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A New Era of Protectionism and What it Could Mean for the Future Landscape of International Trade

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On April 2, 2025, the global trade scene faced an unexpected upheaval as U.S. President Donald Trump announced a set of tariffs on imports to the United States. The declaration fell on what the President dubbed 'Liberation Day,' which included a 10% umbrella tariff on all imports and a compilation of other substantially higher levies for individual countries. Chinese goods especially, bore most of the President's frustration with what he has claimed as countries "ripping us off" (Pereira, 2025). The current tariff rate for China currently stands at 125% (Conlon, 2025). U.S. trading allies were not spared and received duties on their exports. The European Union and Japan received increased rates of 20% and 24%, respectively (Hyatt, 2025). In today's highly interconnected and globalized economy, such measures could spell more far-reaching consequences than they did in the past. In fact, they represent a broader return to economic nationalism. By sidelining multilateral institutions and embracing unilateral protectionism, the U.S. risks fracturing the postwar global trade order. While attention has focused on the domestic political and economic effects, less scrutiny has been given to the disproportionate toll this turn may take on developing economies which underpins the current trade order.

HISTORICAL CONTEXT: TARIFFS AND GLOBAL TRADE

The rationale for the use of tariffs has been to address trade deficits, revive domestic manufacturing, and reduce dependency on foreign production. A return to economic nationalism is not without precedent. In the past, tariffs have been employed by many nations including the U.S. to shield their domestic industries, correct trade imbalances, or as negotiating tools for foreign policy. Historically, tariffs have long been a controversial instrument in international trade. Most notably, in the 1930s, during the Great Depression, the

United States enacted the Smoot-Hawley Tariff Act, which imposed high duties on thousands of imported goods. This act led to a sharp decline in global trade and is widely believed to have exacerbated the already damaging economic downturn at the time. It also triggered a response of retaliatory tariffs from other countries, a response bearing resemblance to today (Department of Finance Canada). Like the recent set of tariffs, the Smoot-Hawley tariffs were far-reaching and went beyond just aiming to protect one sector. Initially, one of the aims of postwar U.S. trade policy was to shield U.S. farmers, whose increased production faced steep competition from a recovering European agricultural sector. Iacuri & Solá state that as European output surged amid World War I, global prices dropped significantly and proved a threat to the livelihoods of U.S. domestic producers (2025).

However, Congress went beyond just the agricultural sector and broadened their employment of tariffs to various sectors of the economy. These expansive measures were signed into order by President Herbert Hoover who ran his campaign on helping farmers by enforcing tariffs that safeguarded them. Like today, many economists were skeptical and outright critical of the actions being taken. A petition included various signatures from economists at the time who urged the President to not proceed with the signing of the bill. Fearing that it would be cataclysmic for the American economy. Despite their efforts, the President did not yield and almost immediately, many allied countries including Canada, a major reliant on the U.S. market, retaliated and initiated a requital cycle (Iacurci & Solá, 2025). This exhibited a common element of a trade war which seems like the responses being taken recently.

It was also politically destructive. Many of the progressive Republican senators who had voted for Hoover instead decided to back Franklin D. Roosevelt in the next election. Furthermore, the enforcement of the tariffs was met with great disfavor by much of the U.S. constituency and led to a change in 1932 in the political direction of the country. That year, Democrats took over both houses with large majorities and the electorate unwaveringly rejected Hoover's attempt at reelection (The Senate passes the Smoot-Hawley Tariff, 2023).

Following World War II, global institutions like the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), were established to reduce tariffs and promote free trade, helping to prevent future trade wars. These efforts enabled the expansion of global trade and were instrumental in the rise of export-led growth strategies in developing countries, notably China, which saw a surge in exports and foreign investment after joining the WTO (Boden, 2012). However, while globalization lifted millions out of poverty, especially in emerging markets, it also led to other economic disparities. In developed economies such as the U.S., blue-collar workers faced wage stagnation and job displacement due to increased offshoring and growing competition from low-cost imports (Autor, Dorn, & Hanson, 2016; Rodrik, 2018; WTO, 2022).

These economic disruptions contributed to heightened economic inequality, sparking political backlash and fueling populist and protectionist sentiments in nations such as the United States, the United Kingdom, and across parts of Europe (Rodrik, 2018; Stiglitz, 2017).

A NEW REORDERING OF GLOBAL TRADE?

'Liberation Day' is an element of an overall effort by the Trump administration to break from the post-war trade orthodoxy. The so-called "Mar-a-Lago Accord" has been coined by analysts to describe the administration's plans to revamp the current global trade landscape. Despite having no formal agreement, many analysts have used the term to describe such an initiative which seeks to rebalance the global currency, evincing the aims of the 1985 Plaza Accord. Which was an agreement between the United States, West Germany, Japan, France, and the United Kingdom to depreciate the U.S. dollar with respect to other major currencies. This was intended to resolve the trade imbalances at the time and to reduce the U.S. trade deficit. It was signed in 1985 at the Plaza Hotel in New York City, which the agreement gets its name from (Frankel, 2016). Similarly, Mr. Trump seeks to once again reorder global trade and the dollar's influence as was done with the 1985 Plaza Accord. The blanket tariffs are seen justified as an overall aim to reset global trade dynamics and reassert American sovereignty over its economic policies (Liguid, 2025). In addition to tariffs, the Trump administration has pursued unilateral trade agreements and regional frameworks designed to bypass existing global institutions. The supposed goal is to establish a parallel trade order that best aligns with American strategic and economic objectives (Lawder & Shalal, 2025). Supporters argue that these measures are necessary to confront unfair trade practices and to rebalance the global economy. However, critics warn that this strategy could undermine decades of multilateral cooperation, leading to a fragmented global trade system and increased economic uncertainty (IMF, 2025).

IMPACT ON DEVELOPING ECONOMIES

Developing economies are likely to be more prone to the consequences of such protectionist policies due to their reliance on trade for economic growth, job creation, and poverty alleviation. Already the recently imposed tariffs have begun to threaten several key sectors in these countries.

Tariffs invite the possibility of export disruptions which would portend disaster for countries such as Bangladesh, Ethiopia, and Honduras, who have all relied heavily on exports to the United States, particularly in sectors like apparel and agriculture. In Bangladesh, the Ready-Made Garment (RMG) sector employs over 4 million people and accounts for more than 80% of the country's total exports. The industry also employs more than four million people, and it contributes to approximately 10% of Bangladesh's annual GDP (Paul et al., 2025). With increased tariffs, garment making companies are expecting U.S. retailers to begin reducing their orders which may lead to factory closures and layoffs. Another country that is expected to also difficulties is Sri Lanka, which received tariffs of 44%. A large share of Sri Lanka's apparel exports is shipped to the U.S. and earned the country $1.9 billion from the past year. The apparel industry also has a large workforce of 300,000 and is the country's "second largest foreign exchange holder" (Paul et al., 2025). The office of Sri Lanka's President has acknowledged the newly presented threat and has created a team to begin looking at other possible matters from the tariffs that could come up and pose a threat to the country. The urgency of the matter has been expressed by the Secretary General of Sri Lanka's Join Apparel Association Forum, who fears, "Sri Lanka could very quickly see its share of U.S. business move to countries with lower tariffs" (Paul et al., 2025).

Furthermore, Vietnam, a major player in global manufacturing supply chains, particularly in electronics, faces potential disruptions from the tariffs imposed by the Trump administration. The country has emerged as a critical intermediary in the supply chains for global tech companies, as an assembler for electronics and consumer products that eventually get exported mainly to the U.S. market (Repko & Fonrouge 2025). Companies like Samsung, Apple, and Intel currently have vital manufacturing operations within Vietnam, which employs hundreds of thousands and indirectly contributes to other elements of trade (Le, 2025). However, the substantial tariffs on electronic components and finished goods entering the U.S. market from Vietnam mean these corporations will now confront significantly increased operating costs.

The immediate consequences of these tariffs include rising production costs, prompting multinational corporations to reassess their operations within Vietnam. Several firms have signaled potential relocations of production facilities to countries not currently affected by U.S. tariffs—such as India or Indonesia—or even to return to domestic operations in the U.S. These shifts pose serious risks of widespread layoffs, factory shutdowns, and economic contraction in Vietnam, potentially reversing years of socioeconomic progress fueled by foreign investment and manufacturing exports (Goundar, 2025).

Such disruptions extend well beyond Vietnam's borders. As many developing countries serve as critical nodes in global supply chains—particularly in textiles, agriculture, and electronics—economic instability in these regions threatens to reverberate throughout the international trade system. Reduced export capacity, labor displacement, or the rerouting of production hubs can disrupt the flow of goods that advanced economies and multinational firms rely on. If sustained, these fractures could lead to a more fragmented and unpredictable global trade network, weakening the cooperative structure that has defined the postwar economic order. In this way, the vulnerability of developing economies under protectionist pressures poses not just a regional issue, but a systemic risk to global economic stability (World Bank Group, Trade has been a powerful driver of economic development and poverty reduction).

BROADER GLOBAL IMPLICATIONS

The effects of the Trump administration's tariff strategy extend far beyond developing economies and have engendered significant concern among advanced economies. For instance, Germany, heavily reliant on exports to the U.S., faces possible substantial economic repercussions due to the imposed tariffs. The German automotive and machinery industries, which are pillars of the German economy, anticipate decreased exports and reduced market shares in the U.S., significantly dampening economic growth projections (Katanich, 2025).

Likewise, Japan, whose electronics and automotive sectors depend heavily on access to the U.S., faces similar challenges. Economists forecast a potential slowdown in the Japanese economy, compounded by the tariffs' ripple effects across the country's intricate supply chains (Kihara & Yamazaki, 2025). Furthermore, the European Union, which already deals with internal economic strains, views a trade war as another destabilizing factor that would not be beneficial to either side of the Atlantic (Smialek, 2025).

PROSPECTS AND PITFALLS

Evaluating the success of the Trump administration's protectionist strategy requires clarifying the intended goals of its proponents. These include arguments that tariffs can restore domestic manufacturing, reduce trade deficits, and strengthen national economic sovereignty by reshoring supply chains. From this perspective, "success" would mean revitalizing U.S. industry, increasing employment in key sectors, and gaining greater leverage in trade negotiations. However, these potential gains must be weighed against broader economic costs and international fallout.

In attempting to evaluate the success of the Trump administration's protectionist strategy reveals the possible economic and geopolitical implications. While the tariffs may temporarily benefit certain domestic U.S. industries by reducing import competition and potentially increasing domestic production, economists mostly agree that these benefits could be short-lived and are ultimately unsustainable (Rodrik, 2019). The expected increase in input costs resulting from tariffs are likely to be passed onto consumers, which would result higher inflation and reducing overall consumer purchasing power in the U.S. economy (Sperling, 2025).

Furthermore, retaliatory measures from affected countries pose serious risks to American exporters, particularly in agriculture and technology sectors. Already, China, the European Union, and Japan have introduced countermeasures, severely impacting key export-oriented U.S. industries (Paul et. al, 2025). This tit-for-tat dynamic resembles historical instances such as the Smoot-Hawley tariffs of the 1930s, which resulted in catastrophic declines in international trade and exacerbated global economic instability (Iacurci & Solá, 2025).

Moreover, the geopolitical implications of such unilateral actions could be substantial. The Trump administration's efforts under the informal "Mar-a-Lago Accord" to rebalance global currencies by weakening the U.S. dollar are seen by some analysts as echoing the strategic goals of the 1985 Plaza Accord. However, unlike the Plaza Accord, the current initiative lacks multilateral agreement and cooperation from other major global economies, which significantly diminishes its prospects of achieving the desired balance (Liguid, 2025). Critics argue that rather than stabilizing international currency and trade balances, this strategy may instead trigger competitive currency devaluations and economic fragmentation, which would ultimately destabilize the global financial system (Liguid, 2025).

It also remains to be seen if Mr. Trump's 90-day pause on the most severe tariffs will successfully fulfill their purpose. Which was intended for talks to begin taking place with trading partners so a new trade landscape that would be fairer to the Trump administration could begin taking place. This has resulted in much ambiguity about the state of global trade and what could come. The administration has claimed that it aims to arrive at 90 deals in 90 days before the pause elapses. If such a claim does come about it would reorder the state of global trade that is more to the Trump administration's liking.

Taken together, these outcomes suggest that while the strategy may fulfill certain nationalist objectives in the short term, it does so at the expense of long-term economic stability, global cooperation, and sustained U.S. leadership in the international trade system.

IMPLICATIONS FOR THE FUTURE

The implications for future international economic cooperation and global trade governance are considerable. By circumventing traditional institutions such as the World Trade Organization and instead pursuing unilateral trade policies and informal bilateral agreements, the United States risks undermining decades of established multilateral frameworks. This weakening of global trade governance could lead to greater economic fragility and possibly fragmentation. Thus, diminishing the predictability and stability of the international trade system.

In the long term, a fractured global trading environment could foster regional trade blocs that are potentially aligned on political rather than economic lines. This could lead to a return to Cold War-style economic polarization, a reduction in global economic efficiency, hinder innovation, and negatively impact global economic growth. It also risks alienating traditional U.S. allies, forcing them to develop alternate economic partnerships without the presence of U.S. influence. Which may potentially diminish U.S. economic leadership globally. Antithetical to the main goals of the administration.

CONCLUSION

The introduction of sweeping tariffs by the Trump administration recently, marks a decisive shift towards protectionist trade policies that challenge the prevailing multilateral global trade system. While it does aim at reasserting American economic sovereignty and correcting supposed trade imbalances, these measures risk substantial economic disruptions both domestically and internationally.

Developing countries, already vulnerable, face urgent economic threats that may potentially unravel decades of socioeconomic progress. Advanced economies also face significant uncertainties and global economic anxieties. Furthermore, the geopolitical implications, most notably the emergence of economic blocs and a diminished role for international trade institutions, poses the greatest threaten global economic stability.

In addition, the implementation of a 90-day pause on tariffs has injected much more uncertainty in the global economy. The Trump administration's bold projection to strike fair trade deals with numerous trading partners would be pivotal to reordering global trade. However, it remains uncertain as to whether so many agreements can be made in such a short period of time.

Ultimately, the outcomes of the Trump administration's policies will significantly shape the trajectory of global trade in the coming decades. Policymakers worldwide will need to carefully maneuver through this new protectionist era, balancing domestic economic concerns with the benefits of international cooperation. Only through coordinated global efforts and reinforced commitment to multilateralism can the international community hope to mitigate the profound risks being introduced by the current protectionist turn.

In an era where narratives travel faster than facts, defending democracy requires more than cybersecurity or fact-checking—it demands a strategic literacy—an understanding of how influence works across technological, psychological, and ideological dimensions. Russia's transformation of disinformation from Cold War relic to digital arsenal is a case study in how autocracies adapt—and a warning to liberal democracies that the battlefield of perception is as decisive as any terrain on a map.

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Tamarron Austin is a first-year student studying economics and physics, with a keen interest in addressing socioeconomic challenges through his academic work. Growing up in a community impacted by these issues has had a considerable influence on his studies and aspirations. He is particularly interested in how economic policy and scientific research can work together to underpin sustainable economic development.

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