Tariff, Tactic & Trade: The Political & Economic Consequences of Trump's Trade Policy on Allies & Texas

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About Alyce

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TARIFF, TACTIC & TRADE

The Political & Economic Consequences of Trump's Trade Policy on Allies & Texas

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PROLOGUE

I had the privilege of interning in the United States Congress during the 2025 American winter, working in the office of Representative Lloyd Doggett who represents Texas' 37th Congressional District (TX-37). The district includes much of Austin, a city at the heart of debates around trade, affordability and inequality. In the office, my work involved assisting with constituent communications, attending briefings and conducting policy research. The experience offered a firsthand view into the inner workings of Congress, deepening my understanding of how local interests intersect with national policy decisions.

The personal interest in tariffs arose during the first week of my internship in Rep. Doggett's office, when a Legislative Assistant tasked me with researching the effects of a 25% tariff on grocery imports from Canada and Mexico on Texas supermarkets. The office was concerned about the likely imposition of tariffs following the inauguration of President Donald J. Trump. These concerns stemmed from constituents and business owners worried about the long-term impacts of the incoming administration's proposed trade policy.

As a member of the House Ways and Means Committee, including the Trade Subcommittee, Rep. Doggett has long prioritised issues surrounding tariffs and trade. These matters are increasingly relevant to TX-37, where businesses in Austin heavily depend on imports from Mexico, such as groceries, car parts and technology components. The tariff policies imposed by the executive branch directly affect the cost of living for constituents and competitiveness of local businesses. Rep. Doggett has been a consistent and vocal critic of Trump's trade policy, describing him as "a one-man crusade for a recession" and warning that "Americans will face ever-rising prices" under such policies *(U.S. Representative Lloyd Doggett, 2025: Forbes Breaking News, 2025).* He has repeatedly emphasised that President Trump's approach to trade has and will continue to result in "higher prices, less employment and less business investment" *(U.S. Representative Lloyd Doggett, 2025).* These impacts are not isolated – they affect U.S. allies as well, including those with whom America has a trade surplus, such as the United Kingdom and Australia *(Forbes Breaking News, 2025).*

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INTRODUCTION

On February 1, 2025, the 49th President of the United States, Donald J. Trump, signed two Executive Order's to impose tariffs on imports from Mexico and Canada, starting February 4, 2025 *(The White House, 2025).* In an official statement, the Trump Administration claimed the tariffs were in response to "an emergency situation", citing undocumented immigration and drug trafficking were harming Americans and such a situation "constitutes a national emergency under the International Emergency Economic Powers Act" *(The White House, 2025).*

Traditionally used as protectionist tools or bargaining leverage, tariffs have re-emerged as central instruments in Trump's "America First" agenda, diverging from decades of U.S. engagement in multilateral frameworks. This shift challenges the foundations of the international rules-based order, signalling a return to transactional diplomacy. The decision to impose tariffs marked the beginning of a second-term trade strategy defined by unilateralism, unpredictability and sweeping economic consequences.

This paper argues that Trump's second-term tariff policy has produced significant political and economic consequences for both United States allies and domestic actors, particularly for the state of Texas. Applying international relations theories of realism and liberalism, the analysis explores how U.S. allies have interpreted and responded to the tariffs. Domestically, in Texas, a state that shares a 1,200-mile border with Mexico and depends heavily on cross-border trade, local leaders, businesses, and communities are confronting the immediate fallout of a volatile trade agenda marked by economic instability and constitutional overreach.

This paper answers the research question: *How have United States allies responded to Trump's tariffs and what are the political consequences and trade implications of the tariffs for Texas trade relations?* Ultimately, this paper contends Trump's tariffs have strained diplomatic relationships with allies, disrupted established trade flows and undermined both global institutional norms and local economic stability within the U.S.

THE ROLE OF TARIFFS IN THE UNITED STATES

A tariff is a tax levied on imported goods and services by a national government *(Casey, 2025)*. Tariffs are intended to raise the price of imported goods, thereby making domestic alternatives more competitive *(Casey, 2025)*. In practice, the cost of tariffs is typically passed on to consumers and businesses through higher prices *(Casey, 2025)*. Tariffs may protect some domestic industries in the short-term but can also lead to inflation, supply chain disruptions and retaliation from trading partners *(Casey, 2025)*. Because of this, tariffs remain one of the most visible and controversial tools of trade policy.

Constitutional Authority & the Role of Congress

The United States (U.S.) Constitution is clear: "The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises" (Article I, Section 8), placing tariff authority within the legislative branch *(United States Senate, n.d.)*. The President has no independent authority to set tariffs, except as authorised by Congress *(Bomboy, 2025)*.

Prior to the introduction of federal income tax in 1913, tariffs were the primary source of U.S. federal revenue *(Ronald Reagan: Presidential Library and Museum, n.d.)*. Throughout the 19th century, tariffs functioned as tools of economic policy to protect domestic industries, although they tended to create winners, losers and unintended consequences *(Irwin, 2017)*. Following the Civil War, high protective tariffs became central to Republican economic policy and persisted into the early 20th century *(Irwin, 2017)*. A turning point came during the Great Depression era, with the Smoot-Hawley Tariff Act of 1930, which raised tariffs on approximately 900 goods in an attempt to preserve U.S. jobs *(Irwin, 2017)*. However, the policy backfired, provoking international retaliation and contributed to the collapse of global trade. This damaged Congress' credibility in tariff-setting *(Manak & Kopans-Johnson, 2025)*.

Reflecting their weaker position and the lessons learned from the Great Depression, Congress passed the Reciprocal Trade Agreements Act (RTAA) in 1934, delegating authority to the President to negotiate bilateral tariff reductions *(Manak & Kopans-Johnson, 2025).*

The RTAA marked a foundational move in U.S. trade policy, shifting from protectionism controlled by Congress to negotiated reciprocity led by the executive *(Irwin, 2017).* Under President Roosevelt and Secretary of State Hull in the 1930s, trade liberalisation became both an economic and foreign policy tool *(Irwin, 2017).* They set the stage for U.S. leadership in building the postwar liberal international world-order *(Irwin, 2017).*

From 1947 onward, the U.S. led efforts to reduce tariffs globally through the General Agreement on Tariffs and Trade (GATT) and later establishment of the World Trade Organization (WTO) in 1995 *(Manak & Kopans-Johnson, 2025).* As part of this effort, Congress continued to delegate increasing trade authority to the executive branch *(Manak & Kopans-Johnson, 2025).* Two pivotal laws facilitated the shift:

- Trade Expansion Act of 1962: authorised the President to cut tariffs to promote global trade *(Manak & Kopans-Johnson, 2025).*
- Trade Act of 1974: created fast-track authority (now known as the Trade Promotion Authority) to expedite trade agreements *(Manak & Kopans-Johnson, 2025).*

As a result of the GATT and WTO, coupled with the Trade Expansion Act and Trade Act, global tariff rates declined between 1947 and the early 2000s, with U.S. exports surging *(Casey, 2025).* By the 2010s, about 70% of U.S. imports entered duty-free *(Casey, 2025).* Nevertheless, tariffs were not abandoned entirely in the U.S. President Nixon placed tariffs on all Japanese imports in 1971 and President Reagan restricted imports of Japanese automobiles and semiconductors in the late 1980s *(Lutz, 2023; Meinderts, 2019, pp.746-758).* In 2002, President George W. Bush enacted steel tariffs, which were later overturned by the WTO *(Llano et al., 2019, pp.525-548).* These examples illustrate that executive authority over trade policy has remained expansive and subject to few checks, particularly when framed in terms of national security or economic urgency *(Manak & Kopans-Johnson, 2025).*

Despite holding constitutional authority over tariffs, Congress has grown increasingly dependent on the executive branch for trade policy decisions over the past 80 years *(Casey, 2025).* Legislative attempts to reclaim this power such as through the Bicameral Congressional Trade Authority Act, have failed, leading to large executive control over tariff setting *(Casey, 2025).*

Legal Framework for Presidential Tariff Power

Congress has passed numerous laws granting the President discretionary power to impose tariffs in specific circumstances, often in ways that blur the line between emergency action and long-term policy shifts *(Bomboy, 2025).* Although some statues require agency investigations, the final decision is ultimately left to presidential discretion *(Bomboy, 2025).*

- Section 338 of the Tariff Act (1930): authorises retaliatory tariffs against countries discriminating against U.S.
- Section 232 of the Trade Expansion Act (1962): allows tariffs if imports are deemed a threat to national security.
- Section 122 of the Trade Act (1974): allows short-term tariffs to correct balance of payment issues.
- Section 201 of the Trade Act (1974): permits temporary tariffs to protect industries from sudden import surges.
- Section 301 of the Trade Act (1974): enables action against unfair foreign trading practices.
- The International Emergency Economic Powers Act (IEEPA, 2017): permits broad presidential authority during national emergencies *(Bomboy, 2025).*

The Trump Administration has tested the limits of these acts in unprecedented ways *(Manak & Kopans-Johnson, 2025).* In 2017, the Administration invoked Section 232 to investigate steel, aluminium, automobiles, uranium, titanium sponge and other imports, with the Department of Commerce finding national security threats in six of eight cases subsequently leading to the imposition of tariffs on nations *(Manak & Kopans-Johnson, 2025).* Furthermore, Section 301 was applied to sanction Chinese-made products, with tariffs imposed on $250b of Chinese goods, citing unfair trading practices *(Kaniecki et al., 2025).* In the second Trump Administration, IEEPA, Section 232 and Section 301 have all been enacted, citing immigration, economic and national security concerns *(Ways and Means Committee Trade*

Staff, 2025). Trump is the first U.S. President in history to invoke the IEEPA to justify across-the-board tariffs, including baseline global tariffs of 10%, as well as 25-135% tariffs on specific countries such as Mexico, Canada and China *(Ways and Means Committee Trade Staff, 2025).*

America First Trade Policy & "Liberation Day"

The *America First Trade Policy* (AFTP) was announced on January 20, 2025, mere hours following Trump's inauguration *(The White House, 2025).* Grounded in unilateralism, economic nationalism and the rejection of multilateral trade norms, the AFTP outlines the current administration's comprehensive vision for the future of U.S. economic policy *(The White House, 2025).* In the document, Trump claims his trade policy ""promotes investment and productivity...defends our economic and national security, and – above all – benefits American workers, manufacturers, farmers, ranchers, entrepreneurs and businesses" *(The White House, 2025).* Framed as a rejection of globalism, the policy has signalled a bold shift in U.S. economic posture, where tariffs are centre stage *(Ciuriak, 2025).*

Trump presents tariffs as the cornerstone of his "Make America Great Again" agenda: an all-purpose tool to revive American manufacturing, punish foreign nations, balance trade, reduce taxes and fund government *(Choi et al., 2025).* Repeatedly asserting that "a tariff is a tax on a foreign country", this framing is widely rejected by economists *(Peron, 2025; Yoeli, 2025).* In reality, tariffs are taxes on imports, paid by U.S. companies and passed on to consumers through higher prices *(Peron, 2025).* Despite this, Trump's rhetoric treats tariffs not as a burden, but as a patriotic instrument of economic correction *(Peron, 2025).*

Trump's second-term tariffs have targeted long-standing allies, including Mexico and Canada, posing serious threats to North American trade (let alone the world) *(Rose, 2025).* Trump utilises tariffs to not only address trade deficits but also pressure neighbouring countries into action on non-economic issues such as immigration and fentanyl *(Goldman, 2025).* "If you make products in America, you pay no tariffs," Trump reiterates to companies, pitching domestic production as a patriotic act *(Goldman, 2025).* This appeal aims to serve a dual purpose: reviving U.S. industries whilst reducing reliance on foreign supply chains *(Goldman, 2025).* Long-term, Trump has floated the idea of using tariff revenue to replace income taxes and pay down the national debt *(Choi et al., 2025).* At the core of his strategy is the idea that tariffs restore fairness to global trade, as he claims that the U.S. has been "ripped off for decades by nearly every country on Earth", arguing it's time for them to fight back *(Goldman, 2025).*

Contrary to Trump's claims that the U.S. has been consistently "ripped off" by free trade, the historical evidence suggests the U.S. has been one of the principal beneficiaries of the liberal international trading order *(Viala-Gaudefroy, 2025; Wolff, 2024).* Since the establishment of the GATT and WTO, U.S. corporations have gained unprecedented access to foreign markets, benefitting financially in sectors like pharmaceuticals, aerospace, entertainment and finance *(Wolff, 2024).* Economist Douglas Irwin has noted trade liberalization contributed significantly to U.S. prosperity and productivity growth, similar to WTO Appellate Body member Jennifer Hillman who observes that the U.S. wrote much of the rulebook that others agreed to follow *(Irwin, 2017; Hillman, 2018).* Open markets under multilateral rules have underpinned decades of U.S. economic strength, amplifying benefits for American exporters and investors.

The most significant shift in Trump's foreign trade approach came on April 2, 2025, a day branded as "Liberation Day" by the Administration *(Harithas et al., 2025).* In a nationally televised address, Trump announced blanket tariffs on all imported goods, declaring an end to "the policy of unilateral economic surrender" *(The White House, 2025).* Liberation Day marked a definitive pivot: tariffs were no longer presented as strategic bargaining chips, but as a permanent U.S. trade policy, at least for the duration of Trump's second-term *(Harithas et al., 2025).* More than a branding exercise, Liberation Day redefined how domestic and international actors interpreted Trump's trade strategy *(Elms, 2025).* Earlier tariffs, such as those imposed in his first term, were widely viewed as concessions tied to "national security threats" *(Manak & Kopans-Johnson, 2025).* At that time and even during the first few weeks of his second-term, there was still an underlying assumption that diplomacy could prevail: if allies changed their behaviour, the tariffs might be lifted *(Manak & Kopans-Johnson, 2025).* Liberation Day shattered that assumption. By imposing tariffs universally and without conditions, Trump signalled that he was no longer interested in negotiation or reciprocity *(Elms, 2025).* Tariffs were no longer a tool to achieve broader policy goals; they had become the goal itself.

TRUMP’S MINDSET: A THEORETICAL VIEW

It is difficult to understand what Trump himself often intends, as his rhetoric regularly contradicts his actions. His foreign economic policy has reignited long-standing debates between the two dominant and competing theories of international relations: realism and liberalism. Realism emphasises power politics, state self-interest and coercion, while liberalism champions cooperation, interdependence and a rules-based international order *(Cohen, 2025).* These two theories offer contrasting views on (1) the use of tariffs as an instrument for trade policy and (2) Trump’s use of tariffs.

A realist interpretation views tariffs as tools in a game; used either as long-term measures to protect domestic industries and counter geopolitical rivals, or as short-term tactical bargaining to extract concessions *(Cohen, 2025).* Rooted in the idea of an anarchic world order, realist theorists argue states pursue survival and influence to consolidate autonomy and power *(Mearsheimer, 2014, pp.363-365; Jones, 2025).* In contrast, for liberal theorists’ tariffs undermine cooperative norms and institutional frameworks underpinning the international rules-based order *(Synder, 2024, pp.79-95).* Tariffs, especially when imposed outside multilateral frameworks weaken trust, bypass dispute mechanisms and erode institutional credibility *(Synder, 2024, pp.79-95).* In this view, tariffs are not tools of strategy, but symptoms of systematic backsliding *(Meng et al., 2025).* For liberalists tariffs represent a large threat to the post-war economic consensus which was built on open markets that they spent decades building *(Ramirez, 2025, pp.1-29).* Tariffs, especially when imposed on allies without consultation, are viewed not as rational tools of statecraft, but as violations of the cooperative norms liberalism seeks to preserve *(Synder, 2024, pp.79-95).*

The debate intensifies when interpreting Trump’s use of tariffs. Generally, realists accept Trump’ use of tariffs to tactically achieve broader strategic aims, such as first-term tariff threats against China tied to increasing currency value and the second-term measures tied to ending North American imports of fentanyl *(Synder, 2024, pp.79-95).* From a realist view, these actions were seen as part of a transactional logic: deployed, adjusted or removed based on outcomes *(Jones, 2025).* Trump's tariffs are not deviations, but instead strategic intent, signalling resolve, imposition of costs on importers and reinforcement of sovereignty over borders *(Kirshner, 2025).* Realists interpret Trump's tariffs as coercive leverage, designed to realign trade, limit foreign influence and pressure states into concessions *(Kirshner, 2025).*

Meanwhile, liberal scholars are deeply critical, particularly following Liberation Day. Liberalists believe Trump's tariff policies defy multilateral norms, misuse trade instruments for non-trade objectives and punish allies without due process *(Friedman Lissner & Hooper, 2018, pp.7-25).* In this light, if Trump's tariffs represent a serious ideological shift, they constitute a systemic threat to the global liberal order *(Friedman Lissner & Hooper, 2018, pp.7-25).*

A third interpretation of "Trump being Trump" defies both traditional international relations theory *(Tarish et al., 2022).* Rather than operating as strictly realism or strictly liberalism, some scholars argue Trump operates as a hybrid phenomenon; part media-driven performance, part long-held ideology and part tactical negotiation, making him a unique and disruptive force reshaping global politics *(Turner & Kaarbo, 2021, pp.452-471).* An ambitious, dominant, outgoing and dauntless figure, "he is a nationalist and an imperialist, a disruptor and a stabiliser, an anti-establishment figure" who defies institutional organisations, mobilising popular support and reshapes alliances through instinct and improvisation *(Immelman, 2017, p.28; Ngcaweni & BenShams, 2025).* In doing so, Trump continues to utilise trade policy to reshape relationships and attempt to establish American dominance, turning trade into a weapon of global influence *(King, 2025).*

Trump's approach to tariffs produces a particularly unstable international situation. Businesses and allies may adjust to serious, long-term tariff policies, which enable strategic adjustments and long-term planning. However, long-term planning is practically impossible when tariffs fluctuate according to the whims of an unpredictable actor who is influenced by ego and impulse *(Forbes Breaking News, 2025).* In this way, the biggest danger is ambiguity. Businesses, industries and countries are left to struggle with uncertainty, which makes it harder for even the closest allies to predict, adjust, or react appropriately.

UNITED STATES ALLIES RESPONSE TO TARIFFS

The imposition of tariffs by the second Trump administration on long-standing U.S. allies has provoked a range of responses, from public retaliation to quiet diplomatic conversations *(Gijs, 2025).* Policymakers and allied governments, accustomed to a liberal U.S. trade policy, were generally caught off guard by the undermining of decades of economic cooperation *(Gijs, 2025).*

This section focuses specifically on the United States' two neighbouring allies, Canada and Mexico - countries that share land borders and deeply integrated economic relationships with the U.S. Their geographic proximity and participation in formal North American trade agreements make them uniquely vulnerable to abrupt tariff decisions. Examining Canada and Mexico responses highlights how even the closest economic partners are not immune to Trump's coercive approach.

When, on November 25th, 2024, then President-elect Trump announced his plans to impose 25% tariffs on all Canadian and Mexican imports starting on February 1, 2025, unless both countries took steps to curb fentanyl trafficking and illegal border crossings, Canada and Mexico were sent reeling *(Gijs, 2025).* Creating a free trade zone in North America had been the major regional policy project of the last three decades, and according to most analysts, has been remarkably successful *(Chatzky et al., 2020).*

In 1994, the North American Free Trade Agreement (NAFTA) came into force, eliminating the majority of tariffs on products traded within the continent *(Chatzky et al., 2020).* NAFTA placed an increased focus on products in the industries of agriculture, textiles and automobile manufacturing, with the broader aim of fostering economic development in Mexico and reducing incentives for illegal immigration by Mexicans into the U.S. and Canada, who were seeking job creation and wage growth *(Chatzky et al., 2020).* Trade increased sharply over the next two decades, increasing from $290 billion to $1.1 trillion *(Villarreal & Ferguson, 2017).* In 2024, total goods traded between the U.S. and its two North American neighbours reached an estimated $1.6 trillion, a figure far more than any other trading partners combined *(Office of the United States Trade Representative, 2025).* These figures not only reflect the geographic proximity of the nations, but the decades of a long-standing commitment to open trade.

When the 2016 Presidential Election campaign rolled around, then candidate Trump accused NAFTA of causing job losses in the U.S. and once elected, he used tariffs on steel and aluminium as leverage for a "fairer" trade deal *(Chatzky et al., 2020).* By July 1, 2020, a new United States-Mexico-Canada Agreement (USMCA) was signed and entered into force, with all three governments declaring the agreement as a mutually beneficial win for North Americans, aiming to support high-paying jobs and promote free and fair reciprocal trade *(Office of the United States Trade Representative).*

On February 1, 2025, Trump signed Executive Orders 14193 and 14194, declaring a national emergency under the International Emergency Economic Powers Act *(The White House, 2025).* He claimed a surge in fentanyl production and trafficking networks operating in Canada and Mexico as the reason for invoking IEEPA, accusing both countries of enabling flow of deadly drugs into the U.S. *(The White House, 2025).* Furthermore, Trump blamed the Mexican government for supporting illegal immigration, framing the crisis as a national security issue *(The White House, 2025).*

With a blanket 25% tariff on all goods from Canada and Mexico, products and industries previously protected under the USMCA were no longer, amounting to a breach of the agreement *(Viala-Gaudefroy, 2025).* What had appeared to be a stabilised North American trade environment instead signalled that even formal agreements can be subordinated to Trump's transactional approach *(Viala-Gaudefroy, 2025).* His appeal to the American people reframed trade as a form of national humiliation, claiming the country had been "looted, pillaged, raped and plundered by nations near and far, both friend and foe alike", positioning tariffs as tools of liberation and economic revival *(Viala-Gaudefroy, 2025).*

As discussed below, Canada and Mexico's responses reveal both the immediate diplomatic and economic consequences, with their reactions highlighting the broader debate: was this a rupture in alliance politics or merely the cost of doing business with a transactional U.S. president?

Canada: Retaliation & Diplomatic Strain

In January 2025, following re-election, Trump blamed Canada for a "massive" influx of fentanyl into the U.S. causing death by overdose *(Smith-Schoenwalder, 2025).* This claim contradicted official data: the 2024 Fiscal Year figures showed that only 43lbs of fentanyl was seized at the Canadian border – a minor amount compared to that of the southern border with Mexico *(Smith-Schoenwalder, 2025; Dale, 2025).* Trump has repeatedly ignored government data which shows, on average, a 24% decline in overdose deaths since 2023 and less than 0.2% of fentanyl seized in the U.S. is at the Canadian border *(CDC, 2025; Dale, 2025).* Notwithstanding the phoniness of the claim, Trump continues to blame Canada for the "crisis", stating in an address to Congress in March that "Canada…have allowed fentanyl to come into our country at levels never seen before" *(Smith-Schoenwalder, 2025).* [redacted] believes that the fentanyl crisis explanation can be attributed to "misinformation coming out of the Republican camp in the U.S." [redacted] *personal communication, May 15, 2025).*

Canada has rejected the baseless claims and stood firm against Trump. Former Canadian Prime Minister Justin Trudeau publicly rejected Trump's claims about fentanyl, stating that "less than 1% of the fentanyl intercepted at the U.S. border comes from Canada", a claim that is supported by government data *(Isai, 2025).* Trudeau highlighted the $1.3b spent on security measures along the border and Canada's appointment of a "fentanyl czar" *(Yousif et al., 2025; Government of Canada, 2025).* Following his election in April 2025, Prime Minister Mark Carney took a firmer stance, rejecting Trump's intimation that Canada should become the "51st state" *(Islam & Race, 2025).* Carney emphasised the leverage Canadians hold over the U.S., as the largest foreign supplier of U.S. crude oil, the primary source of farming fertiliser and a vital energy provider, stating trade talks would only proceed "on our terms, not on their terms" *(Islam & Race, 2025).*

As shown in Table 1, Canada's policy response to the threat of tariffs was immediate, targeting U.S. goods with reciprocal tariffs and reinforcement of sovereignty in trade decisions *(Minsberg, 2025; Halpern-Shavim & Balkos, 2025).*

Table 1: U.S.-Canada Tariff Timeline

	U.S. Event	**Canada Event**
November 25, 2024	Trump announced plans for 25% tariffs on Canadian imports, unless fentanyl trafficking is curbed *(Burkhart & Hammond, 2025).*	
December 11, 2024		Retaliatory tariff plans are announced *(Burkhart & Hammond, 2025).*
February 1, 2025	Canadian goods imported into U.S. subject to 25% tariff and 10% tariff on energy; effective February 4 (*Burkhart & Hammond, 2025).*	Announcement of retaliatory tariffs on $30 billion of U.S. exports *(Minsberg, 2025).*
February 3, 2025	Tariffs are suspended for 30 days (*Burkhart & Hammond, 2025).*	"Fentanyl czar" appointed, retaliatory tariffs paused *(Minsberg, 2025).*
February 10, 2025	Tariffs on steel and aluminium are announced for March 12, both subject to 25% tariff *(Bown, 2025).*	
March 4, 2025	Tariffs come into force after previous suspension *(Burkhart & Hammond, 2025).*	Activates 25% retaliatory tariffs on some U.S. exports e.g. orange juice, wine, spirits, beer, coffee, cosmetics, peanut butter (Burkhart & Hammond, 2025).
March 7, 2025	USMCA-compliant trade exempt (e.g. originating in Canada) until April 2. Represents approx. 40% of Canadian exports *(Burkhart & Hammond, 2025).*	
March 10, 2025		Ontario announced 25% surcharge on electricity exported to Michigan, Minnesota and New York *(Minsberg, 2025).*
March 11, 2025		Ontario suspends electricity surcharge *(Minsberg, 2025).*

March 12, 2025	25% tariffs on steel and aluminium are effective *(Burkhart & Hammond, 2025).*	
March 13, 2025		Retaliation of 25% tariffs on U.S. exports of steel, aluminium *(Burkhart & Hammond, 2025).*
April 2, 2025	Statement issued clarifying USMCA compliant goods are exempt from tariffs, non-USMCA compliant goods have 25% tariff, 10% tariff on non-USMCA energy *(Thomson Reuters, 2025).*	
April 3, 2025	The 25% tariff on automobiles is effective (Burkhart & Hammond, 2025).	
April 9, 2025		Retaliatory 25% tariff on U.S. exported motor vehicles *(Burkhart & Hammond, 2025).*
May 3, 2025	Automobile parts subject to 25% tariff (Burkhart & Hammond, 2025), USMCA compliant auto parts are exempt *(Thomson Reuters, 2025).*	
June 3, 2025	Tariffs on steel and aluminium increased to 50%, effective June 4th *(Minsberg, 2025).*	

The tit-for-tat retaliation has unfolded over several months, escalating trade confrontation by both countries. The U.S. targeted Canadian goods with sweeping measures, including steel, aluminium, and automobile imports, while Canada has retaliated with billions in counter-tariffs and targeted electricity exports to some U.S. states *(Burkhart & Hammond, 2025; Minsberg, 2025).* This trade war has exposed the limits of institutional mechanisms like the USMCA, which proves incapable of halting the escalation *(Burkhart & Hammond, 2025; Minsberg, 2025).* Canada's refusal to acquiesce to U.S. pressure through the announcement of reciprocal tariffs on February 1, demonstrates Canada's view that the tariffs represent a longer-term policy shift - or at least at a minimum, a hostile posture likely to last the duration of Trump's second-term *(Burkhart & Hammond, 2025; Minsberg, 2025).*

The economic fallout of the escalation has been felt on both sides of the border. U.S. businesses, particularly in Northern Washington and Southern California, have reported declines in Canadian tourism, adversely affecting hospitality and retail sectors *(Smith-Schoenwalder, 2025).* Public resentment is increasing, as Canadian consumers reject U.S. goods: substituting Californian tomatoes with Italian tomatoes, Ohio-made pepperoni for domestic options and maple-sweetened Canadian sparkling water replacing Coca-Cola *(Smith-Schoenwalder, 2025).* The government hopes to send a clear message to the White House through these consumer shifts: tariffs hurt both sides. To reinforce this messaging, the Canadian government has launched a "Choose Canada" campaign, encouraging the public and businesses to increase demand for domestic goods in hopes to mitigate the economic pain *(Government of Canada, 2025).*

Canada has utilised the current trade crisis to not only retaliate against the U.S. but also advance their trade partnerships globally *(Mérand, 2025).* Carney has framed the trade war as an opportunity to deepen strategic alliances and reduce economic dependence on the U.S, a sentiment echoed by [redacted], who states that "Canada is seeking to strengthen their connections with Europe", as evidenced by an active pursuing of a new trade relationship with the United Kingdom *(Islam & Race, 2025;* [redacted] *personal communication, May 15, 2025).* An anonymous Capitol Hill staffer further reinforces this point asserting that as Carney noted, "Canada's reliance on the U.S. for trade is a strategic vulnerability" and it should look "across the Atlantic for other trading partners" [redacted] *personal communication, May 7, 2025).* These moves reflect a broader effort to build new supply chains and secure strategic autonomy amid global economic volatility.

Canada's response to Trump's second-term tariffs reflects a liberalist approach, grounded in institutional engagement, multilateralism and restraint. On May 23, Carney met with U.S. Vice President, JD Vance, to discuss the ongoing trade and border security issues, both stressing the need for constructive dialogue *(Prime Minister of Canada, 2025).* Trade talks began on June 16, at the G7 Summit, with Trump and Carney launching a 30-day countdown to negotiate a new cross-border agreement *(Lawder et al. 2025).* However, this restraint was tested on June 28, when Trump abruptly terminated trade negotiations with Carney, in response to a new Canadian digital services tax set to take effect July 1 *(Lawder et al. 2025).*

Trump responded with characteristic aggression. In a Truth Social post, he called the Canadian tax "a direct and blatant attack", labelling Canada "a very difficult country to TRADE with" and declared "ALL discussions on Trade with Canada" were terminated "effective immediately" *(Lawder et al. 2025).* Speaking later that day at the White House, Trump warned that talks would not resume "until they straighten out their act," boasting that the U.S. holds "such power over Canada" *(Lawder et al. 2025).* In reaction to Trump's announcement, Carney expressed Canada's commitment to continue the trade negotiations with the U.S., emphasising the importance of dialogue for the benefit of Canadian citizens *(Lawder et al. 2025).* Despite this rupture, Canada has continued to reflect a commitment to upholding diplomacy and the rules-based international order.

Mexico: Caution & Cooperation

Mexico's response to Trump's second-term tariffs reflects a realist move shaped by economic dependence and diplomatic pragmatism. Like Canada, Mexico has been subjected to abrupt and wide-ranging tariffs, justified by the Trump administration on grounds of cartel activity, fentanyl trafficking, immigration flows, and a trade deficit *(Council on Foreign Relations, 2025).* Among these justifications, only fentanyl trafficking has a direct evidentiary basis: approximately 98% of U.S.-bound fentanyl enters via the Mexican border *(Devlin & Ma, 2025).* The other claims of immigration and trade imbalances are politically charged. Tariffs are not an effective mechanism for addressing migration, which stems from complex socioeconomic factors, nor do they address structural trade imbalances linked to integrated supply chains under USMCA *(Council on Foreign Relations, 2025).*

In contrast to Canada's retaliatory stance, Mexico has opted for restraint and careful engagement. President Claudia Sheinbaum has repeatedly stated her administration would "prefer to avoid imposing reciprocal tariffs," emphasising reciprocal tariffs would lead to domestic price increases and economic pain in Mexico *(Cortes & Madry, 2025).* By refusing to escalate, Mexico has so far avoided the tit-for-tat trade war unfolding between the U.S. and Canada (see Table 2) *(Burkhart & Hammond, 2025; Minsberg, 2025).* With the U.S. as its largest trading partner, Mexico cannot afford a full-blown confrontation. Rather than invoking USMCA or mounting a public challenge, Sheinbaum has chosen a more cautious course - one that prioritises economic stability over political posturing *(Americas Quarterly, 2025).* This approach reflects a realist strategy: preserving national interest by acknowledging the power imbalance, avoiding provocation, and protecting Mexico's access to the U.S. market.

Table 2: U.S.-Mexico Tariff Timeline

	U.S. Event
November 25, 2024	Trump announced plans for 25% tariffs on Mexican imports, unless fentanyl trafficking and illegal immigration is curbed *(Burkhart & Hammond, 2025).*
February 1, 2025	Mexican goods imported into U.S. subject to 25% tariff; effective February 4 *(Burkhart & Hammond, 2025).*
February 3, 2025	Tariffs are suspended for 30 days *(Burkhart & Hammond, 2025).*
February 10, 2025	Tariffs on steel and aluminium are announced for March 12, both subject to 25% tariff *(Bown, 2025).*
March 4, 2025	Tariffs come into force after previous suspension *(Burkhart & Hammond, 2025).*
March 7, 2025	USMCA-compliant trade exempt (e.g. originating in Mexico) *(Burkhart & Hammond, 2025).*
March 12, 2025	25% tariffs on steel and aluminium are effective *(Burkhart & Hammond, 2025).*
April 2, 2025	Statement issued clarifying USMCA compliant goods are exempt from tariffs, non-USMCA compliant goods have 25% tariff *(Thomson Reuters, 2025).*
April 3, 2025	The 25% tariff on automobiles is effective *(Burkhart & Hammond, 2025).*
May 3, 2025	Automobile parts subject to 25% tariff *(Burkhart & Hammond, 2025),* USMCA compliant auto parts are exempt *(Thomson Reuters, 2025).*
June 3, 2025	Tariffs on steel and aluminium increased to 50%, effective June 4th *(Minsberg, 2025).*

Table 3: Trump's Justification for Mexico tariffs

Justification	Trump's Framing	Reality / Interpretation
Migration	Mexico is "flooding" the U.S. with illegal immigrants *(The Marshall Project, 2024).*	Mexico has deployed 28,000 troops to its northern border and curtailed migrant flows significantly *(Abi-Habib & Wagner, 2025).*
Cartels and drug trafficking	Cartels are smuggling fentanyl and other drugs unchecked *(Payan, 2025).*	Mexico has intensified arrests, seized labs and extradited 29 top cartel figures *(Devlin & Ma, 2025).*
Trade imbalance	Mexico "takes advantage" of the U.S. with a large surplus *(Bembenek, 2025).*	The imbalance reflects structural economic differences (population, demand) *(Bembenek, 2025).*

Illustrated by Table 3, the Sheinbaum administration's non-retaliation represents *a realist calculation*. Through the acknowledgement of the reliant economic relationship, Mexico has opted for cooperation over confrontation, seeking to preserve access to U.S. markets without appearing weak to the U.S. Administration *(Rubio-Márquez, 2025).* Actions such as deploying 28,000 National Guard troops to the northern border, intensifying anti-cartel operations, extraditing 29 cartel leaders, and seizing record amounts of fentanyl reflect cooperation are designed to deflect criticism while safeguarding economic interests *(Abi-Habib & Wagner, 2025; Devlin & Ma, 2025; The White House, 2025).*

Mexico's restrained response, thus far, has prevented further escalation from either side, avoiding the economic disruptions experienced by Canada. Their restraint is also shaped by Mexico's position as a developing country with significantly lower GDP and GDP/capita than Canada *(The World Bank, 2024).* This economic asymmetry reduces Mexico's ability to impose retaliatory measures, without risking domestic economic disruption *(The World Bank, 2024).* However, Mexico's position of restraint also carries significant risks. Continued dependence on the U.S. market leaves Mexico vulnerable to sustained economic pressure if tariffs persist beyond short-term negotiations *(Rubio-Márquez, 2025).* The lack of trade diversification could limit Mexico's strategic autonomy, exposing it to prolonged vulnerabilities *(Williams, 2025).* Pursuing alternative markets, as Canada is attempting, may be necessary to reduce this dependence over time *(Williams, 2025).*

North American Allies Under Pressure

As evidenced above, Canada and Mexico's responses to Trump's second-term tariffs have diverged sharply, each shaped by economic reliance and institutional confidence. With both countries long-standing U.S. allies, who are deeply embedded in North American trade, their individual reactions expose underlying asymmetries and differing logics of foreign policy.

Canada, a state with strong institutional confidence and less direct economic reliance on the U.S. compared to Mexico, has responded through a predominately liberalist framework. The Government has prioritised the defence of multilateral trade norms, retaliating with reciprocal tariffs and coordinating responses with global partners. Canada's strategy seeks to reinforce the integrity of the liberalist rules-based order while signalling resilience and disapproval of U.S. unilateralism. Most crucially, Canada interprets Trump's tariffs as a structural shift in U.S. trade policy. In contrast, Mexico has been forced to adopt a realist strategy rooted in economic pragmatism and power asymmetry. Structurally more dependent on U.S. markets and constrained by economic and political limitations, Mexico has chosen restraint over retaliation. Their strategy aims to protect critical bilateral relations, reflecting a realist position.

The contrasting approaches not only reflect different foreign policy traditions but also underscore the unequal trading power dynamics in North America. Both strategies share a common recognition of strategic uncertainty as a result of Trump's unilateralism. The tariffs have forced both allies - despite deep historical, economic, and geographic ties - to reassess their engagement with an increasingly unpredictable U.S. partner.

Whether Mexico's pragmatic restraint or Canada's institutional defence proves more sustainable remains to be seen. What is clear, however, is that Trump's tariffs have placed both North American allies under strategic strain, forcing recalibrations of long-standing trade and diplomatic ties.

Given Canada and Mexico's responses, coupled with their concerns over trade and economic uncertainty, a key question arises: how are Trump's tariffs being received economically and politically within the U.S? The great state of Texas offers a highly valuable case study, due to deep economic ties with Mexico, reliance on cross-border trade and political prominence. Analysing how Trump's tariff policies have played out in Texas provides insight into the domestic impacts and consequences of his international trade strategy.

TEXAS TRADE & ECONOMIC IMPLICATIONS

Texas stands at the epicentre of U.S.–Mexico trade, making it uniquely vulnerable to the economic fallout of Trump's second-term tariffs. For now, Mexico's diplomatic restraint has shielded Texas from retaliatory measures, but this line is thin *(Morgenstern, 2025).* Should Mexico abandon its current strategy and adopt retaliatory tariffs, Texas would almost certainly bear the brunt of the economic fallout.

As the top U.S. exporting state for 23 consecutive years, the second top importing state and the leading recipient of foreign direct investment (FDI), Texas stands at the heart of America's global trade *(Texas Economic Development & Tourism Office, n.d.).* The geographical location, extensive transportation infrastructure, deep economic integration and a shared 1,200-mile border with Mexico make tariffs particularly disruptive to the Texas economy *(Texas Economic Development & Tourism Office, n.d.).* In 2023 alone, Texas-Mexico trade exceeded $270 billion, accounting for roughly 66% of all U.S.-Mexico trade, reflecting the state's unique economic interdependence with their southern neighbour *(Texas Economic Development & Tourism Office, n.d.; Texas Department of Transportation, 2025).* Critics argue that Texas is "in a unique position that likely means the state will feel more pain than most" from Trump's harsh trade policies, given its large, high-need population and deep economic reliance on cross-border commerce *(Bickerton, 2025).*

Cross-border investment deepens Texas' vulnerability. Over the past decade, Mexican companies have invested $2.9 billion across 38 projects in Texas, creating more than 5,400 jobs, with Texan firms investing $13.7 billion in Mexico during the same period, supporting over 31,800 jobs abroad *(Texas Economic Development & Tourism Office, n.d.).* Of the 37,300 Texas exporters, 92% are small businesses, many of which lack the capital buffers to resist rising costs *(Texas Economic Development & Tourism Office, n.d.).* Texas is not just another state impacted by Trump's tariff policies; it is the state bearing the sharpest economic and social consequences of any disruption along the U.S.–Mexico border.

Economic Fallout

As the world's 8th largest economy, Texas is highly vulnerable to cross-border trade disruptions *(Texas Economic Development & Tourism Office, n.d.).* The Federal Reserve Bank of Dallas warn tariffs are poised to slow economic growth, depress consumption and trigger significant job losses across the state *(Assanie & Dixon, 2025).* The Perryman Group projects approximately 370,000 annual job losses and a GDP decline of $46 billion in Texas if tariffs persist *(Perryman, 2025).* According to Perryman, "Texas would by far be the state that's hardest hit by these tariffs", given the deep integration of supply chains with Mexico and other trade partners *(Vandergriff, 2025).*

Texas businesses are already feeling the impact. In March 2025, Texas businesses paid [redacted] in tariffs, a [redacted] increase from the year prior, despite import levels remaining relatively unchanged [redacted] *2025).* An estimated [redacted] of these costs stem from Trump's policies, equating to approximately $[redacted] million siphoned from Texas employers and consumers daily [redacted] *2025).* A survey by the Federal Reserve Bank of Dallas report that at least 70% of Texas firms expect tariffs to negatively affect their operations this year and 75% of firms reported they would pass on tariff-related costs to consumers within three months *(Assanie & Dixon, 2025).*

The Texas Association of Business (TAB) has emerged as a leading critic of Trump's trade agenda. [redacted], has repeatedly warned that tariffs threaten Texas' economic momentum by raising prices of fuel, groceries, automobiles and beer [redacted] *2025).* Although he acknowledges the need for secure borders, [redacted] argues these goals could be achieved without disrupting the foundations of North American trade [redacted] *2025).* Yet, as [redacted] noted, legislature Republicans have little room to publicly break with Trump, despite the clear risk tariffs pose to the state [redacted] *2025).*

Local officials have adopted a more direct tone. San Antonio Mayor Ron Nirenberg warned "one in five jobs in Texas depends on international trade", calling the tariffs "unprovoked" and economically reckless *(Allan, 2025).* Alongside Arlington Mayor Jim Ross, Nirenberg co-authored a letter urging intervention to protect the 10,000 auto manufacturing jobs tied to Mexican imports *(Allan, 2025).* Similarly, The Border Trade Alliance cautioned tariffs on "friends, neighbors and trading partners" would undercut inflation control, an implicit rebuke of Trump's claim that the tariffs would lower prices *(Border Trade Alliance, 2025).*

Democrat & Republican Political Divide

The Texas congressional delegation is sharply divided. Democrats condemn Trump's tariffs as harmful to working families and a betrayal of his economic promises. Rep. Jasmine Crockett accused Trump of using Americans as "negotiating tools", slamming his claim that tariffs wouldn't hurt consumers as "BLATANTLY FALSE" *(Crockett, 2025).* Rep. Greg Casar echoed this message, stating, "He said he would bring prices down. He lied," and framed the policy as one that enriches billionaires while working families pay more at the grocery store *(Congressman Greg Casar, 2025).* Rep. Lloyd Doggett labelled it a "one-man crusade for a recession," warning of "ever-rising prices" and policy driven by presidential whim [redacted] *2025).* Rep. Vicente Gonzalez criticised the tariffs as devastating for the Rio Grande Valley, warning the administration's approach "throws acid on international ties" and jeopardises efforts to stop illicit drugs *(Congressman Vicente Gonzalez, 2025).* Rep. Al Green *(2025, Protecting the American Dream)* also condemned Trump's obsession with tariffs, calling them a misguided application of *The Art of the Deal*.

Republicans, however, remain conflicted. While Sen. John Cornyn praised Trump's aggressive stance, others showed reservations *(Osborne, 2025).* Rep. Craig Goldman described the tariffs as fair trade, unfazed by the tariffs plunging the stock market *(McCardel, 2025).* Reps. Pat Fallon and Wesley Hunt echoed Trump's rhetoric, casting the tariffs as a step toward restoring "fairness" and "national strength" *(Bloomberg, 2025; Fox Business, 2025).* Yet, not all Republicans are in full agreement. Sen. Ted Cruz acknowledged the value of tariffs as leverage but warned of the inflationary risks of an extended trade war *(Leonard, 2025).* Rep. Michael McCaul expressed concerns about economic backlash, while Rep. Monica De La Cruz urged exemptions for agricultural products to protect Texas farmers and consumers from disproportionate harm *(Schwager, 2025; De La Cruz, 2025).* Although official Republican dissent remains muted, the fractures within the party are becoming increasingly visible.

Lone Star State Suffers from Broken Promises

A central theme to Trump's Presidential Campaign was a repeated promise to end inflation and reduce prices. On August 9, 2024, Trump proclaimed he would "bring down the prices of all goods" at a rally in Montana *(U.S. Representative Lloyd Doggett, 2025).* Just over a week later, he doubled down: "Starting the day I take the oath of office, I will rapidly drive prices down and we will make America affordable again" *(U.S. Representative Lloyd Doggett, 2025).* On November 4, he promised voters in Pittsburgh that "a vote for Trump means your groceries will be cheaper" *(U.S. Representative Lloyd Doggett, 2025).* That promise was a blatant lie. In reality, Trump's tariff agenda has undermined affordability across the country. Economists Clausing & Lovely estimate that tariffs on Mexico and Canada will cost the average U.S. household over $1,200/year *(Clausing & Lovely, 2025).* For lower and middle-income families, these rising prices force trade-offs: fewer groceries, delayed purchases and drained savings *(Tadesse, 2025).*

The economic promise of affordability has been replaced by a lived reality of economic pressure, a pressure acutely felt in Texas, where nearly half of agricultural produce depends on imports from Mexico *(Herrick, 2025).* TX-37 Rep. Doggett has been particularly outspoken, warning that Trump's tariffs threaten to "liberate dollars from Americans' wallets" while offering no viable solutions for immigration or fentanyl *(U.S. Representative Lloyd Doggett, 2025).* Standing outside a H-E-B grocery store in Austin, Rep. Doggett denounced the policy as a tax hike, as Austinite Kate Amerson voiced personal concern about how the tariffs could worsen food insecurity *(Girtman, 2025; Wagner & Odam, 2025).* "I already saw people struggling [during Trump's first term], so I'm deeply concerned about how this is going to impact them," she said *(Wagner & Odam, 2025).* In a congressional district where economic equity and affordability are core political concerns, tariffs have added a new layer of anxiety, turning abstract trade policies into tangible local issues.

The impact extends far beyond grocery aisles. Tariffs are raising the cost of food packaging materials like steel, aluminium, lumber and electronics, further inflating the final prices of products *(Lin & Crezo, 2025).* Major corporations – Jack Daniels, General Mills, Coca-Cola – have publicly warned of the behind-the-scenes costs and unstable export markets reducing competitiveness *(Lin & Crezo, 2025).* Restaurant owners, like Austin chef Fermín Nuñez, report seafood price hikes of 20–25%, forcing costly changes to his supply chains *(Wagner &*

Odam, 2025). With slim profit margins and a reliance on imported ingredients, many are struggling to maintain prices or preserve menu diversity *(Wagner & Odam, 2025)*. Meanwhile, as grocery costs soar, Trump's Department of Government Efficiency has proposed $1billion in cuts to food banks and school meal programs *(Brown, 2025)*. Cuts to SNAP, WIC and the National School Lunch Program risk deepening hunger for millions of Americans *(Brown, 2025)*. The same administration promising to "Make America Healthy Again" is making it hard for families to put food on the table *(Brown, 2025)*. This is not just a policy contradiction: it's a deep moral and economic failure.

The bottom line is this: tariffs are a tax. A daily, regressive tax on every household, every grocery store and every consumer. It's a policy punishing working families, while offering little strategic gain. The promise of affordability and lower prices has turned into a policy of inflation. What's needed is leadership to pursue smart, cooperative trade policy which strengthens American competitiveness and delivers affordability, not punitive tariffs squeezing the very Americans Trump claims to protect.

POLICY RECOMMENDATIONS

So far, Trump's trade agenda can be summed up as threats, tariffs and chaos *(Ways and Means Committee Trade Staff, 2025).* Under the guise of protecting American industries, he has raised prices on everyday goods, introduced uncertainty into supply chains and destabilised relationships with key trading partners *(Ways and Means Committee Trade Staff, 2025).* The costs are being passed onto American families, who are now paying more for groceries, appliances and essential goods *(Ways and Means Committee Trade Staff, 2025).* Perhaps most troubling is the trampling on the Constitution by Trump, ultimately sidelining Congress and asserting unilateral control over trade policy *(Ways and Means Committee Trade Staff, 2025).*

In response to Trump's chaotic tariff driven agenda, the following section outlines a set of practical, district-specific policy recommendations designed to guide the TX-37 Congressional Office.

Rep. Doggett to Co-Sponsor the *Trade Review Act of 2025*

The *Trade Review Act of 2025* (S.1272), introduced by Sens. Grassley (R-IA) and Cantwell (D-WA), represents a bi-partisan effort to restore Congress' constitutional authority to approve tariffs by limiting actions made by the executive branch. The bill seeks to ensure trade policy remains transparent, consistent and fair, ensuring trade decisions are guided by long-term national interests, not short-term political motivations *(Senator Maria Cantwell, 2025).*

The legislation would require the President to notify Congress within 48 hours of imposing or increasing tariffs and to submit a detailed explanation outlining the rationale *(Congressman Jeff Hurd, 2025).* Tariffs would automatically expire within 60 days unless Congress passes a joint resolution of approval or alternatively end the duty early by passing a joint resolution of disapproval *(Congressman Jeff Hurd, 2025).* The bill preserves existing enforcement tools by excluding antidumping and countervailing duties, provisions critical for addressing unfair practices by countries like China *(Congressman Jeff Hurd, 2025).*

Rep. Doggett, a senior member of the House Ways and Means Committee, a long-time advocate for accountable trade policy, is exceptionally well-positioned to co-sponsor this legislation. His record of upholding constitutional checks and balances, advocating for fiscal responsibility and prioritising policies supporting consumers, workers and small businesses aligns squarely with the bill's objectives. A consistent supporter of rules-based trade which serves American workers rather than top-down decisions which sow chaos or increase costs for families, Rep. Doggett's co-sponsorship would increase credibility and accountability.

Although critics have argued the bill may restrict emergency responses to national security threats, this concern is overstated *(Adams, 2025).* In fact, an amendment to strengthen the bill could include allowing the President to impose tariffs immediately in cases of a declared national emergency, imminent threat to critical infrastructure, or retaliatory action against unfair trade practices. This is all provided that Congress is notified within 48 hours and the action is subject to review within a set timeframe *(Molof, 2025).* To address the reality that each Administration may define "national emergency" differently, the bill could also include a requirement for the President to certify the basis for the emergency action in writing, which must be signed off by Congress. Whilst the bill provides an opportunity to reaffirm constitutional principles, the prospect for passage remains low given executive resistance, partisan gridlock and national security concerns.

Nevertheless, the growing bipartisan support, including endorsement from House Reps. Bacon (R-NE), Hurd (R-CO), Gottheimer (D-NJ) and Meeks (D-NY), illustrates this is not a partisan effort to undermine trade enforcement, but rather a constitutional correction.

Rep. Doggett's co-sponsorship would meaningfully strengthen the bill's House support, particularly within the influential Ways and Means Committee. It is therefore recommended that the *Trade Review Act of 2025* be supported as it offers a powerful opportunity to continue defending American families from harmful economic policies and strengthen bipartisan safeguards around one of the most powerful tools in modern U.S. economic policy.

Trump Rode to Victory on the Economy: Democrats MUST Rewrite the Story.

The TX-37 Office should consider recommending the House Democratic Caucus adopt a coordinated, forward-facing strategy which frames Trump's tariffs as "hidden taxes" *(Booker & Howard, 2025).* Trump's election campaign on economic strength has backfired, with his scattershot tariff policy already triggering higher prices, supply chain disruptions and diplomatic fallout. Democrats are offered a rare opportunity to go on the offensive. Tariffs are more than an economic issue; they're a political vulnerability *(Booker & Howard, 2025).*

To action this, Democrats should frame tariffs to tell a bigger story: about cost of living, the distributional effects of tariffs and ongoing economic chaos *(Parnes, 2025).* They must amplify who is really fighting for American families. They must expose the Republican Party's silence as complicity and contrast it with proactive Democratic solutions *(Ewing & Friedman, 2025).*

The recommended strategy is as follows:

- **Adopt a unified message across the Democratic Caucus** which labels tariffs as hidden taxes passed onto consumers – not paid by foreign governments, as Trump claims *(Parnes, 2025).*
- **Emphasise the tangible impacts** of higher grocery and retail prices, pressured small businesses, manufacturing slowdowns and broken ties with allies.
- **Tie the issue to a broad narrative** about mismanagement of the economy and Presidential overreach. Voters are tired of chaos: instead, Democrats should offer solutions *(Booker & Howard, 2025).*
- **Make it personal.** Use stories of voters who are disillusioned with the Administration in campaign ads, town halls and social media. Show the voters how they are paying the price, without overcomplicating the message with economic language *(Booker & Howard, 2025).*
- **Back criticism with substance.** Illustrate how Democratic legislation will lower costs, restore trade stability and protect small businesses. Voters want to hear what the party supports, not just what Democrats oppose *(Ewing & Friedman, 2025).*

If Trump's approval ratings on economic issues slip further and Americans become significantly disenchanted with his use of tariffs, this strategy is feasible *(Booker & Howard, 2025).* The messaging can't be centred on trade theory but instead should be disciplined and emotionally provocative. With the 2026 midterms approaching, there is no better time than now – Democrats should capitalise on growing disenchantment with Trump and the Republican party, by demonstrating they care about voters' issues *(Ewing & Friedman, 2025).*

Preparation for potential Mexican retaliation

Whilst Mexico has thus far opted for restraint in response to Trump's tariffs, this position may not hold indefinitely *(Americas Quarterly, 2025).* As shown in Table 3, Mexico has not imposed reciprocal tariffs, but mounting domestic pressure and prolonged U.S. intransigence could shift their approach. Retaliation may not come solely through tariffs; it could also take the form of reduced import demand for Texas-made goods.

It is recommended that an impact assessment be conducted to identify vulnerable exporters within the district *(QIMA, 2025).* Additionally, staffers should begin quiet outreach to business leaders most at risk, coordinating contingency messaging to avoid panic while reinforcing confidence in ongoing diplomatic and legislative efforts *(QIMA, 2025).* These conversations can help surface early warnings and build trust ahead of any public developments. Internally, the office could prepare contingency messaging that emphasises Rep. Doggett's support for affected businesses, his longstanding opposition to reckless tariff escalation and commitment to congressional oversight and diplomacy.

Launch a "Locally Strong" Consumer Resilience Campaign.

It is recommended the House Democratic Caucus adopts and nationally promote a "Locally Strong" campaign: a modern, community-driven alternative to Trump's divisive "Made in America" rhetoric *(Government of Canada, 2025; Made in America, n.d.).* As tariffs continue to raise consumer costs across America disproportionately affecting working families and small businesses, Democrats need to offer a tangible, positive economic alternative that supports local producers and protects consumers from further shocks.

"Locally Strong" is designed to empower consumers, strengthen domestic supply chains and boost small business resilience – all without resorting to the punitive nationalism which defines the current administration's trade approach. The campaign would be consumer-focused, encouraging voluntary behaviour through smart labelling, digital tools and retail partnerships, offering shoppers to choose locally sourced and tariff-free products, particularly from small and mid-sized producers *(Government of Canada, 2025)*. Secondly, it enhances support to small businesses and local retailers by partnering with chambers of commerce and state trade offices to increase the visibility of local goods without imposing mandates *(Government of Canada, 2025)*. Third, the campaign must be educational and transparent, providing clear information – both online and instore – about the hidden cost of tariffs and the benefits of resilient local supply chains *(Government of Canada, 2025)*. "Locally Strong" serves as a compelling midterm messaging tool, offering a pro-consumer, pro-worker economic alternative that aligns with Democratic values of inclusive growth and pragmatic, community-based solutions.

Aiming to flip the "Made in America" model, "Locally Strong" would illustrate bottom-up resilience and practical economic empowerment. For congressional districts and voters facing rising costs and uncertainty due to the tariff regime, "Locally Strong" assists voters now, whilst also shaping the broader Democratic response.

THE PATH FORWARD

In summary, Trump’s second-term tariffs have delivered sustained unpredictability, executive overreach and politicised economic messaging, creating significant political and economic consequences both internationally and domestically. As this paper has shown, the tariffs have strained diplomatic relationships with U.S. allies and created direct pressure on local economies, particularly in Texas, where trade with Mexico is central to economic stability.

Understanding Trump’s intent is essential to interpreting these outcomes. Unlike previous presidents – Nixon, Reagan and Bush – who utilised tariffs as short-term leverage to protect domestic industries, Trump’s second-term strategy reflects a deeper shift. He positions tariffs as a standing tool of economic policy, targeting allies and adversaries alike. Trump’s approach departs from cooperative liberalism, combining elements of strategic realism with personality-driven statecraft. This shift assists in explaining the volatility of his policies and their destabilising effects on allies and domestic economies.

The international fallout is evident in the divergent responses of Canada and Mexico. Canada has treated the tariffs as a structural shift in U.S. trade policy, responding with firm retaliation, institutional appeals, and reaffirmation of multilateral commitments. Mexico, structurally more dependent on U.S. markets, has pursued a strategy of restraint and engagement, viewing the tariffs as bargaining tools rather than permanent policy. This divergence is not accidental - it reflects deeper structural and economic realities, from Mexico’s trade dependency to its geographic proximity to the issues Trump has politicised.

At home, the consequences are clearly demonstrated in the high volume, trading economy that is Texas. Retailers in Texas have absorbed the economic fallout, facing higher costs, disrupted supply chains, and sustained uncertainty. Representatives remain divided along political lines: Republicans defend the tariffs as necessary assertions of national strength, while Democrats and business leaders warn of long-term economic harm. In TX-37, the real costs of Trump’s tariffs are visible not in trade statistics alone, but in the daily lives of businesses, workers, and families navigating rising prices and unstable markets.

Congress, despite bipartisan concern over executive overreach, has so far failed to act. While mechanisms for restoring oversight exist, partisan divisions and political inertia have blocked meaningful reform. The tools to reassert congressional authority are within reach, but the will to use them remains insufficient.

In response to the outlined challenges – and in line with the author's argument for a liberal economic approach that prioritises cooperation on trade policy for the sake of U.S. allies and working families of Texas and America – this paper recommends four policy actions to support Rep. Doggett's office in responding to the trade crisis:

1. Support the *Trade Review Act of 2025* to restore congressional oversight over tariff authority.
2. Prepare for potential Mexican retaliation through local engagement and contingency planning.
3. Reframe the economic narrative ahead of the 2026 midterms, exposing tariffs as hidden taxes on consumers.
4. Launch a "Locally Strong" campaign to support community resilience and highlight Democratic economic leadership.

It is imperative Congress reclaims their constitutional authority and protect American businesses and families from the costs of executive overreach, while restoring, international cooperation along with free and fair trade globally.

APPENDIX

Appendix A: Interview extract with [redacted], conducted via email on 12th May, 2025.

Was there any perception in Canada that the tariffs were meant to pressure Canada on unrelated matters (e.g., "fentanyl crisis" or migration)?

[redacted]: [redacted]

Do you think these actions pushed Canada closer to other global partners as a strategic hedge?

RD: [redacted]

How do you interpret Trump's "Liberation Day" tariffs from the perspective of Canada? Were they seen as part of a negotiation strategy or a definitive shift in U.S. trade doctrine?

RD: [redacted]

Appendix B: Interview extract with Anonymous Capitol Hill Staffer, conducted via email on 7th May, 2025.

Have you seen/do you think there will be a shift in how allied countries (particularly Mexico, Canada or the EU) communicate or cooperate with the U.S. diplomatically as a result of the tariffs?

[redacted]

Has there been any concerns the tariffs are undermining shared regional priorities with Mexico or Canada? E.g. immigration, border security cooperation.

[redacted]

Do you think Trump's tariffs were understood internationally as part of a coherent policy approach, or as more ad hoc and opportunistic?

[redacted]

Appendix C: Interview notes with Anonymous Australian Trade and Investment Staffer, conducted in person on 26th February, 2025.

[redacted]

Appendix D: Interview extract with Anonymous Capitol Hill Staffer, conducted in person on 18th February, 2025.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Appendix E: Notes from interview with Vutha Hing, The University of Adelaide PhD student.

- [redacted]

Appendix F: Interview notes with Anonymous Capitol Hill Staffer, conducted in person on 28th February 2025.

- [redacted]

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