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U.S. Tariffs Reach Historic Levels Following Expiry of Trump-Era Pause

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U.S. tariff rates have surged to levels not seen in nearly 100 years, following the expiration of a 90-day suspension on punitive levies initiated during the Trump administration. The average tariff rate applied to imports now stands at 18 percent, according to the Yale Budget Lab. This marks a clear shift away from decades of trade liberalization and signals a return to more protectionist trade strategies.

Tariffs, formally defined as customs taxes imposed on foreign goods entering a country, are designed to serve multiple purposes. These include shielding domestic industries from overseas competition, raising government revenue, and promoting local manufacturing. In practice, the cost is typically borne by the importer, and in many cases, passed down to consumers.

Historically, the United States has used tariffs as a central economic policy tool. From the early 19th century through the mid-20th century, tariffs were a primary source of federal revenue before the establishment of the income tax. While trade barriers declined significantly after World War II, especially through agreements facilitated by institutions like the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO), the trend has reversed in recent years.

Under President Donald Trump, the U.S. implemented a broad range of tariffs targeting over 120 countries, affecting products from steel to consumer electronics. These measures were justified on national security grounds, trade imbalance concerns, and the need to counter what the administration described as unfair trade practices, particularly by China.

Although the Biden administration has maintained several of these tariffs, it has paused enforcement on certain levies. That temporary relief ended recently, prompting the sharp increase in the effective tariff rate. This decision underscores ongoing bipartisan skepticism in Washington toward globalized trade models that are viewed as having disadvantaged American workers and industries.

While tariffs can offer short-term relief to certain sectors, most economists contend they also introduce market inefficiencies. According to the consensus view, trade barriers tend to raise prices for consumers, hinder innovation, and slow economic growth by limiting competition. Proponents, however, argue that strategic use of tariffs can incentivize domestic production and reduce dependence on foreign supply chains, an argument that has gained traction amid rising geopolitical tensions and supply disruptions.

The U.S. now finds itself at a pivotal point, as policymakers weigh the costs and benefits of a more protectionist stance. With tariffs at their highest since the Great Depression era, future trade decisions will likely continue to spark debate across economic and political circles.