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THE RISE OF ECONOMIC NATIONALISM

"A BOON OR BANE FOR GLOBAL STABILITY"

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ABSTRACT

The increase in economic nationalism is transforming the global economic stage in ways that affect common lives. It is a term used to describe policies that favour domestic industries and employment over global trade and collaboration. This paper, "The Rise of Economic Nationalism: A Boon or Bane for Global Stability," seeks to find out if these policies really help countries or lead to more issues in the long term. Although policies such as tariffs and import quotas provide temporary relief to local businesses, they tend to increase prices for consumers, decrease efficiency, and promote uncertainty in international markets. Historically, China's post-1978 reforms and India's 1991 liberalization demonstrate that opening to the world of trade and global markets has delivered far-reaching rewards fast growth, innovation, and millions out of poverty. Closing doors, on the other hand, can save some industries in the short run but imperil stagnation. The article also discusses the 2025 U.S. tariff spike, illustrating how these measures cascade throughout the globe: supply chains are dislocated, prices are up, and market confidence declines. It points out how the effects trickle into nations such as India, where such acts function less as fair trade practice but more as economic coercion.

At the end, the research contends that economic nationalism, although it can be politically popular, has unseen costs to regular people, companies, and the international economy. In an interconnected world where economies have become so enmeshed, withdrawing into protectionism might bring short-run benefits but poses long-run stability and cooperation risks.

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Keyword: Economic nationalism, Protectionism, Tariffs, Global stability, Trade wars.

INTRODUCTION

Economic nationalism is the policy stance that favours domestic control of the economy, labour, and capital over international engagement. It has resurged as a major theme in politics. Even though proponents argue in its favour stating it protects local jobs and industries; critics warn about its risk of repeating the trade wars and authoritarianism of the 1930s. Recent crises have revived once-fading protectionist instincts, raising the specter of Great-Depression-style conflict.[2] In the words of President Barack Obama, "we're not going to be able to build a wall around" the American economy.[3] It is a reminder that in today's interconnected world, isolation is at odds with opportunity. This paper examines economic nationalism's short-term effects and long-term consequences, drawing on historical lessons and recent events to assess whether rising protectionism is a boon or bane for global stability.

ECONOMIC NATIONALISM: DEFINITION AND SHORT-TERM EFFECTS

Economic nationalism typically employs protectionist tools such as imposing tariffs on imports, subsidies or quotas to shield domestic firms from foreign competition.[4] In the short term, such measures can deliver visible benefits as they directly raise the cost of imported goods, giving breathing room to local manufacturers and farmers. For example, a country might impose tariffs on foreign steel to save jobs in its steel mills. These policies may initially shore up targeted industries and create the perception of "saving domestic jobs." Governments and nationalist leaders often tout these immediate gains, arguing they reverse economic decline or restore national pride.

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[2] Ayan Meer & Jason Jackson, *Economic Nationalism*, MIT Dep't of Urb. Stud. & Plan., https://dusp.mit.edu/projects/economic-nationalism.

[3] *Obama Says U.S. Cannot Wall Itself Off from Economic Globalization*, Reuters (Aug. 2, 2016), https://www.reuters.com/article/world/us-politics/obama-says-us-cannot-wall-itself-off-from-economic-globalization-idUSKCN1021ZZ.

[4] Samuel Gregg, *How Economic Nationalism Hurts Nations*, Law & Liberty (Nov. 20, 2018), https://lawliberty.org/forum/how-economic-nationalism-hurts-nations.

However, evidence suggests something else, these short-term benefits come at a high cost. Protectionism by definition restricts competition, which tends to dull efficiency and innovation in protected sectors. Economists have long warned that any infant-industry subsidies or tariffs eventually make domestic firms complacent. As one analysis concludes, although nationalist policies "promise immediate action to reverse economic decline," the long-term effects are normally negative because permanent protection breeds inefficiency and hampers national well-being. In particular, reducing competition makes it harder for an economy to exploit its comparative advantages. Firms sheltered by tariffs have less incentive to cut costs or upgrade technology. Consumers also pay the price directly as higher tariffs translate into higher prices for everyday products, from electronics to clothing. Over time this lowers living standards for everyone except the protected industries.

In practice, tariff hikes will only trigger multiple second-order effects. As other countries also retaliate with their own tariffs, setting off a spiral of restrictions. These tit-for-tat measures shrink trade volumes for all. One IMF economist noted, escalating trade tensions are "quite significant and are hitting all regions of the world" by depressing growth in the U.S., Europe, China and beyond.[5] Thus, even if nationalist policies keep some factories running, they stoke uncertainty and volatility, which chill investment and hiring. For example, the Yale Budget Lab found that U.S. manufacturers and consumers were already seeing core goods prices about 1.9 percentage points above trend by mid-2025 due to new tariffs.[6] In the aggregate, sustained economic nationalism tends to constrict markets and foster cronyism, rather than deliver robust growth. In short, the policy may offer a short-lived boost to certain sectors, but the academic and empirical consensus is that entrenched protectionism ultimately erodes national prosperity.

[5] *IMF Cuts Growth Forecasts for Most Countries in Wake of Century-High U.S. Tariffs*, Reuters (Apr. 22, 2025), https://www.reuters.com/business/imf-cuts-growth-forecasts-most-countries-wake-century-high-us-tariffs-2025-04-22.
[6] Short-Run Effects: 2025 Tariffs So Far, Yale Budget Lab, Short-Run Effects of 2025 Tariffs So Far | The Budget Lab at Yale.

GLOBAL INTEGRATION: HISTORICAL LESSONS ON COOPERATION

History, shows us that open trade and not isolation has been a more reliable path towards growth and prosperity. Consider China and India the world's two most populous nations followed inward-looking economic models for decades. After recovering from poverty and instability, both countries embraced external markets and eventually rapid growth followed.

Beginning in 1978, China opened up and reformed its economy. The World Bank reports that since those reforms, China's GDP has grown at over 9% annually, pulling nearly 800 million people out of poverty.[7] This export-oriented strategy made China the "world's factory." Today China is the second-largest economy on earth.[8] It has surpassed Japan, Germany, the UK and France in nominal GDP and is home to massive industries from electronics to shipbuilding. Crucially, China's rise was powered by global integration, participation in international supply chains, foreign investment, and rapid export growth rather than self-sufficiency. Its industrial policy while selective still leaned heavily on engaging world markets.[9] This shows us that how liberalization unlocked productivity and massive development for China.

India in its first four decades of independence, maintained a highly regulated, socialist-style economy. However, in 1991 when it faced a severe balance-of-payments crisis the country approached IMF for a bailout. Under the IMF's guidance, India implemented sweeping reforms popularly known as LPG reforms which liberalized trade, deregulated industry and attracted foreign investment. These reforms paved the way for India's spectacular growth over the past thirty years and its rise as a global economic power.[10] India grew into the world's fifth-largest economy[11] and a center for technology and services due to the timely implementation of these reforms.

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[7] *China Overview*, World Bank, https://www.worldbank.org/en/country/china/overview

[8] *World's Top Economies*, Investopedia, https://www.investopedia.com/insights/worlds-top-economies

[9] Donald Bryson, *Rebalancing Trade with China in the Right Way*, John Locke Found. July 24, 2024, https://www.johnlocke.org/rebalancing-trade-with-china-in-the-right-way.

[10] 9. *The IMF's Role in Shaping India's Current Economic Outlook*, Stimson Ctr. 2023, https://www.stimson.org/2023/the-imfs-role-in-shaping-indias-current-economic-outlook.

[11] *Top 10 Largest Economies in the World 2025: India Set to Overtake Germany, Japan to Become 3rd Largest Soon*, Times of India (June 10, 2025), https://timesofindia.indiatimes.com/business/india-business/top-10-largest-

These examples underscore that global cooperation and openness have lifted lives and expanded economies. Countries that opened their doors for trade saw sustained innovation and investment, whereas the ones which failed to do so tended to produce stagnation and inefficiencies. In short, history showed us how isolationism only a temporary fix as it may have protected some industries in the short run but also delayed overall economic progress for decades.

U.S. TARIFFS ESCALATION – A NEW TRADE CONFRONTATION

In April 2025 the U.S. government dramatically revived economic nationalism on the global stage. The Trump administration announced a "blanket" 10% tariff on nearly all imports from other countries, combined with sharply higher duties on select partners. For example, imports from the European Union faced a 20% tariff, and Chinese goods a 34% tariff on top of existing levies.[12] This sweeping move instantly raised America's average import tariff rate from roughly 3% to the mid-teens, the highest level in about a century.[13] In plain terms, the U.S. had unilaterally replaced decades of trade liberalization with protectionism. Many trading partners reacted harshly. China responded by imposing an extra 34% levy on U.S. exports. Other major economies, even some with persistent trade deficits with the U.S. criticized the new tariffs and hinted at countermeasures. The global trade relations were abruptly turned upside down.

The immediate market reaction was violent. U.S. and global stock markets plunged on the tariff news. Within days, the S&P 500 experienced a record two-day decline, erasing about $5 trillion in market capitalization. Analysts described the fallout as a "vicious cycle" of protectionism: as Wall Street commentator noted, higher tariffs and retaliations sapped business confidence. Other indices around the world fell in sympathy. By early April, investors were pricing in a severe downturn: banks like JPMorgan saw recession risks soaring. Indeed, JPMorgan now estimates

economies-in-the-world-2025-india-set-to-overtake-germany-japan-to-become-3rd-largest-soon-where-do-the-us-china-stand-check-full-list/photostory/120624302.cms.

[12] *U.S. Starts Collecting Trump's New 10% Tariff, Smashing Global Trade Norms*, Reuters (Apr. 5, 2025), https://www.reuters.com/markets/us-starts-collecting-trumps-new-10-tariff-smashing-global-trade-norms-2025-04-05.

[13] *World Bank Slashes Global Economic Outlook as Trade Tensions Continue*, Al Jazeera (June 10, 2025), https://www.aljazeera.com/economy/2025/6/10/world-bank-slashes-global-economic-outlook-as-trade-tensions-continue.

about a 60% chance of a global recession in 2025.[14] The trade conflict echoed the great trade wars of the past century – and it only took days to inflict heavy financial damage. Even markets thought uncorrelated with trade such as cryptocurrencies were hit. For example, bitcoin fell roughly 6% to the $90,000 range on the day of the announcement, and ether plunged about 25% over the next few days,[15] as investors treated the tariffs as a global risk shock.

In sum, the April 2025 tariff escalation reset the global trading system from one based on cooperation to one of confrontation. It followed earlier moves such as export controls on Chinese tech firms and reopened wounds from the 2018-19 U.S. and China trade war.

REPERCUSSIONS ON THE U.S. ECONOMY AND SOCIETY

Despite its domestic focus, U.S. economic nationalism inevitably backfires on the U.S. itself. American businesses and consumers are deeply entwined in global supply chains. Take consumer electronics as an example: China alone produces about 63% of all smartphones and 72% of all computers exported worldwide. U.S. companies like Apple and Tesla depend on factories in Asia to build iPhones and electric cars - components from Taiwan, Japan, Korea and China are assembled and shipped to the U.S. Tariffs on Chinese imports therefore raise costs for these firms and their customers. The attempt to "bring jobs home" runs up against stark economic realities: U.S. labour is far more expensive than Asian wages, and relocating complex supply chains would dramatically raise prices for consumers. In practice, the new tariffs act like a tax on U.S. households.

These pressures are already manifesting as higher inflation. According to IMF estimates, U.S. inflation was projected to hit 3.0% in 2025, about one percentage point higher than previously expected explicitly because of the new tariffs. Empirical data back this up: by mid-2025 a study found that core U.S. goods prices were nearly 2 percentage points above their pre-tariff trend, meaning Americans are paying more for appliances, electronics and other tariff-sensitive goods. Economists at Yale estimate that 60–80% of the new U.S. tariffs are already being passed through

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[14] *JPMorgan Lifts Global Recession Odds to 60% as U.S. Tariffs Stoke Fears*, Reuters (Apr. 4, 2025), https://www.reuters.com/markets/jpmorgan-lifts-global-recession-odds-60-us-tariffs-stoke-fears-2025-04-04.

[15] *Bitcoin Slides Below $100,000 as Tariffs Rattle Markets*, Reuters (Feb. 2, 2025), https://www.reuters.com/markets/currencies/bitcoin-slides-below-100000-tariffs-rattle-markets-2025-02-02.

to consumer prices. Even without full-blown trade disruptions, U.S. households are feeling the bite of protectionism at the checkout counter.

Beyond economics, there are ominous warnings from seasoned observers. Ray Dalio – the Bridgewater founder who famously foresaw the 2008 crash has likened the current U.S. policy mix to the 1930s. He notes that Trump's combination of tariffs, high fiscal debt, and a rising China makes the situation "very, very disruptive." In his view, if trade tensions are "not handled well," the outcome could be "much worse than a normal recession". Dalio even warned that worst-case scenarios include "internal conflict" or an international crisis in the style of the 1930s, which once spiralled into global war.[16] In short, he argues that aggressive nationalism risks unravelling the social and economic order.

Empirical indicators echo these concerns. The IMF now forecasts U.S. economic growth at just 1.8% in 2025 down from 2.8% in 2024 largely due to policy uncertainty. Consumer and business confidence has wavered. Federal Reserve officials have signalled fewer rate cuts ahead, citing higher inflation as a risk. In short, while tariff advocates claim sovereignty and jobs as goals, the actual effect has been rising prices at home, slower growth, and deepening uncertainty. On these grounds, even many U.S. economists and business leaders have questioned the strategy: if the rest of the world retaliates as they have, the net result is a rockier economic path for Americans.

GLOBAL ECONOMIC IMPACT

The U.S.–China trade showdown is already rippling far beyond their borders. International organizations are warning of a marked slowdown in the world economy. For 2025, the IMF now projects global GDP growth of only 2.8%, down sharply from an earlier 3.3% forecast. The World Bank is even more pessimistic, cutting its 2025 growth outlook to 2.3%. These levels would be the slowest in decades outside of outright recession years. Emerging market forecasts have been slashed: Canada and Mexico both targeted by U.S. tariffs saw their growth forecasts cut by over half of a percentage point, and Europe and Asia are expected to slow as well. In fact, the IMF now notes lower growth in the U.S., lower growth in the euro area, lower growth in China, and

[16] Tim Fernholz, *Ray Dalio Warns of Recession as Trump's Trade War Heats Up*, Quartz (Sept. 25, 2025), https://qz.com/ray-dalio-recession-trump-trade-war-tariffs-1851776019.

lower growth in other parts of the world- the first time in many years that virtually every major region is weakening simultaneously.

Analysts quantify the risk of a global recession at historically high levels. J.P. Morgan, for example, now puts the chance of a worldwide downturn at roughly 60%. Major stock indexes already reflect this fear. In the week after the tariff announcements, the S&P 500 and Dow Jones each tumbled about 10–12%. Asian markets also fell sharply: China's CSI 300 and Hong Kong's Hang Seng both slid, India's Sensex and Nifty declined, and Europe's STOXX index saw similar drops. A selloff in global equities in early April was widely attributed to tariff jitters. Even traditionally safe asset classes were not immune: oil prices dipped on fears of weaker demand, and the U.S. dollar briefly strengthened on the increased policy uncertainty.

These trends have pronounced distributional effects. Low-income and emerging economies – which contribute minimally to U.S. trade imbalances tend to suffer the most. UNCTAD has warned that the poor and vulnerable will bear an "outsized cost" of the tariffs. Many developing countries rely on exporting raw materials and textiles to larger markets; when tariffs raise costs, their growth stalls. UNCTAD Secretary-General Rebeca Grynspan notes that "trade must not become another source of instability",[17] since global prosperity depends on open markets. A smaller economy like Bangladesh, for example, is suffering from reduced textile demand and higher yarn prices even though it had little role in precipitating the trade war. In general, analysts fear a feedback loop: as global demand slackens, commodity prices fall, hurting exporters; investment gets postponed; and fragile countries fall into debt trouble – a contagion born of the tariff conflict.

Cryptocurrencies, too, acted like risk assets. Reuters reported that bitcoin slid into a multi-week low in early April, and ether's price tumbled by roughly a quarter over a few days. Commentators attributed this to the "trade war" rhetoric: as fear intensified, even a decentralized asset considered a "safe haven" came under selling pressure. This illustrates how interconnected global sentiment is shocks in trade policy transmit rapidly across finance.

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[17] UN Trade and Development: *The Poor and the Vulnerable Risk Being Overlooked in Escalating Trade Tensions*, UNCTAD (Apr. 4, 2025), https://unctad.org/news/un-trade-and-development-alerts-poor-and-vulnerable-risk-being-overlooked-escalating-trade.

On inflation, recent data bear out concerns of rising prices. In addition to U.S. inflation being revised up, many other countries have seen imported inflation creep up. If the U.S. and China lock in higher tariffs on each other, global consumer prices for electronics, machinery and consumer goods will inch higher. World Bank economists note that extended trade conflicts could translate directly into consumer prices, and have already prompted central banks to monitor the fallout. For instance, the Fed has signalled it may hold rates higher for longer in 2026, reflecting the surprise inflationary effect. In short, the new barriers have injected a potent dose of inflationary pressure worldwide, at a time when inflation was already proving stubbornly above targets.

In sum, the April 2025 tariff surge has triggered a global chill: growth forecasts are falling, market volatility is surging, and inflation expectations are rising. Analysts describe the situation as a "global economic system reset". If this trade war continues, every major economy – from North America to Europe to Asia could experience slower growth or recession. The well-worn phrase "when the U.S. sneezes, the world catches a cold" has rarely been more applicable.

INFLATION AND SUPPLY-CHAIN EFFECTS

A major casualty of the trade war is consumer welfare via higher prices. Tariffs act like taxes on imports, and in practice much of that tax is being passed on. U.S. economists calculate that 60–80% of the new U.S. tariffs are already embedded in higher retail prices. By mid-2025, core goods inflation in the U.S. was nearly 2 percentage points above what it would have been without the tariffs. Households notice this: products from refrigerators to shoes have ticked up in price. The longer protectionist policies stay in place, the more they erode purchasing power. In Europe and Asia, the story is similar: higher import duties on key components and energy could feed through to broader inflation. Central banks around the world have begun factoring in these trade shocks: in spring 2025 the Fed raised its projected U.S. inflation by a full percentage point to ~3.0% for 2025 specifically citing tariffs.

Supply chains themselves have also been strained. Modern manufacturing is globally distributed, not contained within one country. For example, an ordinary smartphone may have a Taiwanese chipset, Japanese display, South Korean camera module, and final assembly in China or India.

According to trade data, China today exports about 63% of the world's smartphones, leveraging an entire ecosystem of component suppliers. Similarly, Bangladesh a leading garment exporter gets roughly 80% of its cotton yarn from India.[18] These interdependencies mean that a tariff on just one link say, yarn from India to Bangladesh, or screens from Korea raises costs globally. In effect, every country is connected to every other through these chains.

Consequently, even well-intentioned reshoring initiatives face obstacles. High-income countries lack the cheap labour and developed supplier networks to immediately replace Asia's manufacturing base. Rebuilding a supply chain in the U.S. or Europe would take years and cost far more in wages and investment. Until then, tariffs simply inflate costs. The IMF notes that trade battles are effectively taxation without compensation, which transfers real income from consumers to government coffers. For businesses, the uncertainty causes delays and "front-loading" of imports: indeed, economists observed that American imports briefly surged in March 2025 as firms tried to pre-empt the tariffs, then plunged 7% below trend by June. These distortions rushing shipments, stockpiling, then idling factories create inefficiencies and waste.

In short, the isolationist impulse bringing factories "home" has structural limits. Given how entwined the world economy is, trade restrictions lead almost inevitably to higher prices, supply bottlenecks, and slower innovation. Whereas policies aimed at spurring domestic industry may look appealing in isolation, the net effect on consumers and the broader economy is almost uniformly negative, especially as countries retaliate in kind.

ECONOMIC COERCION THROUGH TARIFFS: THE CASE OF INDIA

The United States has, over the past few years, increasingly used tariffs as a go-to instrument of foreign and economic policy. They either levy tariffs or place sanctions on nations which refuse to accept their terms. One of such instruments is CAATSA (Countering America's Adversaries Through Sanctions Act). Rather than being standalone measures aimed at rivals, the tariffs have

[18] *India-Bangladesh Yarn Ties Tested as Exporters Double Strategy*, Apparel Res. Mar. 15, 2025, https://apparelresources.com/business-news/manufacturing/india-bangladesh-yarn-ties-tested-exporters-double-strategy.

been levelled against a broad cross-section of nations, including long-standing allies and were justified on grounds ranging from national security, subsidies to political allegiances. Although official discourse frames the actions as attempts at maintaining equity in international trade, reality points towards a more nuanced situation. Tariffs, when used in this broad and often one-sided way, are less effective as remedies to real imbalances and more as tools of leverage. They send shockwaves through economies, taxing relations, upsetting supply chains and challenging the very foundations of multilateralism that institutions such as the World Trade Organization were established to protect. In smaller economies, and indeed for rising powers, this means an unlevel playing field where the rules of engagement are altered at the whim of the stronger side.

It is into this wider trend that the United States' tariffs on India have to be placed. Officially, Washington is taking these steps in response to India continuing to buy cheap Russian crude oil. However, a closer examination shows motivations going far beyond geopolitics. By deterring India's dependency on Russian exports, the United States is also poised to increase its own energy exports, in effect trying to realign India's energy options towards American markets. What is portrayed as a moral or strategic position therefore has an obvious economic calculation.

The pressure is far from over with energy. U.S. agribusiness has looked for decades to dig deeper into India's immense agricultural and dairy markets—markets that are not only guarded by tariff walls but by the lived experience of millions of small farmers and cooperative networks. These defences are not merely economic policy options; they have extensive connections to livelihoods, food security, and rural Indian social structures. When tariffs are tied, implicitly or explicitly, to calls for liberalizing such sensitive industries, the effect is more coercive than cooperative. It implies that the United States is less concerned about honouring India's development priorities than about opening doors to its own excess production.

When viewed collectively, the tariffs imposed upon India exemplify a disturbing trend: economic tools are used not in a spirit of open competition but to guide policy decisions of other sovereign nations. Such actions personify the price of abstract trade disagreements—jeopardizing country life, increasing consumer prices, and impinging on the sovereignty of nations to follow policies best for their own people. This tension between rhetoric and reality undermines confidence in the international economic order and raises serious questions regarding whether trade is being used as a bridge between nations or a weapon of influence.

TOWARDS GLOBAL COOPERATION AND STABILITY

All the evidence above suggests that severe economic nationalism is a bane rather than a boon. The short-run political appeal of protecting a few industries is overwhelmed by the wider economic damage. Leading economists and international institutions are urging a change of course. UNCTAD's Secretary-General Grynspan has bluntly stated that "trade must not become another source of instability", and emphasized that now is "a time for cooperation – not escalation.". She and others argue that even justified grievances trade imbalances, unfair subsidies, outdated rules must be addressed through dialogue and negotiation, not tit-for-tat tariffs. In this vein, the World Bank economist Indermit Gill notes that reducing barriers unilaterally to one country e.g. the U.S. is insufficient; "every country should extend the same treatment to other countries… It's not enough to just liberalise with respect to the US". His point underscores a broader principle: if trade is to be fair, it must be open and multilateral.

POLICY RECOMMENDATIONS

- Engage in multilateral trade talks: Instead of imposing tariffs unilaterally, governments should strengthen international forums such as WTO, G20 to negotiate grievances and reform trade rules. A coordinated approach to shared challenges including but not limited to currency, tech standards, climate-linked tariffs, etc can address national concerns without undermining global flows.
- Phase out excessive tariffs: Removing the new tariffs quickly would alleviate global economic stress. Both U.S. and Chinese leaders have the leeway to de-escalate. Analysts suggest that returning to pre-conflict tariff levels would boost global GDP growth by about 1 percentage point – a huge gain. Even moderate rollback would signal a return to cooperation.
- Protect vulnerable economies: Recognize that poorer countries suffer most from big-power trade wars. As UNCTAD warns, policies should be calibrated to avoid punishing those least

responsible. Aid, trade adjustment assistance, or carve-outs for small economies could be part of any transition.

- Build competitive advantages: Nations should pursue industrial policies that work with globalization, not against it. Investing in education, infrastructure, and research at home prepares local industries to compete internationally, rather than trying to build impenetrable walls.

CONCLUSION

Political leaders should also resist the allure of isolationist rhetoric. Populist nationalism often seeks to rally citizens by blaming foreigners, but history suggests this is a diversion. Dalio's warning is relevant: unless handled wisely, such nationalism can lead not just to recession but to social discord and even geopolitical conflict. The famous admonition applies: no country can sleep soundly when its neighbour's house is on fire. In a globalized era, prosperity and security are collective goods. Economic walls or trade wars may feel protective to some segments, but by shaking the foundations of global commerce they invite a broader crisis.

In conclusion, the net effect of the recent surge in economic nationalism appears strongly negative. Short-run gains for certain industries are outweighed by lost opportunities and increased costs for the economy as a whole. The downturn in global forecasts – from IMF and World Bank revisions – and the stock market rout after April 2025 are evidence that protectionism is neither benign nor benignly contained. By contrast, the long-term record of open economies China, India, etc. shows how trade and cooperation generate inclusive growth. As Barack Obama put it, "we're not going to be able to build a wall around" our economy. Walls may protect certain interests temporarily, but they isolate nations from the opportunities of the wider world. For lasting stability and shared prosperity, the world will need to move back toward engagement and multilateralism, not deeper division and unilateralism.