

'Trump tariff has already hurt US tourism': Devina Mehra decodes real long term impact

Trump's tariffs were imposed with the aim of correcting what he saw as unfair foreign tariffs and barriers that hurt US goods.

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US President Donald Trump

Devina Mehra, the founder and CMD of First Global, on Tuesday reacted to economist Gita Gopinath's analysis of the impact of US President Donald Trump's tariffs on America. Earlier today, Gopinath concluded that the overall impact of Trump's tariff was negative for the country.

Mehra agreed with Gopinath's observations, but also highlighted other significant effects that go beyond the immediate economic consequences. "Trump tariffs have had pretty much the expected impact. I suspect over time some of these factors in Gita's post will change," Mehra wrote on X. She further elaborated on her perspective, agreeing that the tariffs would likely lead to increased inflation as more of the price hikes are passed on to consumers.

"More of the increases will be passed on to consumers - taking up inflation," she said, noting that the short timeframe of six months was too early to gauge any meaningful impact on US manufacturing, which Gopinath mentioned.

However, Mehra pointed out that the effects of Trump's tariffs were not limited to economics alone. She discussed the broader consequences, particularly the long-term impact on the US's position in global geopolitics. "The 'US against the whole world' paradigm has already hurt tourism and international arrivals into the US substantially. This will only accelerate," Mehra observed.

 **Devina Mehra**  @devinamehra

#TrumpTariffs have had pretty much the expected impact

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1. More of the increases will be passed on to consumers - taking up inflation
2. For any uptick in manufacturing, in any case, a few months is too short a time to gauge the impact

But it goes beyond the tariff impact.

The 'US against the whole world' paradigm has already hurt tourism and international arrivals into the US substantially. This will only accelerate.

The real long term impact will be on America's positioning as the leader of the free world with strong institutions, rule of law, freedom of speech etc.

Even though these were part myths to begin with (the US justice system is, for instance, among the worst in the 'free' world), the narrative was enough to attract the best and the brightest from around the world. That part is broken now.

We are sure living in interesting times

 **Gita Gopinath**  @GitaGopinath · 19h

It is 6 months since "Liberation day" tariffs. What have US tariffs accomplished?

1. Raise revenue for government? Yes. Quite substantially. Borne almost entirely by US firms and passed on some to US consumers. So it has worked like a tax on US firms/consumers. ...

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She further reflected on the damage to the US's image as the leader of the free world, with its commitment to strong institutions, rule of law, and freedom of speech being called into question. "The real long term impact will be on America's positioning as the leader of the free world with strong institutions, rule of law, freedom of speech etc. Even though these were part myths to begin with (the US justice system is, for instance, among the worst in the 'free' world), the narrative was enough to attract the best and the brightest from around the world. That part is broken now," Mehra concluded.

Earlier today, Gita Gopinath, Professor of Economics at Harvard University and former IMF Deputy Managing Director, shared her analysis on the effects of Trump's tariffs. She noted that while the tariffs had raised revenue for the US government, they had not achieved the intended goals of improving the US trade balance or manufacturing.

"It is 6 months since "Liberation day" tariffs. What have US tariffs accomplished? 1. Raise revenue for government? Yes. Quite substantially. Borne almost entirely by US firms and passed on some to US consumers. So it has worked like a tax on US firms/consumers. 2. Raise inflation? Yes, by small amounts overall. More substantially for household appliances, furniture, coffee. 3. Improve trade balance? No sign yet of that. 4. Improve US manufacturing? No sign yet of that. Overall, the score card is negative," she wrote.

Trump's tariffs were imposed with the aim of correcting what he saw as unfair foreign tariffs and barriers that hurt US goods. The tariffs targeted several countries, including India. Trump slapped 25% tariff on India for what he described as 'unfair trade practice' and an additional 25% for buying oil from Russia.