

From Trade War to Global Tension: Trump's Economic Policies and Sustainable Peace

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ABSTRACT

The Trump administration introduced a notable transformation in the United States' foreign and economic policy, primarily through assertive trade measures that heightened global economic tensions. This study explored the extent to which the administration's trade confrontations, particularly with China, contributed to growing geopolitical instability and posed challenges to maintaining international peace. It focused on the effects of protectionist economic strategies on global diplomatic relations and examined their broader implications for long-term stability. Utilizing a historical research approach, it draws on a range of primary and secondary materials, such as political speeches, trade documents, policy records, and academic literature. This study adopted the Realist Theory of International Relations as its guiding framework, emphasizing how Trump's economic policies were driven by national self-interest and the pursuit of power within the global system. The study found that policies such as the imposition of unilateral tariffs, the retreat from multilateral trade agreements, and the use of combative rhetoric weakened alliances, disrupted international trade networks, and heightened diplomatic tensions, particularly with China. These developments undermined global cooperative systems and eroded mechanisms intended to address economic disputes peacefully. The study concluded that although the policies were designed to protect American economic interests, they unintentionally fueled international discord and threatened global peace efforts. It recommends, among others, that the United States should renew its commitment to multilateral trade systems, including active participation in the World Trade Organization (WTO) and reengagement with regional trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Such engagement would reinforce the rules-based global trading system, restore trust with international partners, and foster collaborative economic development rooted in shared norms.

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1. INTRODUCTION

The presidency of Donald J. Trump represented a significant and unprecedented departure from the long-standing traditions of American economic diplomacy and international engagement. His administration adopted a confrontational stance on trade and global economic relations, dramatically shifting the United States away from its historical commitment to multilateralism, open markets, and liberal trade norms. This transformation was most prominently embodied in a series of aggressive economic policies designed to reduce trade deficits, protect domestic industries, and reassert American dominance in global commerce. At the heart of this transformation was a full-scale trade war, particularly with China, which saw the imposition of sweeping tariffs on hundreds of billions of dollars in goods and the deliberate dismantling of previous trade agreements deemed unfavorable to American interests.

Trump's "America First" doctrine was the ideological backbone of this policy shift. Framed as a strategy to restore fairness to trade relationships and reverse perceived economic decline, it prioritized national economic sovereignty over global cooperation. This protectionist turn included the renegotiation or abandonment of key multilateral agreements such as the Trans-Pacific Partnership (TPP), threats to withdraw from the World Trade Organization (WTO), and the reconfiguration of the North American Free Trade Agreement (NAFTA) into the United States–Mexico–Canada Agreement (USMCA). These decisions were justified on the grounds of promoting American manufacturing, safeguarding jobs, and countering what the administration described as exploitative trade practices, particularly by China. However, while these measures may have yielded some short-term domestic political benefits and symbolic victories, they also ignited broader tensions with allies and adversaries alike (Hopewell, 2022).

The U.S.–China trade war quickly escalated into a high-stakes geopolitical standoff, resulting in tit-for-tat tariffs, restrictions on technology transfers, and heightened regulatory scrutiny. China responded with its punitive tariffs and redirection of trade partnerships, further intensifying the conflict. Global markets experienced considerable volatility, with investor confidence shaken by the unpredictability of U.S. policy and the erosion of institutional norms that had underpinned global economic stability since World War II. The imposition of tariffs not only strained the economic ties between the two largest economies but also disrupted international supply chains, affected global commodity prices, and placed pressure on multinational corporations that rely on open trade routes and predictable policy environments (Bown, 2020).

Beyond its economic dimensions, the Trump administration's trade policies also had significant geopolitical and security implications. The antagonistic tone of U.S. trade diplomacy alienated long-standing allies in Europe and Asia, many of whom were subjected to steel and aluminum tariffs under the guise of national security concerns. Traditional partners began to question the reliability of American leadership and its commitment to the rules-based international order. Simultaneously, emerging powers such as China seized the opportunity to expand their influence, particularly in regions like Africa and Latin America, where the U.S. had traditionally played a dominant role. This redistribution of influence further complicated global governance and created new power dynamics with potential implications for conflict and cooperation in the international system (Kim & Shaw, 2021).

In today's highly globalized and interconnected world, the consequences of such unilateral trade actions are amplified. Economies are interdependent, with production, consumption, and finance spread across borders. As a result, disruptions in one part of the system can have cascading effects elsewhere. Trade wars not only harm economic growth but also weaken the international institutions that have historically acted as buffers against political conflict. The World Trade Organization, already under pressure before Trump's tenure, faced a legitimacy crisis as the U.S. blocked the appointment of appellate judges, undermining the dispute resolution mechanism critical to global trade governance. Such actions signal to other states that might indeed make right, thereby encouraging similar behavior and increasing the risk of conflict (Hopewell, 2022).

Furthermore, the Trump-era trade conflict challenged the post-Cold War consensus that economic cooperation fosters peace. For decades, scholars and policymakers alike have argued that strong trade relationships can act as a deterrent to war by creating mutual dependencies. This liberal theory of peace underpins institutions such as the European Union and guided much of U.S. foreign policy in the late 20th and early 21st centuries. However, the re-emergence of economic nationalism and the strategic weaponization of trade have cast doubt on this assumption. In a world where economic ties can be abruptly severed for political reasons, trust among nations erodes, and the prospects for peaceful cooperation diminish.

In this context, it becomes essential to investigate the broader implications of Trump's economic policies beyond their immediate financial impact. The erosion of trust in multilateral systems, the reconfiguration of alliances, and the intensification of great-power competition are all part of a larger narrative in which economic policy is tightly intertwined with global peace and security. This study explored these dynamics by examining the Trump administration's trade war, particularly with China, as a case of how aggressive economic nationalism can fuel global tensions.

1.1 Statement of the Problem

While the Trump administration's economic and trade agenda was chiefly designed to stimulate domestic manufacturing, curb trade imbalances, and safeguard American employment, it inadvertently triggered a cascade of profound international repercussions. Foremost among these was the intensification of tensions between global powers, especially between the United States and China. Measures such as imposing tariffs, restricting technology exchanges, and adopting combative trade rhetoric not only disrupted U.S.–China economic ties but also reverberated through the global political landscape. These actions strained diplomatic relations, shifted the dynamics of strategic alliances, and weakened longstanding international trade institutions like the World Trade Organization (WTO), which traditionally played a key role in mediating trade disputes (Bown, 2020; Hopewell, 2022).

Crucially, the consequences of this protectionist shift extended far beyond economic performance indicators and market behavior. The United States' pivot away from multilateral trade frameworks and toward unilateralism eroded confidence in global cooperation mechanisms and challenged the foundational principles of the liberal international order. This shift not only diminished America's traditional leadership role but also emboldened similar nationalist tendencies in other nations, posing risks to the collaborative spirit necessary for maintaining peace in a globally interdependent system (Kim & Shaw, 2021).

Although numerous studies have assessed the economic impact of Trump-era trade policies, focusing on areas such as gross domestic product, inflation, and trade deficits, there is a notable lack of research on their broader implications for global security and stability.

In the context of a shifting international order characterized by rising regional powers and the waning of U.S. unipolarity, economic disputes are increasingly intertwined with broader strategic and ideological rivalries (Ikenberry, 2020). Trade frictions are no longer limited to fiscal disagreements; they have become integral to debates over global influence, alliance formation, and geopolitical positioning.

This issue is particularly urgent in an era where economic instruments are frequently deployed as tools of strategic influence. Mismanaged trade conflicts, especially between major powers, can escalate into more serious political or military confrontations. Consequently, it is vital to evaluate the extent to which Trump's trade war with China and broader protectionist stance have contributed to global instability. Such an evaluation is necessary not only to understand past missteps but also to guide future policymakers in designing economic strategies that simultaneously address national interests and uphold the principles of international peace, cooperation, and institutional integrity. This study explores the broader implications of the trade war on global peace and security. Other objectives of the study are;

1. To assess the impact of Trump's trade policies on global economic relations and international trade institutions.
2. To analyze how Trump's protectionist approach influenced geopolitical dynamics, global alliances, and strategic rivalries.

Literature Review

The administration of President Donald J. Trump marked a significant departure from decades of relatively liberal U.S. trade policy, ushering in a new era of economic nationalism and protectionism. Central to this shift was the imposition of a series of tariffs aimed at reducing the U.S. trade deficit, protecting domestic industries, and punishing perceived unfair trade practices by foreign competitors, especially China. However, the long-term macroeconomic ramifications of these tariffs have become the subject of rigorous empirical and theoretical inquiry. Scholars have increasingly focused on understanding how these trade measures have shaped production structures, international supply chains, inflation, firm behavior, and geopolitical economic alignments.

Xu (2024) provides a comprehensive macroeconomic analysis of the Trump administration's tariffs, particularly emphasizing their unintended consequences on global value chains. His findings indicate that the abrupt escalation in tariff rates, especially under Section 301 actions against China, triggered major distortions in international production networks. This disruption led to significant reconfiguration of supply chains, especially in the energy, electronics, and automotive industries. As suppliers and manufacturers struggled to reroute sourcing and assembly operations, production costs escalated rapidly, contributing to a surge in inflationary pressures across multiple sectors of the U.S. economy (Xu, 2024).

Firms dependent on intermediate goods from China experienced the most acute disruptions. The complexity and interdependence of modern global supply chains meant that even modest increases in input costs quickly cascaded through the value chain, affecting final consumer prices. These inflationary effects were further exacerbated by retaliatory tariffs from key trade partners, including China and the European Union, which led to a contraction in U.S. export opportunities and weakened corporate profit margins (Fajgelbaum et al., 2020).

Min (2025), building upon micro-level data, adopts a county-level empirical approach using business registration and employment data from 2018 to 2025. His research confirms that there were short-term boosts in domestic business registrations, particularly in industries protected by new tariff barriers such as steel and aluminum. These initial gains were interpreted by some policymakers as evidence of the tariffs' effectiveness in

revitalizing American manufacturing. However, Min's analysis also shows that these gains were not sustained over the long term. The retaliatory tariffs imposed by China on U.S. exports, especially in agriculture and machinery, ultimately neutralized these early benefits, resulting in net declines in regional employment and business stability in many counties (Min, 2025).

One striking example cited by Min (2025) concerns the Midwest, where the agricultural sector faced massive losses due to China's targeted restrictions on soybeans and other farm products. This led to farm bankruptcies, falling land prices, and declining rural incomes, which in turn reduced consumption and investment in these regions. Government bailouts, while providing temporary relief, failed to fully offset the economic damage, raising questions about the overall efficacy and sustainability of tariff-led industrial policy (Blanchard et al., 2022).

Furthermore, researchers such as Bown and Irwin (2023) argue that the Trump-era tariffs created uncertainty in global markets, discouraging long-term capital investment. Their work finds that firms operating in sectors subject to frequent trade policy reversals exhibited reduced R&D expenditure and slowed hiring. This hesitancy was driven by a lack of clarity regarding the longevity and future direction of U.S. trade policy, which made it difficult for firms to make long-term strategic decisions (Bown & Irwin, 2023).

Another major dimension of the tariff impacts relates to consumer welfare. A study by Amiti, Redding, and Weinstein (2019) found that the tariffs were almost entirely passed on to U.S. consumers in the form of higher prices, with no statistically significant price reductions from importers or foreign producers to compensate for the new tariff costs. Their findings challenge the assumption that foreign exporters would absorb part of the tariff burden, thereby undermining the initial justification for the trade measures (Amiti et al., 2019).

The policy landscape has since evolved under the Biden administration, but many of the Trump-era tariffs remain in place. This continuity suggests that the political economy of trade protectionism may now be more entrenched, regardless of empirical findings about its adverse effects. The persistence of these tariffs also reflects broader geopolitical concerns, especially regarding technological rivalry and national security, which increasingly dominate U.S.-China economic relations.

To summarize, the body of recent research on the Trump-era tariffs presents a nuanced picture. While there were temporary gains in business formation and perceived boosts to domestic industries, these were largely offset by retaliatory measures, supply chain disruptions, and inflationary pressures. The long-term macroeconomic consequences included slowed investment, reduced consumer purchasing power, and strategic uncertainty. These have important implications for the formulation of future trade policies, underscoring the need for a balanced approach that considers both domestic economic goals and global interdependencies.

Trade Policy and Global Institutional Governance

The trade policy adopted by the Trump administration represented a significant departure from the multilateral framework that had guided U.S. economic engagement with the world since the mid-1900s. Through its withdrawal from key trade agreements, renegotiation of existing pacts, and open opposition to global institutions like the World Trade Organization (WTO), the administration initiated widespread debate about the durability and relevance of the rules-based international trading system. These measures not only strained current trading relationships but also cast serious doubt on the strength and credibility of multilateral economic governance.

A major turning point came in 2017 when the Trump administration decided to exit the Trans-Pacific Partnership (TPP), a landmark trade deal involving 12 nations and covering nearly 40% of global GDP. The TPP had been developed not only to enhance trade flows among members but also to reaffirm U.S. economic leadership in the Asia-Pacific region and counterbalance China's growing influence. The U.S. withdrawal undermined those objectives, paving the way for Beijing to expand its reach through competing arrangements such as the Regional Comprehensive Economic Partnership (RCEP) (Lim & Ferguson, 2022).

Following its exit from the TPP, the administration focused on the North American Free Trade Agreement (NAFTA), frequently branding it as a flawed deal. This criticism eventually led to its replacement with the United States-Mexico-Canada Agreement (USMCA), which was finalized in 2020. While the USMCA preserved many aspects of NAFTA, it introduced new provisions on digital commerce, labor protections, and environmental standards. Analysts note that the updated agreement reflected a shift toward more state-centric governance and stricter enforcement mechanisms, indicating a move away from the market-liberal approach that had previously defined American trade agreements (Bown & Kolb, 2021). Despite preserving North American trade cooperation, the U.S.'s combative stance, including threats to impose tariffs on key allies, damaged diplomatic relations and weakened the perception of the U.S. as a dependable economic partner.

Arguably, the most damaging element of Trump's trade strategy was its adversarial attitude toward the WTO. The administration often dismissed the WTO as obsolete and biased, particularly accusing it of failing to restrain China's trade practices. This led to a controversial decision to block the appointment of new judges to the WTO Appellate Body, effectively crippling the organization's dispute resolution system by the end of 2019. As of 2025, this institutional paralysis remains unresolved, with scholars cautioning that the WTO's inability to enforce trade rules threatens its very relevance in global economic affairs (Hoekman & Wolfe, 2021).

Between 2018 and 2019, over thirty formal cases were brought before the WTO challenging the United States' protectionist measures, particularly those involving tariffs on steel, aluminum, and a range of Chinese imports under Sections 232 and 301. These complaints, filed by major economies like China and the European Union, as well as smaller states such as Norway and Turkey, underscore the international community's alarm over the U.S. government's disregard for established trade norms (Pelc, 2021). The surge in disputes highlighted the breadth of concern and the perceived deviation of the U.S. from multilateral trade commitments.

Beyond these legal challenges, the weakening of the WTO's adjudication system has wider implications for the maintenance of global trade rules and peace. Scholars such as Mansfield and Pevehouse (2020) argue that multilateral institutions like the WTO do more than manage trade, they help foster geopolitical stability by institutionalizing cooperation, reducing uncertainty, and offering peaceful mechanisms for dispute resolution. Yet, participation and engagement in such institutions have waned since the Uruguay Round, leading some analysts to describe the current environment as a "post-liberal trade order," marked by fragmentation, bilateralism, and increasing nationalism in trade policy (Mansfield & Pevehouse, 2020).

The Trump administration's preference for unilateral action and nationalist rhetoric mirrored broader global trends toward populism and state-centric governance. By emphasizing sovereignty and bilateral deals over multilateral collaboration, the U.S. signaled a retreat from the leadership role it had long played in sustaining global trade institutions. Other nations, observing this shift, began to adopt similar stances, resorting more frequently

to retaliatory tariffs and sanctions, thereby undermining the cooperative norms previously upheld through institutions like the WTO.

A study by Evenett and Fritz (2020) documents a notable rise in trade restrictions globally during the Trump presidency, with both the U.S. and China playing central roles in this trend. Their Global Trade Alert initiative found that G20 nations enacted more protectionist policies between 2018 and 2019 than in any comparable period since the global financial crisis. This increase reflects a deteriorating trust in multilateral dispute mechanisms and a growing inclination toward power-based trade negotiations (Evenett & Fritz, 2020). The decline in multilateral trade enforcement also poses serious risks for developing nations, which have traditionally relied on the WTO to ensure a level playing field. Historically, smaller economies have used WTO mechanisms to challenge discriminatory practices by more powerful states. With the dispute settlement system effectively frozen, these countries are now more exposed to coercive trade policies, further widening global inequalities and undermining efforts to use trade as a tool for development (Ehlermann, 2021).

Geopolitical Tensions and Trust in Multilateralism

The escalation of the trade conflict between the United States and China during the Trump presidency marked a fundamental shift from traditional trade disputes to a deeper geopolitical rivalry. What began as a response to perceived unfair trade practices and economic imbalances quickly evolved into a broader struggle involving the use of economic tools for national security and strategic purposes. This development, often referred to by scholars as a form of **economic warfare**, reflects the growing tendency to use trade policies not just for market protection but for advancing state power, especially in the domains of technology, sovereignty, and institutional influence. The consequences of this transformation have extended well beyond U.S.–China relations, significantly affecting the global economic and political landscape.

Although tariffs have historically served as a mechanism for shielding domestic industries, the Trump administration's tariffs on Chinese imports, justified under Section 232 (national security grounds) and Section 301 (intellectual property violations), represented a marked intensification in U.S. trade enforcement. Instead of seeking resolution through global forums such as the World Trade Organization (WTO), Washington adopted a unilateral approach, prompting Beijing to retaliate with its tariffs targeting U.S. exports, particularly in key sectors like agriculture and manufacturing. This reciprocal action soon expanded beyond goods and services to include fierce competition over control of critical technologies, including 5G networks, artificial intelligence systems, microchips, and rare earth materials (Zeng, 2023).

Analysts contend that this shift toward **strategic decoupling**, where both nations began reducing their economic dependencies and emphasizing self-sufficiency, reflects a wider trend of linking trade to national security. Kim and Shaw (2021) observe that by stepping away from multilateral frameworks in favor of coercive, state-centered approaches, the U.S. and China undermined the trust that once sustained the liberal international trade regime established after World War II. The preference for bilateral pressure tactics over rules-based solutions weakened the credibility of Western-led institutions and encouraged the spread of **economic nationalism** in other parts of the world (Kim & Shaw, 2021).

This inward-looking, protectionist orientation did not remain isolated to the two superpowers. Many other countries, influenced by the U.S. example, began adopting similarly defensive trade stances. Kim and Shaw further note that this growing fragmentation in global trade policy contributed to heightened geopolitical tensions and eroded the capacity of multilateral organizations like the WTO and G20 to coordinate effective economic

governance. The situation is particularly alarming in today's interconnected world, where commerce, technology, and finance are deeply interdependent.

A core driver of the U.S.–China trade battle was the race for **technological superiority**. American policymakers expressed strong opposition to China's strategic initiatives, such as the "Made in China 2025" plan, which aimed to elevate China's global position in high-tech industries, including aerospace, robotics, and quantum technologies. In response, the U.S. did not merely rely on tariffs; it also imposed export restrictions and sanctions on major Chinese firms like Huawei, citing risks to national security. These actions were further accompanied by tightened rules on Chinese investment in U.S. technology firms and stricter export controls on semiconductors. According to Wu and Li (2023), such measures reflect an intensification of **techno-nationalism**, where technological advancement is treated as a critical component of state power and security. As a result, trade policies are increasingly shaped by concerns over **data control**, cyber threats, and vulnerabilities in supply chains, rather than by market efficiencies (Wu & Li, 2023). This approach not only worsened tensions with China but also caused significant disruptions to global supply networks, particularly in industries reliant on advanced electronics and semiconductors, revealing the fragility of existing interconnections.

Amid this strategic rivalry, traditional U.S. allies faced growing pressure to align with Washington's stance. The broader effect was a **splintering of global technology standards**, as some nations adopted the U.S.-promoted model of secure and democratic digital infrastructure, while others gravitated toward China's state-controlled digital frameworks. Farrell and Newman (2022) characterize this emerging division as "**weaponized interdependence**", a condition in which countries seek to manipulate their control over critical infrastructure, such as finance systems, digital networks, and global logistics, to exert political or economic influence over others (Farrell & Newman, 2022).

A major consequence of this evolving economic conflict has been the **erosion of multilateralism**. The Trump administration significantly undermined international cooperation by criticizing and obstructing institutions like the WTO. One of the most damaging actions was the U.S. decision to block new appointments to the WTO Appellate Body, effectively halting the organization's dispute resolution function by 2019. During this period alone, more than 30 formal complaints were brought against the U.S., including those related to steel and aluminum tariffs. However, due to the paralysis of the WTO's dispute mechanism, many of these cases could not be resolved, severely weakening the organization's authority and effectiveness (Hoekman & Wolfe, 2021). Prominent figures such as former British Prime Minister Gordon Brown have warned that these developments represent a **dangerous militarization of trade**, turning tools of economic cooperation into instruments of coercion. As cited by Mendez and Zeng (2022), Brown cautioned that if nations continue to use trade as a means of applying pressure rather than fostering collaboration, the foundational principles of globalization, built on mutual benefit, predictability, and interdependence, could collapse.

This destabilizing trend poses particularly serious risks for **developing nations**, which have historically relied on the multilateral trade system to gain equitable access to global markets and resolve disputes with more powerful countries. As trade governance becomes more fragmented and dominated by bilateral deals and economic coercion, these countries may find themselves increasingly marginalized. The decline of institutional trade protections could intensify global inequality, hinder effective international policy responses, and reduce the ability of global bodies to address urgent transnational challenges, such as climate change and public health emergencies (Evenett et al., 2021).

Security and Alliance Implications

In the past several years, U.S. tariff actions, particularly those introduced during and following the Trump presidency, have dramatically reshaped the landscape of global trade and diplomacy. A growing body of empirical studies and expert analyses has underscored how these protectionist measures created significant friction between the United States and some of its closest allies, including Canada, Japan, South Korea, and the European Union (EU). Although these tariffs were defended as necessary steps to safeguard American industries and correct trade imbalances, they inadvertently undermined long-standing strategic partnerships. This erosion in trust has weakened key multilateral institutions such as the North Atlantic Treaty Organization (NATO), regional defense collaborations in the Indo-Pacific, and collective efforts to address China's expanding global role, ultimately contributing to a more fragmented international security environment (Lee & Park, 2025).

A key turning point came in 2018, when the Trump administration invoked Section 232 of the Trade Expansion Act to levy tariffs on steel and aluminum imports. These measures, justified on national security grounds, were applied indiscriminately, even to NATO allies like Canada and EU member states. The backlash was swift, with affected countries enacting retaliatory tariffs and expressing diplomatic disapproval. Bown and Irwin (2023) explain that these trade confrontations weakened trust within the G7 and complicated coordination on other critical policy areas such as cybersecurity, defense logistics, and shared procurement efforts.

Tariffs aimed at the EU further strained NATO's cohesion by injecting economic disputes into what had traditionally been a defense-focused alliance grounded in mutual trust and shared strategic goals. European officials regarded the tariffs as one-sided and forceful, leading to diminished enthusiasm for aligning closely with U.S. foreign policy aims. As Meijer and Brooks (2024) argue, this breakdown in transatlantic relations made it more difficult to establish a unified response to geopolitical challenges, including Russian aggression and Chinese technological competition. In reaction, the EU took steps toward increased strategic independence, investing in defense capabilities through mechanisms like the European Defence Fund and the Strategic Compass. Although these initiatives were already under discussion, tensions stemming from U.S. trade policies accelerated their implementation, thereby reducing Washington's influence over NATO's strategic orientation.

Similar developments were observed in the Indo-Pacific region, where long-standing U.S. allies such as Japan and South Korea were also affected by trade restrictions. Despite their central roles in Washington's containment strategy against Beijing, both countries found themselves targets of American tariffs. Japan, an important member of the Quadrilateral Security Dialogue (Quad) alongside the U.S., Australia, and India, viewed the tariffs as an affront to bilateral trust. Rather than retaliate, Japan chose to expand trade engagement with the EU and China, signaling a desire to reduce economic reliance on the United States (Kawashima, 2024).

South Korea, a critical U.S. ally hosting substantial American military assets, initially accepted tariff-related export restrictions in exchange for exemptions. However, this arrangement sparked domestic controversy and intensified concerns about Seoul's vulnerability to unpredictable U.S. trade policies. Lee and Park (2025) note that these developments have encouraged South Korea to adopt a more diversified foreign policy, building stronger ties with ASEAN and the EU as a buffer against future economic pressure from Washington.

Perhaps the most consequential effect of the tariff disputes has been the breakdown of allied unity in responding to China's growing global influence. While the United States aggressively pursued economic decoupling through tariffs, export bans, and restrictions on

tech collaboration, many allies were hesitant to fully commit to this strategy. Their caution stemmed from the significant economic risks of alienating China, which remains a major trade partner for most of them. Chen and Zeng (2024) highlight how this divergence fractured collective approaches to Beijing's actions in areas like the South China Sea, the Belt and Road Initiative (BRI), and digital infrastructure development. Without a unified front, democratic nations struggled to present a coherent strategy, weakening the effectiveness of global governance institutions such as the World Trade Organization (WTO) and the G20.

Furthermore, American efforts to launch new economic initiatives, such as the Indo-Pacific Economic Framework (IPEF), encountered skepticism from allies wary of renewed U.S. protectionism. The memory of recent tariff conflicts dampened enthusiasm for closer economic alignment, reflecting broader doubts about the reliability of U.S. leadership in the global order (Lee & Park, 2025). Overall, the fallout from these trade conflicts has contributed to the weakening of the international security framework. Economic disputes began to take precedence over shared security objectives, encouraging countries to shift their diplomatic strategies and explore alternative multilateral partnerships. This has ushered in an era of more transactional, short-term alliances. As a result, tackling global issues that require strong international collaboration, such as climate change, cybersecurity, and public health emergencies, has become significantly more complex.

Wong (2025) warns that the deterioration of allied solidarity has provided authoritarian regimes with opportunities to exploit the resulting divisions among democratic states, thereby eroding the foundational principles of the post-1945 liberal international order. While recent U.S. administrations have made attempts to repair these relationships through renewed diplomatic outreach and joint investment strategies, the long-term consequences of tariff-based diplomacy continue to pose challenges for the reestablishment of strong, durable global alliances.

Trade Interdependence, Peace, and Conflict Risk

The link between international trade and global peace has been a cornerstone of scholarly inquiry in international political economy and conflict resolution. At the heart of this discourse lies the **trade-peace theory**, which asserts that greater economic interdependence between nations diminishes the likelihood of conflict. The rationale is that countries heavily engaged in cross-border trade and investment become more economically intertwined, making the costs of warfare significantly higher and deterring escalation. Over time, a robust body of empirical research has reinforced this view, arguing that open trade systems, especially those formalized through global institutions like the **World Trade Organization (WTO)**, serve as important stabilizers in the international system.

Recent findings by Inoue, Long, and Neumayer (2023) lend further support to this perspective. Their research, based on an extensive dataset covering the post-World War II era, shows that membership in the WTO and its forerunner, the **General Agreement on Tariffs and Trade (GATT)**, correlates with a reduced frequency of militarized disputes between states. Countries participating in these trade institutions are not only economically integrated but also benefit from mechanisms for resolving conflicts and promoting strategic reassurance, factors that contribute to peace, even in politically tense contexts. However, despite the continued relevance of this theory, recent shifts in the global political environment, marked by rising nationalism, strategic rivalry, and economic protectionism, have prompted scholars to reassess its underlying assumptions. Emerging studies suggest that **geoeconomic fragmentation** and efforts at **strategic decoupling**, especially among major powers such as the **United States, China, and the European Union**, may undermine the pacifying effects of trade. Increasingly, tools such as sanctions, tariffs, and technological

restrictions are being used as instruments of power politics, transforming economic interdependence from a source of cooperation into a potential source of vulnerability and confrontation.

One key contribution to this evolving debate comes from **Campos, Timini, and Freund (2024)**. In their analysis of the macroeconomic fallout of trade decoupling, they use general equilibrium modeling and trade network analysis to project the global impact of a divided trade landscape. Their results indicate that a full fragmentation of global trade blocs, separating Western democracies from China-aligned economies, could cause a **global GDP contraction of up to 5%**. They emphasize that **developing countries** would be the most severely affected, due to their heavy dependence on foreign investment, technology imports, and access to international markets. Furthermore, strategies such as “**friend-shoring**” and “**near-shoring**,” now being promoted by the U.S. and its allies, are designed to reduce reliance on geopolitical rivals. Yet, these approaches also erode the principle of non-discrimination that underpins the WTO. By encouraging trade within ideologically aligned blocs, these strategies risk intensifying fragmentation. As global integration recedes, not only are economic efficiency and growth compromised, but one of the key safeguards against interstate conflict, mutual economic dependence, is also weakened.

Institutions like the International Monetary Fund (IMF) and World Bank have issued warnings about this trend. According to the **IMF’s 2024 World Economic Outlook**, the continued breakdown of economic cooperation along political lines could lead to the ideological restructuring of global supply chains. This reorganization threatens to exacerbate global tensions and diminish the potential for international collaboration on pressing cross-border challenges, such as climate change, pandemics, and cybersecurity (IMF, 2024). From a **peacebuilding perspective**, theories of interdependence emphasize that shared economic interests foster cooperation, encourage diplomatic compromise, and help prevent conflict. Yet this logic is increasingly tenuous in an era when states view global supply chains not just in terms of efficiency but through the lens of national security. In the aftermath of the COVID-19 pandemic and amid escalating U.S.-China tensions, strategic sectors such as **semiconductors, rare earth minerals, and artificial intelligence** have become focal points of competition and suspicion.

Evenett and Baldwin (2023) observe that this renewed focus on **industrial policy** and **economic nationalism** represents a departure from the multilateral, rules-based order that characterized the post-Cold War period. They argue that recent patterns of trade restrictions, export bans, and targeted subsidies show that economic tools have become central to modern statecraft. In doing so, the role of international institutions is diminished, while the risk that economic disputes escalate into political or even military confrontations increases. This trend is especially problematic for **Global South nations**, which often lack the resilience to absorb such shocks. As wealthier nations pursue more exclusive trade relationships, developing economies may be marginalized, cut off from global value chains, denied access to investment and innovation, and left to turn to less demanding partners, including authoritarian powers. This dynamic could fuel **domestic instability**, hinder development, and reduce the effectiveness of global governance.

In addition to these structural risks, **economic decoupling** threatens to dismantle the softer, often informal benefits of trade, such as backchannel diplomacy, shared business networks, and cross-border expert communities. These informal ties help foster understanding and reduce the likelihood of conflict by promoting regular contact and communication between states. According to **Gartzke and Rohner (2022)**, such informal economic and diplomatic linkages are vital in multipolar settings, where the absence of a dominant power makes stability more fragile. Fragmentation, they argue, not only

undermines these peace-promoting mechanisms but also raises the risk of miscalculation and escalation during international crises.

Theoretical Framework

This study was anchored on the Realist Theory of International Relations. Hans J. Morgenthau is recognized as a central contributor to the evolution of modern Realist theory. His landmark publication, *Politics Among Nations: The Struggle for Power and Peace* in 1948, laid down the essential foundations of classical realism. In this text, Morgenthau presented six key principles of political realism, highlighting the importance of power relations, national interest, and the rational behavior of states in international affairs (Morgenthau, 1948).

The Realist theory in international relations is underpinned by a set of enduring principles that emphasize the pivotal role of power, the anarchic structure of the global system, and the rational conduct of states. Central to this theoretical perspective is the notion that the international arena lacks a central governing authority, which realists describe as "anarchy." This absence of supranational power compels states to operate in a self-help environment, where the responsibility for ensuring security, survival, and autonomy rests solely with each sovereign state (Mearsheimer, 2001). In such a system, cooperation is often constrained by the fear of betrayal or loss of strategic advantage, reinforcing the need for states to prioritize self-preservation (Donnelly, 2000).

Realism further contends that states are the primary and most significant actors in international relations. These states are assumed to behave as rational actors, systematically pursuing their national interests through calculated decisions. Among these interests, survival, power acquisition, and national security take precedence. Power, in particular, is regarded as the ultimate currency in international politics. The accumulation and preservation of power are not merely goals but necessities for navigating a competitive and often hostile international system (Morgenthau, 1948).

According to Donnelly (2000), a crucial dimension of classical realism is its conception of human nature as fundamentally self-interested and inclined toward the pursuit of power. This anthropological assumption serves as the foundation for the behavior of states, which are viewed as extensions of human actors operating under similar motivations. Hans J. Morgenthau, a leading figure in classical realism, formalized this view through his six principles of political realism. Chief among these is the idea that political behavior is governed by objective laws rooted in human nature and that the pursuit of power is a defining feature of statecraft. Morgenthau emphasized that states define their interests in terms of power, making power politics the driving force behind international interactions.

Furthermore, Realism maintains that ethical norms and moral principles, while relevant in domestic politics, are difficult to apply consistently in the international sphere. Because the international system is characterized by insecurity and constant competition, states often place moral considerations below strategic imperatives. This pragmatic view suggests that actions such as war, alliances, or deception may be justified if they serve the national interest or enhance state power.

Over time, Realist theory has evolved through contributions from both classical and neorealist scholars. While classical realists like Morgenthau focused on human nature as the root cause of conflict and competition, neorealists such as Kenneth Waltz shifted the focus to the structure of the international system itself. In his influential work "*Theory of International Politics*" in 1979, Waltz argued that the anarchic structure of the international system compels states to behave in similar ways, regardless of their internal characteristics. This structural realism underscores the systemic pressures that shape state behavior, particularly the drive to maintain relative power and avoid dependence on others. These

foundational concepts continue to shape discussions in international relations, providing a lens through which to understand state behavior, power struggles, and the limitations of international cooperation.

Strengths and Criticisms of the Realist Theory

The Realist theory of international relations remains one of the most influential and enduring frameworks for analyzing global politics. A key strength of Realism lies in its pragmatic and straightforward interpretation of power and national interest. By emphasizing how states operate within an anarchic international system, where no central authority exists, Realism provides a clear lens through which to understand why states prioritize their survival, security, and power. This approach enables scholars and analysts to identify and interpret recurring patterns of conflict, war, alliance formation, and the balance of power with considerable clarity. Classical realism, as articulated by Morgenthau (1948), and structural realism, advanced by Waltz (1979), both illustrate how even peaceful states may engage in power accumulation or military expansion, not necessarily out of aggression, but as a response to systemic insecurity.

Another important advantage of Realist theory is its strong historical foundation. It draws from a rich tradition of political philosophy and empirical events, beginning with Thucydides' account of the Peloponnesian War and extending to the geopolitics of the Cold War. This historical continuity reinforces the theory's relevance and explanatory power in assessing long-term trends in state behavior. Additionally, Realism's focus on the state as the primary actor and its analysis of the distribution of capabilities in the international system provide a concise and widely applicable framework that is especially useful for decision-makers and strategists (Mearsheimer, 2001).

However, Realism is not without significant criticisms. One major limitation is its narrow focus on states and power politics, which often neglects the growing influence of non-state actors, international organizations, and domestic political dynamics. In an increasingly interconnected world, critics argue that Realism's state-centric perspective fails to capture the complexity of global issues such as climate change, pandemics, and transnational terrorism (Keohane & Nye, 1989).

Another critique challenges the assumption that states always act rationally and are primarily driven by the pursuit of power or security. Realist theory often underestimates the role of ideology, identity, and domestic factors in shaping foreign policy decisions. Furthermore, scholars from liberal and constructivist traditions argue that cooperation among states is more frequent and sustainable than Realism suggests, especially through mechanisms like international institutions, shared norms, and economic interdependence (Keohane, 1984; Wendt, 1999).

Realism also faces criticism for its limited engagement with normative issues. By subordinating ethical concerns to strategic calculations, Realism provides little guidance on how international relations ought to be conducted from a moral or humanitarian standpoint. This ethical detachment is seen as a weakness in addressing pressing global challenges related to justice, human rights, and intervention in humanitarian crises. Thus, while Realist theory offers a compelling and structured approach to understanding international relations, especially in terms of power dynamics and state behavior under anarchy, its limitations have led scholars to seek alternative or complementary theories. These include liberalism, constructivism, and critical theories that broaden the analytical scope to incorporate moral values, global governance, and the role of non-state actors.

Applicability of Realist Theory to the Study

The Realist theory of international relations provides a compelling framework for interpreting the broader implications of President Donald Trump's economic agenda, particularly the trade wars, on global peace and geopolitical stability. Built on the core assumptions of power rivalry, national interest, and an anarchic international system, Realism helps explain how states employ economic instruments such as tariffs and sanctions to assert dominance and protect their strategic interests in a competitive, zero-sum environment.

From the Realist standpoint, Trump's "America First" doctrine exemplified a strategic pivot toward economic nationalism and unilateralism, designed to bolster U.S. power and reduce reliance on emerging global competitors, notably China. In this view, trade disputes are not simply economic but represent calculated efforts to shift the international balance of power. Realism maintains that states are primarily concerned with relative gains, preferring outcomes that improve their position compared to rivals, even if it means forgoing mutually advantageous agreements (Mearsheimer, 2001). Trump's imposition of tariffs on Chinese imports and his withdrawal from multilateral trade deals can be seen as efforts to curb China's ascent and reassert U.S. economic leadership.

Realism's emphasis on state self-reliance and its skepticism of international institutions also clarifies the Trump administration's resistance to multilateral frameworks, such as the Trans-Pacific Partnership (TPP), and its criticism of the World Trade Organization (WTO). Rather than relying on institutional mechanisms or shared global norms, the administration pursued a go-it-alone strategy that reflects the Realist belief in self-help as the primary means of safeguarding national interests. Additionally, Realist theory accounts for the strain placed on traditional alliances during Trump's tenure. The imposition of tariffs on long-standing allies such as Canada, Japan, and EU countries undermined existing cooperative structures and replaced them with transactional, interest-based relationships. According to Realist thought, alliances are not built on enduring moral or ideological commitments but on converging interests, which can shift as national priorities evolve (Morgenthau, 1948). The erosion of diplomatic trust during this period illustrates the Realist notion that international partnerships are fluid and often temporary.

In relation to peace and global order, Realism posits that peace emerges not from idealistic commitments or institutional cooperation, but from a balance of power among states. Trump's aggressive use of economic policy, including trade restrictions and sanctions, intensified friction with both allies and adversaries, destabilizing the predictability that underpins peaceful international relations. These actions exemplify the Realist view that global politics is defined by a persistent struggle for power and that economic tools are central to this rivalry. Therefore, the Realist theory is highly relevant in explaining how Trump's economic policies, particularly trade conflicts, contributed to increased global tension. It reveals how such policies function as extensions of strategic competition, reinforcing the idea that economic actions in international relations are often guided by power considerations rather than cooperative ideals or mutual benefit.

2. METHOD

This research utilizes a historical research design, which involves systematically collecting, assessing, and interpreting past events to gain insight into their influence on current and future developments. This method is particularly well-suited to the study as it enables a detailed investigation into the progression of U.S. economic policies during Donald Trump's presidency, most notably, the trade war with China, and their broader implications for global political relations and prospects for peace.

The design facilitates an exploration of the timeline and strategic intent behind Trump's trade measures, the responses of key international actors such as China, the European Union, and traditional U.S. allies, and the consequences of these interactions for global stability. This approach reveals significant patterns and cause-effect dynamics associated with economic nationalism, trade-driven conflict, and the reconfiguration of global power relations.

The study relies exclusively on secondary data sources, which are appropriate for historical inquiry. These sources include Government-issued documents and statements, including reports from the U.S. Trade Representative (USTR), executive orders, presidential speeches, and press briefings from the Trump administration. Scholarly books and peer-reviewed journal articles that examine Trump's foreign and economic policy agenda. News coverage and policy commentaries from authoritative media platforms such as *The New York Times*, *The Washington Post*, *Financial Times*, *The Economist*, and think tanks like the *Brookings Institution*. Analytical reports and policy papers from major research organizations such as the Council on Foreign Relations (CFR), the Heritage Foundation, and the Center for Strategic and International Studies (CSIS).

To interpret the data, this study employs qualitative content analysis. This method involves systematically examining texts to identify underlying themes, patterns, and ideologies present in the available materials. Content analysis is particularly effective for dissecting the narratives and strategies embedded in Trump's economic policies and for understanding their broader geopolitical implications.

3. RESULTS AND DISCUSSION

The findings of this study highlight a complex and significant connection between the Trump administration's economic agenda, most notably the trade conflict with China, and the rise in global political and strategic tensions. Anchored in the Realist perspective of international relations, the findings suggest that measures such as tariffs, sanctions, and trade barriers were used not only for domestic economic reasons but also as tools of strategic competition in the broader struggle for international influence and power.

One major insight is that Trump's "America First" approach represented a sharp departure from multilateral cooperation, replacing it with a more adversarial, bilateral strategy that reshaped the nature of U.S. involvement in global trade. Actions like pulling out of the Trans-Pacific Partnership (TPP) and consistent criticism of institutions such as the World Trade Organization (WTO) marked a break from the U.S.'s traditional support for a rules-based global economic system. This shift contributed to instability and unpredictability in international trade, weakening a framework many nations depended on for economic order and trust.

The study also reveals that the U.S.–China trade war intensified geopolitical competition, extending beyond the economic realm into broader strategic and political dimensions. The introduction of massive tariffs and China's retaliatory actions significantly damaged diplomatic ties, disrupted international supply chains, and led to a deeper separation of the two economies. These trends reflect core Realist principles, particularly the idea that states seek relative advantages and that trade can quickly turn into a source of rivalry when national power and interests are at stake.

In addition, the research shows that Trump's trade policies placed considerable strain on traditional alliances with partners like Canada, Japan, and the European Union. By imposing tariffs on these countries, often under the guise of national security, the administration created friction in relationships that had previously been stable and

cooperative. This supports the Realist view that alliances are conditional and shaped by changing national interests rather than by lasting commitments.

Further findings suggest that the trade war contributed to growing global economic uncertainty, with negative consequences for international peace and collaboration. Investor trust weakened, market instability grew, and global institutions lost credibility. These outcomes illustrate how aggressive and unilateral economic nationalism can produce ripple effects that extend well beyond economics, threatening geopolitical balance and long-term cooperation.

The study also emphasizes the shortcomings of a purely transactional and power-centered trade strategy in a globally interconnected environment. While some industries in the U.S. may have experienced short-lived benefits, the overall result was increased fragmentation and polarization in the global system. This underscores the need to harmonize domestic economic ambitions with efforts to preserve constructive international partnerships and cooperative frameworks.

Lastly, the analysis of secondary data demonstrates that Trump's retreat from multilateralism and embrace of economic coercion set a concerning precedent for other major powers. If this trend continues unchecked, it could lead to a global order dominated by economic confrontation rather than cooperation, weakening shared norms and increasing systemic volatility. Thus, the study supports the argument that economic policy, especially when guided by Realist ideals and framed as an extension of national power, can deeply influence global peace and diplomatic relations. Trump's trade war strategy not only altered economic ties but also exposed the vulnerability of international peace in a world where economic rivalries increasingly mirror strategic confrontations.

4. CONCLUSION

The shift from trade conflict to heightened global tensions during President Donald Trump's administration highlights the complex and often unstable link between economic policy and international peace. Anchored in economic nationalism and a preference for unilateral action, Trump's "America First" strategy reshaped how the United States interacted with the global economy. The trade war, especially with China, marked a departure from collaborative multilateralism toward a more confrontational bilateral approach, showcasing how economic tools like tariffs, sanctions, and trade restrictions were used as instruments of geopolitical power. Although these measures aimed to safeguard American industries and affirm economic independence, they had far-reaching consequences for global political stability.

Interpreted through the lens of Realist theory, Trump's trade agenda aligns with the idea that, in an anarchic international system, states prioritize power and security over cooperative norms or institutional commitments. The decision to impose tariffs on both rivals, such as China and longstanding allies like Canada and the European Union, illustrates a transactional and interest-driven foreign policy. In line with Realist assumptions, alliances are viewed as temporary and subject to change based on national interests, an idea reflected in the breakdown of traditional trade alliances and the weakening of multilateral economic structures under Trump's leadership.

The trade war not only affected diplomatic ties but also disrupted global supply networks, heightened economic uncertainty, and fueled mistrust among key economic actors. Retaliatory actions, especially between the U.S. and China, the world's two leading economies, exacerbated tensions and introduced strategic and security-related consequences. These conflicts echoed across the international system, affecting stock markets, undermining investor confidence, and straining the unity of alliances like NATO and institutions such as the WTO.

Additionally, Trump's decision to exit agreements like the Trans-Pacific Partnership (TPP) and his persistent criticism of the World Trade Organization (WTO) weakened the global rules-based economic framework that had long supported international cooperation. This withdrawal from multilateralism bolstered a Realist depiction of an increasingly fragmented global order in which economic interactions are driven more by power politics than by shared norms. Such a transition undermines essential conditions for lasting peace, including mutual trust, consistent rules, and cooperative engagement.

While the overarching goal of Trump's trade policies was to reestablish U.S. economic primacy, they also deepened global divisions, especially across the Indo-Pacific and transatlantic spaces. The enduring effects include the erosion of global economic governance, the formation of competing economic blocs, and heightened rivalry among major powers. These trends complicate trade relations and contribute to broader geopolitical volatility, as economic conflicts frequently precede political and even military confrontations.

In conclusion, Trump's economic agenda, particularly the trade war strategy, significantly contributed to growing global tensions. While some sectors of the U.S. economy may have seen temporary benefits, the broader outcome exposed the fragility of international interdependence and the delicate balance between national economic priorities and global peace. Sustaining peace in a deeply interconnected world demands more than strategic competition; it requires renewed commitment to cooperation, rebuilding trust, and reinforcing multilateral norms that help prevent conflict and promote shared global prosperity. Considering the global tensions exacerbated by trade wars and the strategic use of economic policy during the Trump administration, it is imperative to adopt forward-looking measures that promote stability, cooperation, and peace in international relations. The following recommendations are based on the necessity of aligning national priorities with international obligations, aiming to prevent trade disagreements from intensifying into wider geopolitical tensions:

- i. The United States **should renew its commitment to multilateral trade systems**, including active participation in the World Trade Organization (WTO) and reengagement with regional trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Such engagement would reinforce the rules-based global trading system, restore trust with international partners, and foster collaborative economic development rooted in shared norms.
- ii. Policymakers **should emphasize the integration of diplomatic tools with economic strategies** to ensure that trade disagreements are managed constructively. By institutionalizing dialogue, engaging in bilateral and multilateral negotiations, and utilizing mediation channels, states can reduce the likelihood of economic disputes spiraling into political or military confrontations, thereby safeguarding global peace.
- iii. Governments **should enhance their investment in economic diplomacy and global economic education** to mitigate the adverse effects of rising protectionism and unilateral decision-making. Promoting transparency, cross-border understanding, and policies grounded in empirical research will help nations pursue their interests without undermining international cooperation, particularly in today's interconnected and multipolar global order.

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