences for companies that rely on imported raw materials yet provides no assurance that the 'protected' sectors will become more competitive in the long term. In this scenario, tariffs served as a disincentive to efficiency, investment, and innovation.

3. National Security: Exaggerated Justification

From a strategic standpoint, the protection of pivotal sectors such as cyber defence, communications, and semiconductors may prove imperative (Gereffi et al., 2021). Bacchus (2022) expounds on the notion that national security constitutes an exception, even within the ambit of WTO rules. However, the Trump administration has utilised this argument in a broad range of contexts, including in relation to washing machines and solar panels, thereby diminishing its technical value and transforming it into a political instrument (Antràz et al., 2024; Fetzer & Schwarz, 2021).

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This approach risks damaging relations with key allies like Canada and the European Union and increases uncertainty in global supply chains (Grossman et al., 2024; Charoewong et al., 2023; Baldwin & Freeman, 2022). Santacreu (2025) has highlighted that, in contrast to the intended objective of enhancing security, trade isolation has the potential to compromise access to critical technologies that have been developed through international collaboration. The most effective response to this challenge will be to encourage industrial partnerships with strategic allies and increase investment in innovation and technological education (Vivona et al., 2023; Ghosh et al., 2022; Gereffi et al., 2021; Wu & Liu, 2021).

4. Environmental and Social Impacts: Ineffective and Incomplete Approaches

The use of tariffs to discourage harmful environmental or social practices has gained growing support in academic literature (Amarna et al., 2024; Ramani et al., 2024; Zhong & Pei, 2024; Bellora & Fontagné, 2023; Wang et al., 2023; Ding et al., 2021; Khan et al., 2021). Environmental tariffs (for example, those advocated by the EU in the 'Carbon Border Adjustment Mechanism') seek to correct competitive distortions caused by countries with weaker environmental regulations (Baccheta et al., 2025; Hamzah et al., 2025; Cheng et al., 2024; Felbermayr et al., 2024). However, for such measures to be efficacious, they must be incorporated into a comprehensive, coordinated environmental policy.

In the US, the attempt to apply tariffs in isolation, without reinforcing domestic energy transition policies or investments in the green economy, fails to address the root causes of the problem (Li et al., 2022). As Weigant et al. (2024) observe, the Trump administration has opted to withdraw the United States from international agreements such as the Paris Agreement (von Allwörden, 2025; Gong et al., 2024), rather than leading multilateral efforts to establish sustainable global standards. Cherif and Hasanov (2024) posit that in the absence of international commitment, environmental tariffs risk becoming a mere protectionist instrument.

5. Trade War: A Counterproductive Strategy

As demonstrated in the preceding analysis, the trade war between the United States and China during the Trump administration presented a significant challenge to the efficacy of tariff policy as a tool of economic pressure. Contrary to the expectation of structural changes in Chinese behaviour being induced by the tariffs, a spiral of retaliation was provoked (Contractor, 2025). A plethora of studies have reported that the consequence of this policy has been elevated prices for raw materials, the disruption of production chains and heightened consumer prices (Antràs et al., 2024; Grossman et al., 2024; Gereffi et al., 2021). Sectors such as agriculture and technology have been particularly affected. A precipitous decline in American farmers' exports to China prompted the government to implement emergency subsidies (Autor et al., 2024; Choi & Lim, 2023; Yu et al., 2023; Grant et al., 2021). According to Gereffi et al. (2021), companies depending on Chinese components had to adapt operations, absorbing losses or increasing consumer prices. As demonstrated in the extant literature, trade diplomacy and multilateral agreements, despite their potential slowness and complexity, persist in their role as the most

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efficacious method of dispute resolution without compromising economic stability (do Prado, 2025; Woods, 2023).

The second table provides a systematised overview of the principal contemporary studies on tariffs. These studies have been grouped according to their respective topics, with a view to highlighting the most relevant conclusions. This synthesis underscores the prevailing consensus and the concomitant controversy surrounding the efficacy of this instrument in open economies.

Table 2. Main Studies on Tariffs by Theme

Justifications	Authors	Principal Conclusions
Protection of infant industries	Brander (1986), Naseemullah (2023)	Only justifiable in developing economies.
National security	Bacchus (2022), Gereffi et al. (2021)	Valid, but often misapplied.
Environmental protection	Bellora & Fontagné (2023), Felbermayr et al. (2024)	It requires multilateral coordination, not isolated use.
Commercial retaliation	Autor et al. (2024), Grossman et al. (2024)	It generated negative effects and bilateral retaliation.
Supply Chains	Charoenwong et al. (2023), Baldwin & Freeman (2022)	Tariffs destabilise global networks and affect innovation.

Source: Author owns work

6. Conclusions

Tariffs, despite their potential in exceptional circumstances, are unlikely to play a significant role in the context of an advanced economy such as the US, due to their inherent limitations. The tariff policy implemented by the Trump administration, characterised by its extensive scope, unilateral implementation, and apparent absence of a coherent strategic framework, is indicative of these limitations. Instead of relying on protectionist measures that distort markets and harm trade relations, it is recommended that the US focus on policies that promote innovation, competitiveness and international cooperation.

A more effective approach to strengthening the US economy involves investing in education, infrastructure, research and development, as well as promoting a multilateral trading system based on clear and transparent rules. Adopting this approach would allow the US to consolidate its position as the leading global economic and technological power, without resorting to protectionist measures that could potentially have adverse consequences for all.
Figure 1 presents a flowchart that summarises the main arguments explored in this article, from the stated objectives of US tariff policy to its consequences and strategic reflections.

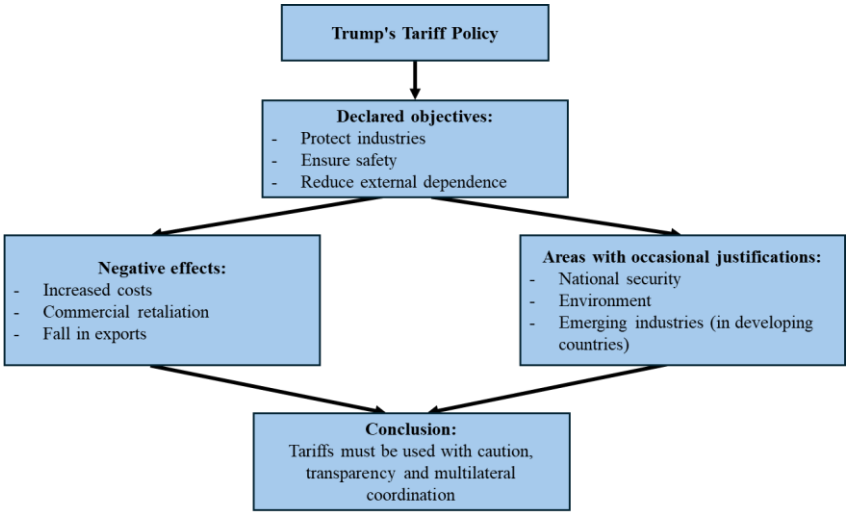

Figure 1. The article's core arguments
Source: Author owns work

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