Bonus Chapter

Factories, Electrons, and Tariffs: How Politics Will Make—or Break—U.S. Reshoring

From Tariffs to CHIPS to AI: The Political Spark

The reshoring renaissance did not begin in a vacuum. It was jolted awake by tariffs. In 2018, the first Trump administration imposed sweeping duties on imports—steel and aluminum under Section 232, later touching other categories. The logic was blunt: if global trade rules failed, unilateral pressure would force a recalibration.

Factories did not flood back overnight. Many corporations shifted sourcing to Vietnam, Mexico, or India. But tariffs permanently rewired boardroom math: political risk now lived in Washington as much as in Beijing, and—post-2023—extended from containers to compute as AI hardware became a strategic input.

The Biden-era CHIPS and Science Act then tried to replace improvisation with structure: large subsidies, tax credits, and guardrails to coax advanced semiconductors and upstream tooling back onshore.

The Biden Phase: Subsidies as Strategy

Where tariffs applied the stick, CHIPS and the IRA provided the carrot—tying public money to U.S. production, domestic content,

and (on paper) workforce and climate commitments. Execution was messy but real.

Continuity, however, was fragile. In 2025, the returning Trump administration began reviewing and renegotiating CHIPS awards and timelines, signaling tighter control over disbursements and outcomes. The debate over IRA clean-energy tax credits moved from "settled law" to a rolling budget fight on Capitol Hill.

> **Fault Line Alert**
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> Industrial policy that oscillates between punishment, generosity, and renegotiation creates whiplash. In an AI-intensive economy, continuity is as important as capital.

The Trump Factor: America First, AI First

Trump's second term reframed reshoring through the lens of AI hardware and infrastructure. In July 2025, the White House issued Executive Order 14318, "Accelerating Federal Permitting of Data Center Infrastructure," promising a "golden age" of American manufacturing as it directed agencies to fast-track large AI data centers and their supporting infrastructure. The order leans heavily on the FAST-41 framework and the federal Permitting Dashboard, instructing the Federal Permitting Improvement Steering Council and Commerce to move 100-megawatt-plus AI projects from concept to "covered project" status with coordinated, time-boxed federal reviews. On paper, it also unlocks loans, guarantees, tax incentives, and expanded NEPA categorical exclusions for "Qualifying Projects." In practice, however, the order cannot override state and local zoning fights, transmission bottlenecks, water constraints, or court challenges—and as of late 2025, no mega-campus has gone from idea to operation because of

it. The federal stance has shifted meaningfully; the buildout on the ground will still take most of a decade.

In August 2025, Trump went further, announcing plans to levy roughly 100% tariffs on some imported semiconductors, while exempting companies that manufacture—or commit to manufacture—in the United States. The threat immediately turned tariffs into a de facto site-selection lever for chipmakers: giants like TSMC, Samsung, and SK Hynix, which already have or are building U.S. fabs, were widely seen as likely winners, while firms anchored overseas faced the prospect of punitive duties unless they followed. Yet here, too, the reality lags the rhetoric. The announcement was not a formal tariff proclamation; the scope and legal architecture are still being worked out. And past tariff rounds show who pays: U.S. importers and consumers, not foreign adversaries, have borne most of the cost, with recent analyses warning that the new tariffs will again act as a domestic tax on employers and eventually households. "America First" in semiconductors may well mean "big-chip-company first," at least in the near term.

At the same time, the administration rebranded the U.S. AI Safety Institute into the Center for AI Standards and Innovation (CAISI). The name change is deliberate branding: Commerce describes CAISI as a pro-innovation hub meant to ensure U.S. dominance of global AI standards, with a focus on demonstrable national-security risks (cyber, bio, chemical) and on resisting "burdensome and unnecessary" foreign regulation of American technology. The center still runs evaluations and issues guidelines, but the emphasis has shifted from broad "AI safety" frameworks toward standards, competitiveness, and security-aligned adoption—more about keeping American AI powerful and exportable than about constraining how much AI is built.

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Factories, Electrons, and Tariffs

"America First, AI First" — Rhetoric vs. Reality

What's Real and on the Books

- **Permitting EO:** Executive Order 14318 does exist and it formally directs federal agencies to fast-track large AI data centers and related infrastructure using FAST-41 and the federal Permitting Dashboard. It tells Commerce and FPISC to get >100 MW AI projects into "covered project" status and promises coordinated timelines instead of agency silos.
- **Tariff threat:** The President has publicly announced plans for roughly 100% tariffs on some imported chips, with exemptions for companies that build or commit to build U.S. fabs—making tariff exposure an explicit factor in site selection for chipmakers.
- **CAISI rebrand:** The old U.S. AI Safety Institute has been renamed the Center for AI Standards and Innovation (CAISI), with a stated mission shift toward standards, competitiveness, and national-security-aligned AI adoption, not broad "AI safety" in the EU sense.

What Is Still Aspirational or Overstated

- **Speed to concrete:** The data-center EO does not bulldoze local zoning, water permits, transmission fights, or court challenges. It changes how Washington coordinates; it does not guarantee that AI megacampuses will rise on political timelines. As of late 2025, no 100 MW-plus campus has gone from idea to operation because of this order.
- **Who really pays the tariffs:** "China will pay the 100% chip tariff" is political shorthand, not economic reality. Past tariff rounds show that U.S. importers and consumers absorb most

of the cost through higher prices on electronics, vehicles, and industrial inputs. "America First" tariffs often behave like domestic taxes on AI supply chains.

AI Factories, Data Centers, and the Grid

Reshoring in 2025 is not just smokestacks; it's server racks. U.S. data centers consumed roughly 4% of national electricity in 2024 and could more than double by 2030, with AI a key driver. Utilities expect record-high U.S. power demand in 2025–26.

The strain is regional. Virginia's oversight bodies and utilities warn that hyperscale growth is reshaping resource plans, transmission, and customer bills; multiple states are now exploring guardrails on data-center energy and water use.

> **Fault Line Alert**
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> If AI-driven reshoring outruns the grid, the bottleneck won't be capital—it will be electrons, emissions, and community tolerance.

The Trump Era: Groundbreakings and Tariff Shields

Success in the Trump era has often been measured in "under construction" rather than in finished output. A project doesn't need to be shipping product to be counted as a win—it just needs a press release, a rendering, and a shovel in the ground. That scoreboard favors political optics over operational reality.

Nowhere is this clearer than in chips. Since CHIPS passed, U.S. semiconductor construction spending has exploded, and Commerce has lined up deals for dozens of fabs and R&D sites. But the timeline from groundbreaking to wafers is long. TSMC's Arizona megaproject, initially sold as a 2024 production story, has seen repeated delays

and cost overruns, with advanced nodes pushed further into the future. New announcements keep coming—TSMC's additional $100 billion U.S. pledge and Amkor's advanced packaging campus in Arizona, for example—but many of these will not meaningfully add domestic capacity until 2027–2028 and beyond. The map is crowded with "future fabs"; the list of U.S. sites actually shipping leading-edge AI chips is still short.

The pattern repeats in EVs and batteries. A wave of multibillion-dollar EV and battery plants was announced from 2021 onward, many claiming thousands of jobs and rapid timelines. As EV demand has softened and Trump-era policy has eased some emissions rules and allowed EV tax credits to lapse, automakers have begun delaying, downsizing, or repurposing those same facilities. GM and partners, for example, pushed back an Indiana battery plant schedule, while other battery-materials projects are stalling or being re-evaluated. In late 2025, GM announced cuts of roughly 1,700 jobs at EV and battery plants in Michigan and Ohio, and temporary pauses in cell production—illustrating how quickly a "win" can be walked back when markets and incentives shift.

Pharma and medical manufacturing tell a more mixed story. Firms like Eli Lilly have unveiled huge U.S. plans—four new plants and more than $50 billion in domestic capital outlays since 2020—joined by a broader wave of pharma and biotech facilities pitched as reshoring America's medicine cabinet. Yet the U.S. still imports the bulk of its active pharmaceutical ingredients and generics; India and China remain deeply embedded in the supply chain. Tariffs on medical imports and ingredients, combined with "Buy American" rhetoric, offer a protective story, but healthcare leaders warn that shifting rules and cost spikes are introducing new uncertainty and risking shortages before domestic plants are ready.

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This is where tariffs function as "shields." By taxing competing imports in sectors like PPE, medical devices, and, now, semiconductors, the administration can temporarily tilt cost structures toward U.S. facilities. But without hard conditions—minimum capacity, supplier diversification, workforce training and retention—those shields can outlast neither market cycles nor politics. Companies quickly learn that the same pen that grants relief can also remove it, and that a project which made sense under one tariff schedule can look marginal or unfinanceable under the next.

The result is a landscape thick with groundbreakings, renderings, and partially built shells—some of which *will* become world-class facilities, others of which will quietly be stretched, repurposed, or abandoned. Construction data and press releases suggest a "manufacturing renaissance"; output, employment, and import statistics tell a slower, more uneven story.

Fault Line Alert

Counting shovels as factories creates an illusion of momentum. Tariffs and groundbreakings can buy time and headlines, but without enforceable capacity targets, deep supply chains, and durable skills, they risk producing more ceremony than production.

The Partisan Peril

Factories are bipartisan in ribbon cuttings, partisan in credit. Funding can evaporate, incentives can be rewritten, and agencies can reverse course with a change in leadership.

Today, the courts amplify that volatility: in 2024 the Supreme Court overruled Chevron deference (Loper Bright), opened the door to late challenges of older rules (Corner Post), and curtailed in-house

enforcement in SEC v. Jarkesy—all of which make agency-driven industrial policy easier to sue and slower to implement.

> **Fault Line Alert**
> If reshoring becomes a partisan football in a post-Chevron world, investors and workers will flee to jurisdictions with steadier rules.

Tariff Whiplash and Investment Hesitation

Tariffs force boardrooms to factor Washington into risk, not just Beijing. But 100% chip tariffs announced in 2025—coupled with evolving exemptions and parallel subsidy renegotiations—turn pricing and build plans into quarterly variables. Boards model "U.S. vs. allies vs. China" and "tariff baseline vs. post-2026 scenarios" for chips, autos, batteries, and AI hardware.

> **Fault Line Alert**
> Tariffs without continuity build more headlines than factories. Uncertainty keeps shovels moving—but keeps billions sidelined.

Jobs ≠ Factories

The new wave of U.S. industrial policy has produced a construction boom, not a jobs boom—at least not yet. Spending on manufacturing construction has surged to record levels thanks to CHIPS, IRA, and state incentives, but overall manufacturing employment has been roughly flat since early 2023 and actually fell by tens of thousands of jobs over the year ending August 2025. The skyline is changing faster than the payrolls.

A $10 billion fab still employs only on the order of 1,000–1,500 people, and those jobs skew heavily toward engineers, technicians,

and IT specialists—not the broad mid-skill workforce that remembers the 1970s. Semiconductor employment has risen modestly—to just over 200,000 workers in 2023—but that's a small number compared with the trillions of dollars in announced capital and the estimated 43% decline in U.S. semiconductor manufacturing employment since 2000.

AI-forward plants accentuate this trend. Companies are spending more on robots, vision systems, and digital twins than on line workers; even mid-sized manufacturers are adopting flexible automation to stay cost-competitive in a high-wage, tariff-laden environment. In effect, the more tariffs and subsidies raise the cost of doing business in the U.S., the stronger the incentive to substitute capital for labor, a dynamic economists have been warning about in the wake of the new tariff waves.

Politically, this sets up a brutal optics problem for 2026 and 2027. Trump and congressional Republicans will campaign on "factories are back", pointing to groundbreakings, steel, and local press conferences. Democrats will counter with jobs data, noting that manufacturing employment—around 12.8 million jobs—remains far below its late-1970s peak of 19.5 million and has even declined in 2025 despite the construction surge. The same plant that looks like a victory in a drone shot looks like a let-down when voters realize it needs hundreds of PhDs and very few high-school grads.

For 2027 lawmakers, the risk is that resentment hardens: communities that were promised "good factory jobs" discover that automation captured the lion's share of the gains. That will shape the next wave of policy—whether it leans into training and mobility or into more symbolic "jobs" messaging that the labor market can't deliver.

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Factories, Electrons, and Tariffs

Fault Line Alert

Counting factories as jobs is a miscalculation. In a tariff-heavy, AI-rich reshoring era, capital arrives first, robots second, and broad-based employment last—if at all.

Shovel Ceremony Politics

Groundbreakings are a bipartisan addiction because they live on political time, not industrial time. A site can break ground in 2025 and realistically not reach full commercial production until 2028 or 2029—especially if it's an advanced fab, battery plant, or biologics facility. The photos, however, are instantaneous: golden shovels, hard hats, a banner with "1,500 future jobs," and an administration eager to claim credit.

This time lag is what makes 2026–2027 so politically fraught. Many of the highest-profile projects breaking ground now rest on Biden-era statutes (CHIPS, IRA), but their ribbon cuttings and first production runs will likely fall deep into Trump's second term or beyond. Republicans will argue that construction only happened because of Trump's tariffs and permitting orders; Democrats will insist the money and legal authority were theirs. In some communities, voters will attend three ceremonies for the same site—announcement, groundbreaking, and eventual "start of production"—under three different partisan narratives.

Meanwhile, the map is filling up with projects in limbo: battery plants slowed or resized as EV demand softens; chip fabs whose timelines stretch as costs rise; pharma facilities that await final go-ahead while reimbursement and tariff rules shift. Some will eventually open; some will quietly be mothballed or repurposed. Yet politically, they all count as "wins" as soon as the dirt moves.

By the 2026 midterms, this creates a stark disconnect: voters see cranes and concrete but not paychecks. If the 2025–2026 economy continues to show flat or falling manufacturing employment alongside record factory construction, both parties will be tempted to double down on ceremonial politics. Expect even more choreographed groundbreakings and "under construction" lists in campaign ads, especially in swing states like Arizona, Georgia, Michigan, Ohio, and Pennsylvania, where semiconductor, battery, and EV projects cluster.

For 2027, whoever controls Congress faces a harder question: should we keep subsidizing announcements, or tie money to actual output and workforce outcomes? That debate—over clawbacks, milestone-based disbursements, and "no more zombie projects"—is likely to define the next iteration of U.S. industrial policy.

Fault Line Alert

America counts promises as production because promises fit the electoral calendar. But communities live on industrial time; they remember who showed up with a shovel and who actually delivered a shift schedule.

Tariffs as Consumer Taxes

Tariffs occupy a strange place in the 2026–2027 reshoring politics: they are sold as punishment for foreign adversaries and as rewards for "patriotic" companies, but they function economically as taxes on the U.S. economy itself.

Studies of the 2018–2019 trade war found near-complete pass-through of tariffs into U.S. import prices, meaning foreign exporters largely kept their prices and U.S. firms and consumers paid the difference. The new Trump-era tariff rounds—on metals, EVs, batteries, and now proposed 100% duties on some chips—are showing the

same pattern: business surveys and bank research point to higher input costs, squeezed margins, and eventual price increases, not a free lunch financed by Beijing.

In a world where AI hardware and automation equipment are themselves heavily traded, tariffs can even raise the cost of the very tools U.S. factories need to stay competitive. Robot makers and automation integrators are already warning that uncertainty over tariffs on imported components is slowing or reshaping investment. the irony: tariffs meant to bring jobs home can push firms toward more automation and fewer workers, especially when labor is scarce and expensive.

Politically, this sets up a collision headed into 2026:

- **Trump and Republicans** will hail tariffs as proof that "America fights back," tying them to high-profile investment pledges from Nvidia, Apple, TSMC, and others.
- **Democrats and some business-friendly Republicans** will lean on the data: manufacturing jobs down 70–80k over the previous year, consumer prices still elevated by tariff pass-through, and manufacturers warning that constant tariff churn makes long-term planning impossible.

By 2027, whoever sits in the Speaker's chair will have to decide whether to codify some tariff schedules (to give industry predictability) or keep them as a flexible presidential weapon—powerful for politics, destabilizing for investment. Either way, the underlying reality will remain: the bill for "America First" tariffs is mostly paid in higher prices at Walmart, AutoZone, Home Depot, and CVS, not in some far-off foreign capital.

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Factories, Electrons, and Tariffs

Fault Line Alert

Tariffs may protect some factories on paper, but in practice they tax the very consumers and companies whose support reshoring depends on. The more they are used as political theater, the more they risk undercutting the economic case for the renaissance they're supposed to fuel.

The Regional Game vs. Federal Promises

Reshoring is no longer just a Washington project; it's a statehouse and utility board arms race. As federal policy whipsaws between tariff waves, CHIPS awards, and clean-energy rollbacks, governors are quietly becoming the real industrial planners of the AI era.

By 2024–25, at least 36 states had enacted specific tax breaks for data centers, and many layered on sales-tax exemptions for servers, construction materials, and even backup generators. In Ohio, analysts estimate that generous data-center exemptions could cost the state and localities nearly $1.6 billion in sales-tax revenue if all announced AI and cloud projects qualify—while producing only modest, highly automated job gains. and others now warn that "indefensible" data-center tax breaks risk raising electricity rates for ordinary households as utilities retool their systems for hyperscale loads that employ relatively few people.

The competition is no longer just about tax abatements. States are offering priority interconnection slots, dedicated transmission projects, and even nuclear partnerships to woo AI megacampuses and chip clusters. In 2025, Meta signed a 20-year power purchase agreement for the entire 1.1 GW output of Constellation's Clinton nuclear plant in Illinois, starting in 2027, effectively locking up a baseload reactor for data-center demand. Amazon Web Services

followed with a long-term deal for up to 1.9 GW from Talen Energy's Susquehanna nuclear plant in Pennsylvania, part of a $20 billion data-center expansion billed as the largest private investment in that state's history. Deals like these show how "priority interconnection" and "power guarantees" have become as important as tax credits in site negotiations.

On the semiconductor side, the politics are just as fierce. Texas created a Texas Semiconductor Innovation Fund, and in September 2025 awarded $250 million from it to Samsung's Taylor fab, supplementing roughly $6.4 billion in federal CHIPS support and an expected $40 billion in private investment. Arizona and the federal government have celebrated TSMC's decision to boost its U.S. investment to $165 billion for multiple fabs and packaging plants—likely the largest single foreign direct investment in U.S. history.

For 2026–2027, this decentralization cuts both ways:

- It buffers federal swings. Even if Washington pares back clean-energy tax credits or reshapes CHIPS awards, state deals and long-term power contracts can keep individual projects alive.
- It also stokes bidding wars that erode long-term fiscal returns. Analyses from E2 and others show more than $22 billion in clean-energy and manufacturing projects cancelled or downsized in the first half of 2025 alone, often in states that had offered large incentive packages or structured their budgets around expected jobs and property taxes.

If federal policy remains volatile through the 2026 midterms and into the 120th Congress, the logical response from governors will be to double down: richer subsidies, deeper power guarantees, and looser local rules to win or keep projects. That protects some

communities—but leaves others with hollowed tax bases, higher electric rates, and little say over what gets built next door.

> **Fault Line Alert**
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> The new industrial frontier is being written in state capitals and utility boardrooms as much as in Congress. The more Washington lurches, the more states will bid against one another—sometimes trading away long-term resilience for short-term wins.

The Foreign Investor Paradox

Some of the biggest trophies in America's reshoring showcase are foreign-owned. The upside is obvious: concrete, capacity, and a measure of security. The downside is less visible: profits, control, and key intellectual property often remain offshore.

Taiwan's TSMC plans to invest $165 billion in Arizona across three advanced fabs, two packaging plants, and a major R&D center—a project repeatedly billed as the largest foreign direct investment the U.S. has ever landed. Mass production from the newest fabs is expected after 2030, with Arizona ultimately supplying roughly 22% of global advanced capacity if everything stays on schedule. Samsung, backed by up to $6.4 billion in U.S. CHIPS funding, will invest more than $40 billion to build a semiconductor cluster in Texas, including two fabs, a packaging plant, and R&D facilities

From a national security perspective, this is a major win: critical AI hardware and defense-relevant chips will be manufactured on U.S. soil, connected to U.S. grids, and covered by U.S. law. From a local economic perspective, foreign projects often deliver thousands of construction jobs and hundreds to a few thousand high-pay manufacturing positions, plus supplier business.

But the political economy is trickier. In 2026, both parties will tout these plants as proof that their policies "brought manufacturing home." Yet:

- Cash flows and control largely remain with shareholders in Hsinchu, Seoul, or elsewhere. U.S. taxpayers are effectively co-investors in foreign corporate strategies, via subsidies and tax breaks, without owning the resulting cash streams.
- Technology roadmaps are still set in headquarters overseas; decisions about which nodes to keep in Arizona or Texas and which to keep in Asia will be made by boards that can, in a crisis, re-prioritize other geographies.
- Subsidy politics can sour quickly. If U.S. voters in 2027 feel they paid for factories that deliver fewer jobs than advertised—or that tariff and policy shifts put those jobs at risk—the same foreign firms could become targets for populist anger.

By 2027, Congress will be under pressure to answer a basic question: what does real "American" ownership mean in an era of global supply chains? That could mean attaching more stringent conditions to subsidies (equity stakes, revenue-sharing, technology partnerships) or steering future incentives toward joint ventures and domestic champions instead of pure greenfield FDI. It could also mean a backlash: fewer big deals, more suspicion of "foreign-flag" plants, and a push to re-localize even at higher cost.

Fault Line Alert

Reshoring can build American factories but foreign fortunes. Unless policy evolves beyond simply paying for capacity, ownership and control—not just location—will become the next battleground.

The Pendulum's Hidden Cost: Worker Distrust

Capital is agile. It can pivot from Arizona to Bavaria, from EV batteries to oilfield services, in a few board meetings. Workers are not so lucky. When industrial policy swings, they become the shock absorbers—and after a decade of promises and reversals, their trust is thin.

In 2025 alone, clean-energy and clean-vehicle manufacturers cancelled or downsized more than $14 billion in planned investments and roughly 10,000 associated jobs in the first five months, according to E2's Clean Economy Tracker. By midsummer, that number had climbed to over $22 billion in cancelled or delayed projects, including major factory and component facilities, as companies reacted to Trump-era rollbacks of IRA tax credits and a House budget bill that effectively accelerates their expiration. Many of these cancellations have landed in Republican-held districts that were original beneficiaries of Biden-era clean-energy deals.

Battery and EV workers have felt it first. AESC abruptly paused construction of a $1.6 billion battery plant in South Carolina that was supposed to create about 1,600 jobs, citing uncertainty over U.S. economic policy. GM's Ultium Cells JV and other battery ventures have delayed plants or cut shifts; by late 2025, GM alone had announced thousands of layoffs and idled multiple EV and battery factories, with more than 3,300 EV workers affected and several hundred battery jobs cut in Ohio. In interviews from Ohio to Georgia, workers describe a cycle of being recruited into "future-proof" plants, then watching schedules slip or work dry up as subsidies, tariffs, or credit rules flip. A

The trust damage doesn't stop with factory floors. On the training side, the Department of Labor and states have struggled to maintain consistent support for apprenticeships amid shifting budget priorities. Reporting from 2025 highlights federally funded apprenticeship

initiatives that have been paused, cancelled, then reinstated, leaving community colleges and employers hesitant to scale new cohorts. When workers sign up for a two-year mechatronics or robotics program tied to a specific plant, and that plant later slows or vanishes, they don't just lose a job; they lose faith in the entire promise of "high-road" industrial renewal.

Heading into the 2026 midterms, both parties are underestimating this psychological scar tissue. They see announcements, construction metrics, and capital flows; workers see canceled projects, unstable schedules, and credentials that may not travel. By 2027, the real constraint on reshoring may not be subsidies or even grid capacity—it may be the willingness of people to believe the next promise. Without credible guarantees that training pipelines will be honored and plants will stay open beyond a campaign cycle, the workforce that reshoring depends on will shrink back or move on.

Fault Line Alert

Capital can pivot when policy shifts; workers cannot. Every canceled project and paused apprenticeship deepens the suspicion that reshoring is another political fad. Once that trust is gone, no amount of ribbon-cutting can easily bring it back.

2026 Outlook: Scenarios & Moves (Politics, Congress, Courts)

The election year. On Nov. 3, 2026, all 435 House seats and ~35 Senate seats (Class 2 + specials) are on the ballot; the winners will seat the 120th Congress on Jan. 3, 2027. Control of either chamber will reshape tariffs, CHIPS implementation, IRA credits, and AI/data-center oversight.

If Democrats flip the House and/or Senate:

- Expect hearings to discipline tariff policy (scope, exemptions, consumer impact) and to stabilize CHIPS awards via statute, not agency discretion.
- Renewed pushes to restore/fortify IRA credits, possibly with made-in-America carve-outs for grid and manufacturing links.
- AI oversight returns: re-empower NIST's testing regime, more transparency on data-center siting (power and water), and incentives tied to carbon-aware capacity and domestic workforce ladders.

If Republicans hold one or both chambers:

- Tariff-heavy, EO-driven industrialism continues; expect faster permitting for data centers, transmission, and energy systems that feed AI loads.
- CHIPS deals stay under renegotiation pressure; more "pay-for-performance" and clawbacks; greater reliance on tariffs and targeted exemptions to steer siting. \
- IRA credits face incremental trims via budget vehicles; nuclear and gas gain policy priority relative to wind/solar in federal messaging.

Courts (post-Chevron world):

- Loper Bright + Corner Post mean more litigation against agencies over permits, tax-credit guidance, and industrial standards—often years after a rule lands. Jarkesy narrows in-house enforcement tools. Translation: slower, more fragile rulemaking; companies should lock key terms in statute or contract, not guidance.

Practical moves for 2026:

- Hedge policy: design plants for tariff and non-tariff cost structures.
- Grid-first diligence: secure dedicated capacity, interconnection queues, and firmed clean power (or nuclear PPA) before site selection.
- Localize: anchor training funds and supplier contracts with state and utility partners that outlast federal swings.

2027 Outlook: Governing After the Midterms (Administration & Administrative State)

With the **120th Congress** sworn in, two paths emerge:

Unified GOP Government (or split with GOP Senate):

- Tariffs remain the primary lever on chips/EVs; data-center EO implementation accelerates; more FAST-41 designations; expanded categorical exclusions under NEPA for AI-linked projects.
- CHIPS funding is tighter and slower, with deeper renegotiations; states backfill with richer packages and priority interconnection.

Democrats capture one or both chambers:

- Compromise to codify predictable tariff schedules (durations, carve-outs) and to stabilize CHIPS/IRA—potentially via bipartisan "critical-industries" legislation that trades tariff clarity for firm domestic milestones.

- AI/data-center policy shifts toward reporting + planning (electricity + water), with incentives conditioned on emissions intensity and workforce outcomes.

Administrative state, continued: Post-Chevron, expect more court-driven policy and longer permitting litigation tails. Winning regions will be the ones that de-risk the courts—e.g., clear statutory authority for incentives, meticulous NEPA records, and contracts with clawbacks that survive APA challenges.

What to watch in 2027:

- The **pace of interconnection** and transmission approvals in FAST-41 corridors.
- Whether 2025–26 **chip tariffs** harden into codified schedules or devolve into rolling exemptions.
- State-level **data-center guardrails** (energy/water reporting, rate design, or siting standards).

Guardrails for Political Resilience

- **Tariffs as Bridge, Not Destination:** Time-box them and tie to clear **capacity + workforce + supplier** milestones; publish sunset criteria.
- **Subsidies with Teeth:** Award terms with clawbacks, quarterly disclosure, and community benefits that **survive** party control.
- **Allied Strategy:** Treat North American and allied capacity as part of a resilient "home field," not leakage.
- **AI & Power Discipline:** Condition AI-heavy projects on **carbon-aware capacity plans** (firm clean power, water plans, grid upgrades). Data-center demand is rising fast; grid stress is real. Pew Research Center

Lessons Abroad

- **China:** Elections don't interrupt industrial policy; subsidies and mandates extend across decades.
- **Germany:** Apprenticeships and industrial strategy are cross-party identity, not partisan planks.
- **South Korea:** Tech clusters are backed by bipartisan consensus that competitiveness is survival.

America's edge is dynamism—but its weakness is volatility. Without bipartisan guardrails, the U.S. risks squandering a renaissance in cycles of tariffs, subsidies, and reversals.

Groundbreakers: The Mirage of Momentum

In Washington, progress is often measured in **dirt moved**, not goods produced. A factory "under construction" can be celebrated as if it were already generating output and jobs; the community waits years for the first production run.

> **Fault Line Alert**
> America counts shovels as factories. For communities, it's the difference between hope and hollow steel beams.

Closing Beat: Beyond Partisan Whiplash

The future of reshoring is not about Trump or Biden; it's about whether America can sustain industrial renewal **across decades and across parties**. Tariffs may spark; subsidies may accelerate; only continuity cements resilience. Factories outlast presidents. The question is whether our policies can outlast the cycle.

Fault Line Alert

Without durable strategy, America risks becoming the world's capital of groundbreakings and half-built plants—a museum of intentions instead of an arsenal of production.

BlackBookInsights.com | Always-On Updates

Black Book tracks the **fastest-moving reshoring news and innovations** with **100+ rolling blog updates**—from tariff changes and CHIPS awards to AI/data-center siting, grid capacity, and metro-level permitting shifts. Use it to keep this chapter "live" between editions and to spot policy and power-grid changes that can make or break site decisions.

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