

REFRAMING TARIFF WARS FROM AN INDIAN PERSPECTIVE: STRATEGIC AUTONOMY, DEVELOPMENTAL PROTECTIONISM, AND THE CRISIS OF GLOBAL TRADE GOVERNANCE

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Abstract—The resurgence of tariff wars represents a fundamental shift in the global trading system from cooperative multilateralism toward competitive economic nationalism. While dominant economies increasingly deploy tariffs as tools of strategic coercion, emerging economies like India face the challenge of safeguarding domestic development without undermining global integration. This article argues that India's response to tariff wars reflects a distinct model of developmental protectionism embedded in strategic autonomy. Rather than engaging in aggressive retaliation, India adopts calibrated tariff measures aimed at industrial capacity-building, supply-chain resilience, and preservation of policy space. By critically engaging classical trade theory, contemporary political economy debates, and India's evolving tariff strategy, the study situates tariff wars as symptoms of a deeper crisis in global trade governance. The article contributes to international political economy literature by theorizing India as a norm-shaping actor navigating a fragmented global trade order.

Index Terms—Tariff War, India, Strategic Autonomy, Developmental Protectionism, WTO Crisis, Global Political Economy.

1. Introduction

The post-Second World War global economic order was founded on the principles of free trade, multilateralism, and institutional cooperation. Institutions such as the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO) sought to progressively reduce tariffs and prevent trade conflicts. However, the contemporary global economy has witnessed a marked return of tariff wars, challenging the foundational assumptions of liberal trade theory.

Contrary to the belief that economic interdependence discourages conflict, trade has increasingly become an arena of geopolitical rivalry, technological competition, and domestic political contestation. For India, an emerging economy with complex developmental priorities, tariff wars present a strategic dilemma: how to protect domestic industries and employment while remaining committed to rule-based global trade. This article contends that India's tariff strategy represents a calibrated middle path that balances global engagement with domestic resilience.

2. Conceptual and Theoretical Framework

Classical liberal trade theory, rooted in the works of Adam Smith and David Ricardo, conceptualizes tariffs as welfare-reducing distortions that undermine market efficiency. From this perspective, tariff wars are irrational deviations from mutually beneficial trade.

Realist political economy approaches, by contrast, interpret tariffs as instruments of state power used to advance national interests under conditions of strategic rivalry. While this framework explains the behavior of major powers, it inadequately captures the developmental concerns of emerging economies.

This study adopts a critical political economy framework, integrating:

- Developmental state theory, emphasizing state intervention for industrialization;
- Strategic autonomy, a foundational principle of Indian foreign policy;
- Institutional critique, focusing on the erosion of multilateral trade governance.

Within this framework, tariff wars are understood as structural outcomes of contradictions between free-trade norms and national developmental imperatives.

3. Literature Review

The scholarly literature on tariffs and trade conflicts spans classical trade theory, political economy, and contemporary analyses of global power transitions.

- Adam Smith (1776) and David Ricardo (1817) argued against tariffs on efficiency grounds, laying the intellectual foundation for liberal trade regimes. However, contemporary tariff wars expose the limitations of these theories when trade becomes subordinated to geopolitical strategy.
- Friedrich List (1841) offered an alternative perspective by justifying protective tariffs for nurturing infant industries in developing economies. This developmental logic remains central to understanding India's tariff policies under Make in India and Atmanirbhar Bharat.
- Robert Gilpin (2001) linked trade conflicts to shifts in global power hierarchies, arguing that economic disputes intensify during periods of hegemonic transition. Dani Rodrik (2011) further highlighted the tension between globalization, national sovereignty, and democracy, emphasizing the need for policy space.
- Critical scholars such as Ha-Joon Chang (2002) exposed the historical reliance of advanced economies on protectionism, challenging the moral authority of contemporary free-trade advocacy. Institutional literature, particularly WTO Trade Policy Reviews, documents rising unilateralism and governance paralysis.

Despite these contributions, existing literature inadequately theorizes India as an autonomous strategic actor in tariff-war dynamics.

4. Issues Related to the Research Problem

Tariff wars raise several interrelated issues for emerging economies like India.

- First, they undermine the predictability and stability of the global trading system, increasing uncertainty for domestic industries and exporters.
- Second, the growing use of tariffs as strategic and geopolitical tools blurs the boundary between economic and security policies.
- Third, tariff wars constrain the policy space of developing countries by compelling them to navigate major-power rivalries.
- Fourth, the weakening of multilateral institutions—especially the WTO dispute settlement mechanism—limits effective remedies against unilateral tariff actions.
- Finally, existing scholarship lacks a coherent framework to explain how India balances developmental protectionism with commitments to rule-based trade.

5. Research Gap

Three gaps emerge from the literature:

- India is rarely conceptualized as a norm-shaping trade actor.
- The connection between tariff wars and the crisis of global trade governance remains underexplored.
- There is insufficient integration of developmental protectionism and strategic autonomy in explaining India's tariff behavior.

6. Objectives of the Study

- To analyze the political economy of tariff wars in the contemporary global trade system.
- To examine India's tariff strategy as a tool of developmental protectionism and strategic autonomy.
- To assess the implications of tariff wars for India's industrial development and global trade positioning.
- To evaluate the consequences of tariff wars for multilateral trade governance.
- To contribute an Indian-centric conceptual framework to tariff-war literature.

7. Research Questions

- What structural factors have contributed to the resurgence of tariff wars globally?
- How does India's tariff strategy differ from retaliatory approaches adopted by major powers?
- In what ways do tariff wars affect India's development priorities and supply-chain integration?
- How has the crisis of global trade governance influenced India's policy choices?

- Can India's approach offer a viable model for other developing economies?

8. Suggested Methodology

The study adopts a qualitative and analytical methodology grounded in political economy. It relies on secondary sources, including academic literature, WTO reports, government trade policy documents, and sector-specific studies. A conceptual-analytical approach is employed to synthesize theory and empirical trends, supported by selective case illustrations from sectors such as steel, electronics, and renewable energy. The methodology prioritizes interpretative and normative analysis over econometric modeling, making it suitable for theory-driven inquiry.

9. India's Evolving Tariff Strategy

India's tariff policy has evolved through phases of protectionism, liberalization, and strategic recalibration. Post-2008, India adopted selective tariffs targeting specific sectors to reduce import dependence, promote domestic value addition, and enhance resilience. Unlike major powers, India avoids aggressive tariff retaliation, reflecting strategic restraint and diplomatic flexibility.

10. Tariff Wars, Global Value Chains, and India

Tariff wars disrupt global value chains by increasing costs and uncertainty. While such disruptions pose risks for input-dependent industries, they also create opportunities as firms diversify supply chains. India's challenge lies in complementing tariff policy with infrastructure development, skill formation, and industrial policy to translate opportunity into sustained growth.

11. WTO Crisis and India's Normative Position

India remains a strong advocate of multilateralism, particularly in defending developing-country interests. The paralysis of the WTO dispute settlement mechanism undermines rule-based trade and legitimizes unilateralism. India's emphasis on WTO reform reflects a normative commitment to equitable global trade governance rather than coercive economic diplomacy.

12. Conclusion

Tariff wars signify a structural transformation in the global economic order, characterized by rising economic nationalism and declining faith in multilateral institutions. From an Indian perspective, tariff wars are strategic challenges that require calibrated responses rather than ideological commitments to either protectionism or liberalism. India's model of developmental protectionism embedded in strategic autonomy demonstrates how emerging economies can balance domestic industrialization with global engagement. As tariff wars continue to reshape global trade, India's experience offers valuable insights for developing economies navigating an increasingly fragmented trade regime.

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