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THEIR VIEW

Trade relations that leave the US out could outdo Trump's tariffs

The rest of the world could prosper from a multilateral free-trade arrangement while a self-isolated America would lose out



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onald Trump rambles on in his second term as US president, disrupting institutions and policies both at home and abroad. Several months on, his behaviour reveals a pattern, even if it is somewhat fuzzy. He lays

down his cards with outrageous announcements and then back-tracks, especially in bilateral negotiations. It is a pattern repeated in his domestic interventions in different fields as well as his dealings with US neighbours like Canada and Mexico, allies like the UK, EU, Japan and Korea, rivals like China and Russia, and other countries like India. But how much he will backtrack in a particular case, if he backtracks at all, remains uncertain. Indeed, uncertainty is the leitmotif of Trump's exercise of raw power. Given this, specifically in the context of trade and tariffs, I asked Professor C. Veeramani, one of India's leading trade economists, what the outcome would be if other members of the World Trade Organization (WTO) continued to trade in compliance with WTO rules but without the US. It is as if the other WTO members-or most of them-were to forge a massive free trade agreement (FTA) without the US.

This is a most unlikely scenario. Other countries, especially allies of the US, are too tied up with the US through security and other linkages for them to decouple from the US in the field of trade. However, economists follow this method of abstracting from the real-world to first address a question in a very simplified context, constructed through simplifying assumptions—which is sometimes called a model. The question is then revisited as the context is gradually enriched by incorporating stylized facts from ground reality to verify whether the original conclusion survives successive approximations back to the real world. Hence, my hypothetical question for Veeramani. His answer is



percentage points, by Veeramani's estimate. Depending on the relevant response elasticities and complementary policy reforms in these countries, global GDP could also go up by 0.5-1 percentage point. But the impact on the US economy would be negative. Its share of world trade and GDP would decline, while that of European economies and the emerging economies of Asia, Africa and Latin America would

rise. The scenario described above is unlikely. The rest of the world is unlikely to decouple from the US because of their security and tries like Russia and Iran, as a more efficient alternative to Swift. The more the US attempts to isolate its geopolitical rivals, the more it will accelerate a worldwide shift away from the present US-dominated global financial architecture. The market mechanism can bite in both directions.

The battle for access to technology—and it is indeed a battle—is mainly being fought on the artificial intelligence (AI) front. When the US government tried to block obal trade by direct US

with Generative AI capability

MINT CURATOR

Football World Cup: Will US hostility trump its hospitality?

Scaring foreign football fans off will not help make a success of it



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ot long after Los Angeles (LA) was selected as one of 11 American cities to host next summer's FIFA World Cup, tourism officials started predicting the potential economic impact. Among the most optimistic? That the weeks-long tournament could pour almost \$600 million into the local economy, mostly from

international fans of football. Pessimism has since taken over. At a time when the US should be preparing to roll out the proverbial welcome mat to the world, President Donald Trump's erratic immigration policies and draconian rhetoric are instead scaring tourists away.

Stories abound of travellers with visas in hand being denied entry at the border over minor infractions or, in some cases, being held for weeks before being allowed to return home.

The World Travel & Tourism Council, pointing to the Trump administration, recently projected that spending on international trips to the US would reach only \$169 billion this year, down \$12.5 billion compared to 2024 and well below the 2019 peak of \$217 billion.

Travel from Canada is down for the third straight month. Numerous countries, including Germany, have issued travel advisories warning their citizens to strictly follow the United States' tighter rules for entry, or risk being detained.

Trump, however, appears unconcerned. During his visit to Qatar, where the previous World Cup was held, he insisted that next year's tournament—billed as the largest ever, with 48 teams playing matches in the US, Mexico and Canada—is "going to be really exciting."

Meanwhile, his Homeland Security secretary Kristi Noem has promised that travel for tourists "will go smoothly." FIFA President Gianni Infantino, a long-time Trump ally, has claimed that the world is welcome in America. "This doesn't come from me. This comes from the American government," he told the FIFA Congress. Such empty boosterism hasn't gone over well in LA, the US city with arguably the most at stake when it comes to sports tourism. Not only is it hosting eight World Cup matches, including the high-profile men's opener, it's also on the hook to host the Summer Olympic and Paralympic Games in 2028



Los Angeles was expecting a tourist boom in 2026 but can't be sure of it. изтоскрното

Of the last 14 World Cups, all but two ended up in the red for their host countries, researchers from the University of Lausanne found. And with the Olympics, most host cities usually exceed their budgets and fail to recoup their expenses. London broke even in 2012 and that was considered a success. Hotels and restaurants, flush with customers, tend to turn a profit during mega events. But with many expecting the Trump administration's policies to act as a tourism deterrent, exactly how much profit is now in question.

This was the gist of a heated debate before the Los Angeles City Council recently, as tourism officials and business leaders objected to a plan to ramp up the minimum wage for hotel and airport workers to \$25 per hour in time for the World Cup and to \$30 per hour in time for the Olympics.

"An overwhelming majority of visitors from our key international markets now have an unfavourable view of the United States as a travel destination," warned Adam Burke, president of the Los Angeles Tourism and Convention Board, citing the projected slowdown in international travel, which is already being felt in California resort towns, such as Palm Springs. "The 2025 outlook is not encouraging," Burke added.

Also of concern is whether the Trump administration even has the resources to quickly process millions of applications for tourist visas, and, if so, whether it has the patience to manage the flow of fans and players repeatedly crossing into Mexico and Canada during the World Cup.

quite interesting.

Veeramani said that the US accounts for a small fraction of global trade. Current data indicates that its share is down to 10% and declining. Meanwhile, the share of China, the EU and emerging market economies has been rising. In other words, 90% of global trade occurs without any direct US participation. An FTA among major non-US economies, including the EU, Asean, China, Japan, India, Korea, Australia, New Zealand, Latin America, etc, would deepen supply chain integration among these countries by reducing tariff and non-tariff barriers. Assume, conservatively, that this non-US trade bloc initially accounts for 60% of global trade. Assume further that deeper integration among them raises intra-bloc trade by 5-10 percentage points over the medium term. A part of this would be attributable to trade diversion from the US, with consequent adverse effects on the US economy. But the rest would be additional trade creation. Overall global trade could increase by 3-6 US because of their security and other linkages cited earlier. Nevertheless, this boundary scenario yields an important qualitative conclusion: namely, that the path Trump has chosen is likely to hurt America, while other countries are likely to be better off. This only captures the impact on the global economy via the trade channel; this is indeed one of the main channels

through which US policies will impact the world economy. But there are two other economic channels that also need to be considered: finance and technology.

As for the financial channel, a large number of countries in the Asean region and West Asia are already reported to be participating in a payment system promoted by the central bank of China, presumably supported by US-sanctioned coun-

participation and an FTA among major non-US economies would deepen supply chain integration among them by lowering barriers.

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About 90% of global trade

occurs without any direct US

Such a scenario is unlikely but it yields an important conclusion: the path that Donald Trump has chosen is likely to hurt America's economy while other countries could find themselves better off. developed in US companies, China shocked the world with its own Generative AI products, made available for free—or a fraction of the prices charged by US companies. As with the financial architecture, so also here: the more the US attempts to isolate its rivals, the faster it will drive them to develop their own competing technologies.

This column has been limited to the economic domain and not gone into security relationships. In this domain, the lesson is very clear: the more that Trump pursues a pugnacious approach to subdue US neighbours, allies and rivals, the more he is likely to hurt America and help its rivals. In this context, the wisdom of India's approach of 'strategic autonomy' should be evident to all. *These are the author's personal views*.

Planning is well underway for both mega events, which, so far, have largely been funded with sponsorship and licensing deals. However, taxpayers and the city's depleted coffers will be on the hook if there are cost overruns, which is usually the case. To this, US Vice-President J.D. Vance recently joked—at least, I think it was a joke—that the US wants tourists to "watch the game. But when the time is up, they'll have to go home. Otherwise, they'll have to talk to Secretary Noem."

Transportation Secretary Sean Duffy, meanwhile, encouraged tourists to take a road trip, but "don't overstay your visa." Such comments are unlikely to inspire confidence in any would-be tourists.

As Adam Sacks, president of the research firm Tourism Economics, recently told the *New York Times*: "The brand of the country has taken a beating."

It seems the bruises will show up first in Los Angeles . **©BLOOMBERG**

Wy view | PEN DRIVE Women won't put careers first? That's soft patriarchy

DEVINA SENGUPTA



writes on workplaces and education at Mint.

was part of a panel discussion in 2023 on how India Inc is testing out different retention tools. The pros and cons of work-from-home came up in our discussion. I pointed out that one needs to be cognizant of the reality that being 'seen' at the workplace carries more weight than one may realize, especially for women.

A panellist batting for flexible work hours chimed in, "But what if you want to give that time to your family, be around for that one hot home-cooked meal a day?"

The gender ratio of the panel was three men to one woman. All three male heads, plus the fourth one of the moderator, turned towards me. The panellist who had raised that question did not take my name. But people are so deeply conditioned by social norms that hearing the keywords 'family', 'meal' and 'home cooked' was enough for everyone to turn to me. It was a reminder that in society's word associations, women were responsible for all of that. Soft patriarchy is amply found among both men and women. It is not harsh and obvious, so it cannot be easily stomped down and argued against. Instead, it mellifluously shackles you to the belief that men and women have inherent duties that they are destined to fulfil, and that not doing this would expose you to the charge or guilt of being neglectful.

Even today, the usually-male household 'provider' is seen to be fulfilling his 'duty' just by pursuing a career, even if home chores are left out. A woman, on the other hand, must 'nurture.' A job, let alone a career, is considered an added advantage at best. Many of us are so busy fighting obvious gender biases that we often fail to notice the judgements that come our way from those who are under the influence of the gentler but steely resolve of soft patriarchy.

Women can be just as harsh as their male counterparts in judging those who they see as failing to balance their 'family' and 'work' commitments. If someone asked aloud why there should be any such balance at all, how much support would they get? Yet, not everyone wants an equilibrium; some may want the see-saw loaded just one way, and if their career is on top, why not?

A McKinsey & Company study released in May points out that women's representation in India Inc stalls at the starting line: "It is low at the entry level (33%) and drops sharply at the move up to manager (24%) before somewhat levelling out." The data gets suffocating for those battling for more women in the workforce. "A man at the entry level is 2.4 times more likely to be promoted to a managerial position than a woman in the same role. At the same time, women are 1.3 times more likely to leave a their positions than men at this stage." states the

at this stage," states the study, titled 'Women in the Workplace.'

As kids, one believes that all are equal. But slowly, biases crawl into sight and accidents of birth become obvious. Something similar often happens at the workplace. Initially, justgraduated job-takers enter a workplace where only the hours put in matter. Then cliques shape up, opportunities grow increasingly unequal, and, for many of us, the need to be heard means adopting a louder voice. It can be jarring, but there is often no other way.

Allegations of being 'too ambitious' or wanting a 'career at the cost of family' hit many women hard. It is rare for a woman to muster the courage and unapologetically say 'no' to striking a 'balance.'

And contrary to what colleagues, bosses, family and society tell us, I do not think it is a 'fine' balance. I think it is a huge broad

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 beam—and I refuse to vault over it all the time. It is increasingly common now to hear inter

viewers questioning women candidates on whether marriage or children feature in their five-year-plan. Sure, given the high drop-out rates and pressures of business performance, one can understand the need to recruit employees who will more than 'pay back' what's invested in their training.

But what these interviewers are doing, perhaps unwittingly, is sowing doubts in the minds of many young candidates. Forget their intrusion of privacy, many young women are not trained or encouraged to say, "In five years, I would like to be in a senior designation in this firm or handle an account worth a certain amount." We are usually taught 'world peace' answers, which include "I see myself growing into a better employee", "I want to learn and lead by example," etc. At this juncture, if questions on family and children are thrown in, one is flummoxed. If those responsibilities are assumed, you may face pressure to prove yourself as a good multi-tasker. And that dreaded 'fine balance' creeps in again!

Soft patriarchy lurches at us from every nook and corner, but we do not call it out because it could quash office conversations. Many of us ignore it or laugh it off.

Two years ago, I took that microphone and answered the question I had seemingly been asked by the panellist: "No, I do not care a dime if people at home eat frozen food. For me, at this juncture of my career, being visible in my work is more important than being visible at home." I rest my case.

es Soft patriarchy is not harsh and obvious, which makes it harder to call out. It takes the form of of feigned empathy for women assumed to have duties dictated by gender that must be fulfilled.

Not all working women want a 'fine balance' between family and career commitments. Many would like the seesaw tilted in favour of their jobs but people often seem puzzled by this.