Chapter 1

# Trade Wars in The Context of Economic Nationalism and The Search for Sovereignty

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**Abstract**

This chapter examines the intricate relationship between economic sovereignty, economic nationalism, and trade wars, establishing a comprehensive theoretical framework to analyze contemporary international economic conflicts. It applies this framework specifically to the US-China trade war, arguing that the rivalry is a deep, multi-layered phenomenon that cannot be understood through superficial economic indicators alone. The chapter begins by tracing the historical origins and modern transformations of economic sovereignty, demonstrating how globalization has reshaped, rather than eroded, the concept by adding new dimensions like technological and digital sovereignty. It then delves into economic nationalism as the primary ideological force driving this quest for sovereignty, citing policies like the US's "America First" and China's "Chinese Dream" as prominent examples, while also presenting a critical evaluation of the potential inefficiencies and risks associated with such policies.

A central focus of the chapter is its analysis of trade wars through two distinct International Relations theories. The Realist perspective is used to frame the US-China conflict as a classic power struggle for relative gains between a hegemonic power and a rising challenger. In contrast, the Constructivist perspective is employed to illuminate how this struggle is socially constructed—examining the creation of "threat" perceptions, the discourse of "unfair competition," and the central role of national identities and normative claims in legitimizing protectionist actions. The chapter concludes that the

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*https://doi.org/10.58830/ozgur.pub911.c3775*

US-China trade war is a quintessential manifestation of resurgent 21st-century economic nationalism and a transformed understanding of sovereignty, a conflict that is testing the foundations of the liberal international order and has the potential to reshape the future of the global trade regime.

## 1. Introduction

Understanding the fundamental dynamics of modern international relations and global economic politics necessitates an in-depth examination of central concepts such as economic sovereignty, protectionist policies, and economic nationalism. These concepts play a vital role in terms of nation-states' efforts to determine their own economic destinies, strategies to protect national interests, and power struggles within the international economic system (Yoon, 2024). How these concepts, shaped by globalization and increasing interdependence, have evolved, how they interact with each other, and in what direction they have transformed the international order form the central problem of this section.

Economic sovereignty, in its broadest sense, refers to a state's capacity to determine and implement its own economic policies independently of external interference. This definition does not fully explain the internal and external dimensions of sovereignty, its historical origins, and the challenges posed by globalization (Kuşat, 2020, p. 225).

Economic nationalism is based on the idea that economic activities and policies should serve national interests and nationalist goals. In this context, economic nationalism can be described as an ideology and political approach. Economic nationalism advocates for active state intervention in the economy. It also advocates for control of domestic industry and property, with protectionist measures (tariffs, quotas) against imports. Looking at the historical roots of economic nationalism, it is based on mercantilism and the works of thinkers such as Friedrich List and Alexander Hamilton. Consequently, economic nationalism is manifesting itself in policies such as "America First," as seen in the United States today, and in new areas such as technological autonomy and supply chain security (Helleiner, 2002, pp. 314-319).

Another phenomenon closely related to these two concepts is trade wars. This state of economic conflict, in which countries mutually increase trade barriers (tariffs, quotas, etc.) and these measures are often met with retaliation, not only produces economic consequences but also negatively affects political relations between countries. This negativity can trigger broader geopolitical tensions. The pursuit of economic sovereignty and nationalist policies can often pave the way for tensions such as trade wars in the international arena.

The concepts of economic sovereignty, economic nationalism, and trade wars outlined above will be examined within a theoretical and historical framework. The aim is to lay the groundwork for a deeper understanding of the US-China trade war, one of today's most important international economic and political issues. The US-China trade war has been a concrete manifestation of these theoretical and conceptual debates. In this context, China's rise as a global economic and technological power has prompted certain reactions from the US.

Looking at the trade imbalances between the two countries, it involves multidimensional dynamics such as technological competition, intellectual property disputes, and the clash of nationalist strategies such as "America First" and "Chinese Dream." This case also raises the question of whether it signifies a break or a new phase in the history of the concepts discussed. However, new dimensions such as technology wars and data sovereignty provide important clues as to whether this is a simple repetition of history or the beginning of a new era.

Throughout the chapter, while analyzing phenomena such as trade wars, the focus will not be solely on power and interest struggles, but also on normative questions regarding the social construction of concepts such as fair trade and unfair competition, and the potential impact of these phenomena on international norms, justice, and global welfare. It will be emphasized that the deep economic interdependence brought about by globalization has created new areas of conflict and competition (technology restrictions, supply chain security) and that this paradox will be one of the main topics of examination in this chapter.

In this vein, the chapter is structured as follows: First, the definitions, historical origins, and modern reflections of the concept of economic sovereignty are explained, and the effects of globalization on this concept are examined. Next, the theoretical foundations of economic nationalism, its key thinkers, sources at the individual level, and its reflections in policies are addressed. In this section, Realist and Constructivist theoretical perspectives on trade wars are presented and these two approaches are compared. Finally, a critical assessment of the idea and practices of economic nationalism is provided.

## 2. Theoretical Framework: Economic Sovereignty and Nationalism

This section is important for understanding the fundamental dynamics of modern international relations and global political economy. The section addresses the concepts of economic sovereignty, protectionist policies, and economic nationalism. The theoretical foundations of these concepts, their historical evolution, and their complex interactions with each other will be examined in depth. Furthermore, a comprehensive theoretical framework will be established by presenting realist and constructivist perspectives on trade wars, a significant phenomenon of our time.

### 2.1. Economic Sovereignty: Definitions, Historical Origins, and Modern Reflections

Economic sovereignty is a concept at the center of international relations and political economy disciplines, defined as a nation-state's ability to determine its own economic destiny and independently set and implement its economic policies (Savanović, 2014, p. 1023). However, this general definition does not fully reflect the complexity and multidimensionality of the concept.

In its most general sense, economic sovereignty refers to a state's capacity to determine and implement its own economic policies independently of external interference. However, this concept has acquired various definitions and dimensions in the context of different theoretical approaches and practical applications. Yoon (2024, p. 20) draws attention to the different discourses of sovereignty, noting a potential tension between the state's right to regulate within its own borders (internal sovereignty) and its right to be free from external factors and interventions (external sovereignty). This distinction shows that sovereignty is not merely a matter of internal control, but is also closely related to power relations and normative structures within the international system. Kuşat defines economic sovereignty as one of the cornerstones of the traditional nation-state paradigm and examines the profound changes and transformations that the globalization process has wrought upon this concept. Globalization has led nation-states to enter into more complex relationships with each other and with international organizations, as well as into long-term networks of relationships, which has called into question the classical Westphalian interpretations of economic sovereignty (Kuşat, 2020, pp. 223-230).

A different dimension of economic sovereignty emerges with the concept of "Sovereign Economic Zones" (SEZs). These zones are defined as geographical units with their own autonomous or semi-autonomous economic jurisdiction and can also exercise a certain form of sovereignty over their residents, who often share a common identity. China's special economic zones are an example of this (Brown et al., 2023, pp. 1-4). The existence of SEZs demonstrates that economic sovereignty can take different forms not only at the nation-state level but also at sub-national levels, and that economic autonomy can be implemented to varying degrees.

From a financial perspective, Bossone has linked economic sovereignty to a country's expansive macroeconomic policies aimed at resource utilization and increasing local production. He also defines economic sovereignty as the ability to effectively implement public finance sustainability and national currency value stability without jeopardizing them (Bossone, 2021, p. 12). This definition emphasizes that sovereignty is not merely an abstract right but is directly linked to practical policy implementation capacity and economic outcomes. Starinskyi and Zavalna, as well as Gevorgyan, similarly treat economic sovereignty as an integral part of national sovereignty and state that a country's authorities must have a decisive role in decision-making processes concerning the future of the national economy and fundamental development priorities (Gevorgyan, 2022, pp. 7-13; Starinskyi and Zavalna 2021). This approach underscores the centrality of autonomy in decision-making mechanisms for economic sovereignty and places significant emphasis on this point.

Furthermore, when supranational structures such as SEZs and the European Union are taken into account, it is evident that sovereignty has transcended the traditional nation-state-centered understanding. Authority and control can be shared or transferred at different levels (sub-national, national, supranational). Therefore, economic sovereignty has ceased to be a static and absolute concept in the era of globalization and has become a dynamic, flexible, and multi-layered phenomenon (Kuşat, 2020, p. 229). This transformation has enabled states to develop new strategies in both domestic and foreign policy.

### 2.1.1. Historical Origins of the Concept of Economic Sovereignty

Looking at the historical origins of the concept of economic sovereignty, it can be said that it is closely related to the emergence of the modern nation-state in Europe in the 16th and 17th centuries. The nation-state model became clearly defined with the Westphalian Order[3] (Kuşat, 2020, pp.

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3 The Westphalian Order is considered the birth of the modern state system. It refers to the international political order established by the Peace of Westphalia (Treaties of Münster and Osnabrück) in 1648, which ended the Thirty Years' War and the Eighty Years' War. This order is considered a historical turning point because it laid the foundation for modern

224-229), which, in accordance with the principle of territorial sovereignty brought about the centralization of political authority within its own geographical borders and the authority to regulate and control economic activities as one of the fundamental characteristics of this authority. During this period, mercantilist policies advocated active state intervention in the economy and the steering of foreign trade in its favor in order to increase national wealth and power. In this context, it can be said that this situation represents an early form of economic sovereignty.

Looking at more recent history, free ports (e.g., Hamburg gaining free port status within the German Empire in 1888) and duty-free zones established in Europe in the 19th and early 20th centuries are important examples of economic sovereignty being applied in different and flexible ways in specific geographical areas (Brown et al., 2023, pp. 1-6). Such zones have been seen to grant partial exemptions from national economic policies. At the same time, they aimed to promote international trade and, consequently, economic growth. Corey Tazzara (2014) examined the geographical spread of free ports in four main phases. These phases are the Tyrrhenian Sea Period (1591-1650), the Expansion Phase (1650-1740), the establishment of free ports in the Caribbean by colonial powers in the mid-18th century, and finally, the stage of expansion to East Asia and North America (Brown et al., 2023, p. 2). This historical development shows that economic hegemony did not always mean strict central control, but that autonomy could also be granted to certain regions in line with commercial and strategic interests.

The forms of land ownership and resource control in ancient empires do not directly correspond to the modern concept of economic sovereignty (Erdoğan, 1999, p. 4). However, it can be said that control over economic resources and production processes has historically been a central element of power and sovereignty. However, these early forms of sovereignty have less direct relevance to discussions of economic sovereignty shaped by the emergence of the modern nation-state and the capitalist world economy.

In the second half of the 20th century, particularly after the decolonization process, the concept of economic sovereignty took on a new dimension. The demands for a New International Economic Order (NIEO) brought to the agenda by developing countries at the United Nations in the 1970s were one of the most important indicators of this new dimension (Yoon, 2024, p. 21). The NIEO aimed to strengthen the political independence of

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international relations and the current system of states. At its core lies the principle that each state has absolute sovereignty over its own territory and is independent of external interference (Çiftçi, 2018) .

developing countries with economic independence . In particular, it included demands to implement the principle of permanent sovereignty over natural resources (PSNR) and to reorganize the rules of the global economic system in a more equitable manner (Yoon, 2024, pp. 18-19). This movement demonstrated that economic sovereignty is not merely a formal declaration of independence. It also sought to convey that proactive economic power entails effective control over resources. Ultimately, PSNR emphasized the necessity of fair international economic rules.

Looking at the historical course of the quest for economic sovereignty, it can be seen that it has developed along two main axes. The first is the struggle of nation-states to protect, regulate, and control their own internal economic spheres from external interference. This can be seen as a reflection of the Westphalian concept of sovereignty in the economic sphere. This involves the state's claim to authority over economic activities within its own borders. The second is the struggle of states to change the rules of the international economic system in their favor or to gain more autonomy within this system. The NIEO initiative can be said to be one of the most prominent examples of this second axis. It has shown that economic sovereignty is not only an internal issue, but also a goal to be achieved in the context of global power relations and international institutions (Yoon, 2024). Historical and modern examples such as free ports and special economic zones show that sovereignty is not an absolute and indivisible concept, but rather can be applied pragmatically and flexibly in line with the strategic and economic interests of states. It reveals that certain elements of sovereignty can sometimes be strategically relaxed or transferred to specific regions (Brown et al., 2023, pp. 2-5). This historical trajectory shows that economic sovereignty is actually a dynamic process that is constantly influenced by internal and external dynamics, rather than a passive state.

### 2.1.2. The Twentieth Century and the Era of Globalization

From the late 20th century onwards, the globalization process has profoundly affected the modern reflections of the concept of economic sovereignty and redefined the traditional roles of nation-states. Interdependence and interaction in economic, social, political, and cultural spheres have increased. This situation has necessitated nation-states to enter into more complex and long-term relationships with other states and international organizations (e.g., the World Trade Organization, the International Monetary Fund, the World Bank). This process has led to changes in many national structures, institutions, and concepts. In particular, it has paved the way for the erosion of the traditional nation-state phenomenon and the associated concept of economic sovereignty (Kuşat, 2020, pp. 224-225). The rise of liberalism on a global scale has caused national borders to become increasingly permeable in economic terms. At the same time, the growing influence of transnational economic actors (multinational corporations, global financial markets) has been an important factor reinforcing this situation.

However, claims that globalization has completely eliminated economic sovereignty or rendered states entirely powerless against market forces should be evaluated with a critical approach. International economic integration has had restrictive effects on sovereignty. Nevertheless, it is thought that claiming that governments have become completely ineffective in the face of market forces can only be the result of an ideological or biased perspective. Indeed, rather than passively submitting to the new conditions brought about by globalization, states have aimed to protect their national interests in this process. They have developed various strategies to improve their position within the global economic system. Conceptualizations such as the "catalyst state" or the World Bank's (1997) "effective state" show that states have taken on a number of new roles in directing and regulating market mechanisms (Ünay, 2009, p. 119).

In the modern world, the pursuit of economic sovereignty manifests itself in various forms. These include: protecting domestic production bases and industry (Chang, 2008, p. 71), reducing external dependence and localization efforts in strategically important sectors (energy, food, health, defense) (Rodrik, 2012, p. 189), the ability of countries to independently determine their own development models and strategic choices (Evans, 1995, p. 47), and the alignment of economic activities with environmental sustainability principles (Meadows et al., 2004, p. 215). For example, France decided to bring the production of critical drugs such as *paracetamol* back to the country after the COVID-19 pandemic. In this context, France has been striving to increase national competitiveness and international influence by investing in producers in strategic sectors through its 2030 plan. This situation, exemplified by France, has been a concrete manifestation of the quest for modern sovereignty. Similarly, even within supranational structures such as the European Union, the concepts of strategic autonomy and European sovereignty are becoming increasingly important for the bloc to compete with global powers and protect its own interests.

However, the dynamics of the global financial world impose a significant constraint on economic sovereignty. In the global financial system, investors play a decisive role in the effectiveness and feasibility of national macroeconomic policies. These global investors, with the large funds they manage, can influence a country's public sector debt (bonds, bills) and the value of its currency in international markets. This situation can narrow the policy maneuvering space of national governments. According to Bossone, this situation means that, in theoretical terms, no country can be fully economically sovereign. This is because every country has been subject to a kind of intertemporal budget constraint, and as a result, has faced the risk of losing the confidence of global investors. In this context, John Maynard Keynes' deep knowledge of the functioning of international financial markets and his prudent policy recommendations (e.g., sustainable debt management, control of capital movements) remain relevant to today's debates on economic sovereignty (Bossone, 2021, p. 9).

Another important concept regarding the role of states in the era of globalization is the *competitive* state. This approach argues that the fundamental role of states is no longer just to distribute welfare or regulate markets, but also to dynamically adapt to international market conditions, enhance the competitiveness of the national economy, and create an investment environment that encourages entrepreneurship. However, this model has the potential to conflict with the broad-based socioeconomic development goals and social justice concerns of developing countries in particular (Ünay, 2009, pp. 113-118).

New dimensions added to the economic sovereignty debate include environmental sustainability and technological independence. Star□nskyi and Zavalna, when addressing economic sovereignty in the context of sustainable development goals, emphasize the critical role of green technologies and renewable energy sources in strengthening a country's energy independence and, consequently, its economic sovereignty (2021, pp. 7-13). Similarly, the concept of technological sovereignty, which today means self-sufficiency and reduced external dependence in strategic technologies such as data sovereignty, artificial intelligence, and semiconductors, has become vitally important in terms of national security and economic competitiveness (Ünay, 2009, p. 127). Conceptual developments regarding economic sovereignty are progressing in four main directions: the contribution of economic factors to maintaining overall national sovereignty, the degree of autonomy in economic policy formulation and implementation, the capacity for self-sufficiency in key economic development areas, and economic resilience and sustainability against negative external shocks such as trade wars or international sanctions (Ünay, 2009, p. 130).

Modern economic sovereignty is shaped by a complex tension between the challenges posed by globalization and nation-states' strategic quest for self-governance and self-determination (Kuşat, 2020, pp. 235-237). This situation is a dynamic concept that is constantly renewed and redefined by national and transnational actors (Krasner, 1999, p. 20). In other words, it shows that economic sovereignty is not something that is easily lost or gained . Thus, new issues such as environmental sustainability (Daly & Cobb, 1994, p. 142), technological independence, and data sovereignty have become important and increasingly central proactive elements in the definition process (Zuboff, 2019, p. 376). States are forced to develop more original and multi-layered strategies in both domestic and international politics to adapt to these new conditions and protect their sovereignty (Weiss, 1998, p. 211).

### 2.2. The Convergence of Nationalism and Economics: Economic Nationalism Theories

Nationalism, one of the powerful ideologies of the modern era, has had a profound impact on politics, society, and culture. This situation has also been effective in the economic sphere, giving rise to economic nationalism as a reflection of nationalism in economic thought and policies.

#### 2.2.1. Definition and Core Values of Economic Nationalism

In its most basic sense, economic nationalism is an ideological and political approach based on the idea that economic activities and policies should prioritize national interests and serve nationalist goals (Helleiner, 2021, p. 4). This approach advocates for active state intervention in the economy. These interventions may include control of domestic industry and property, as well as protectionist measures such as import tariffs and restrictions on the movement of labor, goods, and capital (Spero & Hart, 2009, p. 15). At the core of economic nationalism lies the idea that markets should be subordinate to the state and the general interests of the nation (e.g., national security, military buildup, industrial development, job creation) (Gilpin, 1987, p. 44).

Robert Gilpin defined the central idea of economic nationalism as "economic activities being and having to be subordinate to the goal of state building and the (national) interests of the state" (Helleiner, 2002, p. 309). However, Eric Helleiner has pointed out that Gilpin's definition carries a "statist" emphasis and does not sufficiently incorporate the "nationalist" element. The concept aims to offer a broader perspective by including dimensions such as national identity, national loyalty, and the welfare of the nation. According to Helleiner, economic nationalism can include policies that seek not only the interests of the state but also the collective identity and welfare of the nation. In some cases, the fear of countries being left behind in the global economic system or having their rights violated has given rise to economic nationalism. Some policies observed in the US in response to China's economic rise can be cited as examples of this (Helleiner, 2002, pp. 314-319).

Economic nationalism is one of three main schools of thought regarding the nature and functioning of the international economy. Often mentioned alongside economic liberalism and Marxism, this perspective holds the belief that the economy is subordinate to social and political goals. Economic nationalism is concerned with the nation itself beyond the economy, and its economic dimensions only gain meaning within the context of a specific national discourse (Reinert, 2023: 88). Essentially, the nature of the economy is based on nationalism (Szlajfer, 2012: 78).

The fundamental characteristics and policies advocated by economic nationalism are as follows:

a. The Central Role of the State and National Interest:

- Economic nationalism advocates that the state should play a central role in economic development. The state directs the market rather than following it.
- The state is the central actor of the nation, the bearer of the nation's interests and the source of the means to implement them (Reznikova et al. 2018: 277).
- States believe that the ultimate goal of economic activity is to maximize national power rather than to benefit individual consumers or increase social welfare. The nation-state remains the dominant actor in both domestic and foreign economic relations and uses its significant power to influence economic outcomes.
- While the logic of the market is to locate economic activities where they are most efficient and profitable, the logic of the state is to seize and control the process of economic growth and capital accumulation in order to increase the nation's power and economic welfare. This creates an inevitable conflict between the logic of the market and the logic of the state.
- In some countries, the state has been regarded as the "greatest capitalist and entrepreneur," serving as the primary driver of economic growth (e.g., Poland in the 1930s) (Szlajfer, 2012: 338; Suesse, 2023: 107).

- The state's goal of protecting long-term private interests requires aligning political power and economic growth curves (Szlajfer, 2012: 55).

b. Protective and Strategic Policies:

- Economic nationalists believe that protective policies (trade barriers, subsidies, etc.) should be implemented to protect and strengthen national industries. It is noted that in the past, every successful industrial power pursued protective policies to shield its "infant industries" until they became strong enough to withstand international competition.
- Strategic sectors (high-tech industries such as computers, semiconductors, and information processing) are assumed to be more important to the overall economy than others and therefore deserve government support.
- This may include policies such as encouraging exports, controlling imports (e.g., through currency monopolies in Japan), supporting local employment, and even discriminating against minority entrepreneurs (e.g., the Turkification policies of the Ottoman Empire from 1908 onwards and during the founding years of the Republic of Turkey, and the Polonization policies in Poland) (Suesse, 2023: 206-289).
- Economic nationalism can also manifest itself in the form of resource nationalism; this is the state's defense of its right to direct the ownership, taxation, and extraction of natural resources for the purpose of national development (Haslam and Heidrich, 2016: 223-235).

c. Rejecting Market Autonomy and Relative Gains:

- Unlike neoclassical economists, who view the market as an autonomous, self-regulating mechanism, economic nationalists assume that markets are embedded within broader socio-political structures, and that these structures significantly determine the role and functioning of markets.
- Economic nationalists focus on relative gains rather than absolute gains in international economic relations. It is emphasized that although the free market provides absolute gains for everyone, these gains are not distributed equally, and states attach great importance to their own relative gains (Hellenier, 2021; Gilpin, 2001: 182).
- There is a belief that market mechanisms must be controlled to serve national objectives.

d. The “Development State” Model:

Explaining the success of Newly Industrialized Economies (NIEs), particularly in East Asia, this theory argues that the state plays a pioneering and guiding role in the economic development process. In this model, the state uses various tools such as industrial policies, trade protection, subsidies, and financial pressure to overcome market failures and promote rapid industrialization. The ultimate goal is to achieve economic autonomy and political independence. Economic openness and growth are emphasized as indicators of the transition to “mature nationalism” (Suesse, 2023: 150).

e. Relationship with Other Economic Ideas and Nuances:

- It has been noted that economic nationalism and economic liberalism are contradictory, but that the capitalist class tries to embrace both ideologies at the same time (Bresser, 2018: 12).
- In some cases, liberalization can be used as a tool to achieve nationalist goals (Hellenier and Pickel, 2018: 12). For example, post-communist Estonia liberalized its economy to distance itself from the Russian threat and to “strengthen the national spirit” (Scepanovic, 2019: 220).
- Today, it is also referred to as “economic patriotism” or “new variations of economic nationalism,” and these concepts are seen as 21st-century economic nationalism (Reznikova et al. 2018: 275).
- Techno-nationalism involves state-supported efforts to achieve self-sufficiency and leadership in critical technologies (e.g., semiconductors).
- It rejects the “complete autonomy” of the market.
- The content of economic nationalism policies may be ambiguous depending on the diversity of national identities and contexts within the global system (Hellenier and Pickel, 2018: 225).
- The belief that “capital has a nationality” has been rediscovered (Szlajfer, 2012: 78).
- Populist movements, anti-globalization reactions, and the rise of economic nationalism have been linked to factors such as deindustrialization, migration, and corruption (Obstfeld, 2021).

These definitions and characteristics reveal that economic nationalism is not merely a narrow economic theory, but rather a complex socio-political and economic phenomenon deeply intertwined with national identity, power, and development goals (Reinert, 2023: 88).

Economic nationalists adopt a skeptical stance toward the negative effects of globalization and unrestricted free trade. Therefore, economic nationalists advocate for national and self-sufficiency and protectionism (Balaam & Dillman, 2019, p. 34). They tend to view international trade as a zero-sum game, contrary to the mutual gain view of liberal theorists. The fundamental goal here is to gain relative advantages over other countries (Gilpin, 1987, p. 53). Industrialization occupies a central place in economic nationalist thought. This is because it is believed that industry has positive spillover effects on the economy, increasing the country's self-sufficiency and political autonomy. At the same time, it is considered a critical element in building military power (Chang, 2008, p. 68). Historically, mercantilism is considered a leading variant of economic nationalism, with its practices of actively directing foreign trade and targeting the accumulation of precious metals (Helleiner, 2021, p. 15).

### 2.2.2. Theoretical Perspective on Trade Wars

Trade wars represent one of the sharpest forms of tension and disagreement in international economic relations. These processes, in which countries mutually increase trade barriers, can have significant effects on the global economy and the international system.

Trade wars, in their most general definition, are economic conflicts in which countries impose tariffs on each other's imports, increase protectionist measures such as quotas, subsidies, or other trade barriers, and often respond to these measures with retaliatory actions. Although such conflicts usually start in specific sectors, they can quickly spread and affect a broader economic area. The fundamental dynamics of trade wars primarily involve a country protecting its domestic industry and reducing its trade deficit. At the same time, they aim to prevent unfair competition and gain a strategic advantage. However, such actions generally lead to the other side responding with similar measures. This situation can turn into a "tit-for-tat" spiral, leading to a general contraction in trade. It can also cause disruptions in global supply chains, increased economic uncertainty, and potentially slow global economic growth (Ünay and Dilek 2018, p. 8).

The theoretical study of trade wars addresses three fundamental questions: *causes, interaction processes, and outcomes* (Guoyong and Ding, 2021) .

### 2.2.3. Trade Theory Perspectives:

a. Traditional Free Trade Theory: Argues that free trade maximizes global welfare and that no country can profit from a tariff war. The net welfare effect of a tariff is calculated by comparing government revenues (tariff revenue and trade surplus gains) with losses in consumer and producer surplus.

b. Optimal Tariff Theory: It suggests that a country can determine an optimal tariff level that maximizes national welfare, provided that the other country does not retaliate. It shows that tariff wars between countries of different sizes can benefit the larger one while harming the smaller one.

c. Strategic Trade Policy (New Trade Theory): Argues that the government can take measures such as export subsidies or tariffs to protect local industries and transfer profits in industries that are not fully competitive.

d. Political Economy: Trade frictions may arise from internal political processes where governments pursue policies that maximize political support rather than economic welfare. The underlying idea here is that governments pursue policies that reflect the interests of influential interest groups. Non-cooperative tariff games that model policy dependence, negotiated trade agreements, the existence of tariff-distorted equilibria, and the influence of special interest groups on national policies are all relevant. Looking specifically at the US, this influence can be seen in the Trump administration's relationship with its voter base and interest groups, referred to as MAGA (Make America Great Again) supporters, and in the policies it has implemented.

c. Game Theory Approach: Emphasizes the interactive nature of trade wars and helps define the process. Trade wars generally involve a variable-sum game with strategic interactions between players. This theory is divided into two types: static games and dynamic games.

Static Games are based on simultaneous decisions. The Prisoner's Dilemma, where both countries choose to apply tariffs (violation/default) as the dominant strategy, but this leads to losses for both, is the most common structure. Chicken Hunt is a situation where mutual violation leads to the worst outcome (Chicken). Stag Hunt is another possible game structure where coordinated cooperation is preferred.

Dynamic Games, on the other hand, are based on repeated decisions. Repeated and sequential games can lead to cooperation strategies by helping players understand the benefits of cooperation. For players with a high discount factor (value of future returns), cooperation may be possible in infinite repeated games.

### 2.2.4 The Context of International Relations

Trade wars not only produce economic consequences but can also negatively affect political relations between countries. In this context, trade wars can trigger broader geopolitical tensions.

a. Realist Perspective: Realism is historically the oldest and most influential approach within international relations theory. From a realist perspective, trade wars are seen as an economic reflection of inter-state power struggles.

Basic Assumptions: According to realism, the international system has an anarchic structure, meaning that there is no higher authority that can control states (Ahmed, 2023, p. 47; Waltz, 1979). Realism accepts states as the primary actors in this anarchic structure. The primary objectives of these states are to ensure their own survival and maximize their national security. They also aim to maximize their power within the international system. States are generally considered rational and unitary actors; that is, they make decisions based on cost-benefit analysis in line with their national interests.

Reasons for Trade Wars: According to realists, states may engage in trade wars to protect their national interests (economic prosperity, industrial capacity, technological superiority, national security) and, in particular, to increase their relative gains compared to other states (Ahmed, 2023, pp. 47-48). Important factors triggering trade wars may be certain changes in the balance of power in the international system and struggles for hegemony. For example, a rising power may threaten the position of the existing hegemonic power. This hegemonic power, whose position is under threat, may use trade pressure tools to maintain its supremacy. The recent US-China trade war is a concrete example of this situation. According to realists, China is rapidly advancing as a rising economic and technological power. China is challenging the US, the global hegemon. The US appears to be striving to protect its position in response to this challenge (Ahmed, 2023, pp. 51-54).

State Power and National Interest: From a realist perspective, trade policies and trade wars are used as instruments of state power (Ahmed, 2023). It can be said that national interest is generally defined in terms of material power (military capacity, economic size) and security. Realists think the exact opposite of what liberal theorists believe. In this context, they do not believe that economic interdependence will always bring peace and cooperation. On the contrary, they think that increasing interdependence will create dependency and fragility among states. They argue that this will not reduce the possibility of conflict but, on the contrary, may increase it.

The Effects of Trade Wars: Trade wars are seen as an inevitable power struggle between states. This struggle is actually viewed as a zero-sum game. In other words, one state's gain means another's loss. Realists believe that international institutions (such as the WTO) have limited capacity to restrict state behavior and prevent trade wars. This is because powerful states can disregard these institutions and use them to their advantage, acting in accordance with their own interests (Ahmed, 2023, pp. 47-52). Alliances have generally been temporary and interest-based; states can even target their allies in pursuit of their national interests.

b. Constructivist Perspective:

Constructivism is an approach that argues that, in international relations, ideas, norms, identities, and social interactions play an important role in shaping state behavior and the international system, in addition to material factors (Mainasara, 2025, p. 189).

Basic Assumptions: Social construction is important in constructivism because international relations and the structure of the international system (e.g., anarchy) are socially constructed. This shows that states' interests and identities are not fixed and not externally given, but rather are formed and can change over time through interstate interactions, shared norms, cultural understandings, and historical experiences (Mainasara, 2025, pp. 189-190). In the words of Alexander Wendt, "anarchy is what states make of it" (Mainasara, 2025, p. 185); anarchy itself does not inevitably produce conflict or cooperation, meaning that how states perceive each other and define their relationships is important at this point.

Causes of Trade Wars: When assessed from a constructivist perspective, trade wars do not arise solely from conflicts of material interests or shifts in the balance of power. They can also arise from differences or disagreements in shared (or conflicting) understandings, norms, identities, and discourses. Concepts such as fair trade, unfair competition, national security threats, and economic aggression are seen to have no objective reality. These concepts are socially constructed by political actors and societies. They are disseminated and legitimized through specific discourses. States can define each other as rivals, enemies, unreliable partners, or, conversely, as friends and allies. Within the context of these definitions, states can profoundly influence their trade policies and the likelihood of conflict. For example, in the US-China trade war, China's rise is perceived as a threat. Consequently, the discourse of unfair trade practices is becoming widespread, and technological competition is being framed as a national security issue. These concepts shape the attitudes of the American public and politicians. At the same time, they have played an important role in legitimizing protectionist policies (Imran, 2024).

Identities and Norms: The importance states attach to their national identities (e.g., global leader, rising power, defender of democratic values, authoritarian revisionist) and international norms (e.g., free trade norms, fair competition principles, human rights, rule of law) and their compliance with these norms can influence their trade policies and approaches to international economic conflicts . Martha Finnemore and Kathryn Sikkink's work on types of norms (regulatory norms, constitutive norms, evaluative/prescriptive norms) provides an analytical framework in this context (Mainasara, 2025, pp. 189-191). In a trade war, parties often defend their own actions as compliant with international rules or legitimate, while characterizing the other party's actions as rule violations.

Discourse and Social Interaction: The language and discourse used by leaders, politicians, the media, and other opinion leaders play an important role in shaping the public's and policymakers' perceptions and attitudes toward trade wars (Sezgin, 2008, p. 105). The social construction of threats occupies a central place in this process. Viewing a trading partner as hostile or unreliable can facilitate the acceptance of protectionist and retaliatory policies. Through interstate social interactions such as diplomacy, negotiations, and public statements, trade wars can be escalated or defused.

Realism is a theory that focuses on cause-and-effect relationships when explaining trade wars. While concerned with which states engage in war, it examines the objectives behind these wars. Constructivism, on the other hand, approaches this question in a different and more profound way, seeking answers. In this context, it focuses on how states' identities are formed and why these identities change. It analyzes how interests, threats, and goals are defined. In making these definitions, it does not ignore social construction processes. It examines conflicting and shared ideas, values, and norms. For example, Realism may explain the US-China trade war as an inevitable struggle between two great powers for economic and strategic supremacy (Ahmed, 2023, pp. 49-50). Constructivism, on the other hand, questions why this struggle emerged at this particular time. It seeks to understand why it emerged under the label of a trade war. It addresses why and how China is perceived as an economic threat or systemic rival. It also analyzes how discourses such as unfair trade practices or forced technology transfer are constructed. Depending on this situation, it reveals the extent and nature of their relationship with American or Chinese national identities. It does so by questioning how this relates to their historical narratives and future visions (Imran, 2024). For example, the restrictions imposed on Huawei's 5G equipment on national security grounds can be seen, from a realist perspective, as a move to protect or increase military and economic power. From a constructivist perspective, this is interpreted differently. In this context, the question arises of how technological leadership identity is constructed. Furthermore, it is closely related to how the perception of security vulnerabilities and the label of unreliable actors are constructed through social and political processes.

These two theoretical approaches can complement each other. This is because explaining trade wars solely in terms of material power factors is insufficient. The formative impact of ideas, norms, and identities in this context is significant. However, there have been times when ideas have clashed or, at times, been shared. This point has led to the combined use of Realism and Constructivism. Ultimately, examining both theories together will provide a more comprehensive understanding of trade wars.

Trade wars have been more than just an extension of specific economic policies or a definition of inter-state power competition. They are critical arenas where international norms, rules, and the international order in general are being re-examined, questioned, and potentially transformed. When viewed through a realist lens, the power struggle, when approached from a constructivist perspective, reveals a clash between different worldviews, alternative economic models, different paths to development, and competing claims to legitimacy (e.g., China's discourse on a new type of international relations or a community with a shared future for mankind versus the emphasis on a rules-based international order by the US and its Western allies). These conflicts and negotiations do not only affect the present. They also affect the outcomes of the current trade wars. This situation will most likely shape the global trade regime. This process may affect the normative foundations of the international order. In short, these struggles have the power to shape the global system of the future. During trade wars, serious questions may arise about the effectiveness and legitimacy of existing international trade rules and institutions. However, when viewed from a realist perspective, powerful states can influence these institutions in their own interests. They can even ignore these institutions when necessary for their own interests (Ahmed, 2023, p. 51). The rhetoric used by the parties during these wars and the justifications they put forward (such as the national security exception, unfair competition conditions, forced technology transfer claims, and supply chains linked to human rights violations) inevitably contain certain normative claims and counterclaims (Imran, 2024). In this context, the parties attempt to justify their own actions. To do so, they refer to international law and norms. At the same time, they claim that the actions of the opposing party are unlawful. They argue that these actions are unjust and aggressive in nature. This situation can create a kind of normative competition or war of rhetoric. This process may lead to the weakening or reinterpretation of existing international norms, such as the norm of free trade and the principle of non-discrimination, and a narrowing of their scope (e.g., the arbitrary expansion of the national security exception). Trade wars do not only produce short-term economic consequences, such as changes in trade flows and winners and losers in specific sectors, . They can also have long-term and potentially transformative effects by affecting the normative structures and power balances that form the basis of the international system. This will help us understand the deeper and more lasting meanings and consequences of trade wars by going beyond the power- and interest-focused explanations of realist analysis and incorporating their social and ideological dimensions, as constructivist analysis does.

The table below presents a comparative overview of the fundamental assumptions and approaches of realist and constructivist perspectives on trade wars:

***Table 1: Comparison of Realist and Constructivist Perspectives on Trade Wars***

| Feature | Realist Perspective | Constructivist Perspective |
|---|---|---|
| **Nature of the International System** | Anarchic (no supreme authority). | Socially constructed (anarchy is shaped by the meaning states assign to it) |
| **Key Actors** | Nation-states (rational, unitary state structure). | States, international organizations, civil society organizations, individuals (whose identities and interests are socially constructed). |
| **States' Fundamental Motivations** | Survival, security, power maximization, relative gains. | Expression of identities, conformity to norms, search for legitimacy, shared values, material interests (socially defined). |
| **Main Causes of Trade Wars** | Power struggles, national interest conflicts, pursuit of relative gains, security dilemma. | Identity conflicts, norm violations, misperceptions, social construction of threats, legitimacy crises, discursive competition. |
| **The Role of Identities** | Generally secondary; states are seen as black boxes with similar functions. | Central; states' identities (leader, follower, revisionist, etc.) shape their interests and behavior. |
| **The Role of Norms** | Limited; powerful states use or disregard norms for their own interests. | Significant; norms (regulatory, constitutive, evaluative) constrain, enable, and legitimize state behavior. |
| **The Role of Discourse** | It is generally excluded from analysis. | Central; discourse constructs reality, defines identities and interests, and legitimizes policies. |

| | | |
|---|---|---|
| **Effectiveness of International Institutions** | Limited; it is a reflection of states' power and interest struggles. | Potentially effective; it can disseminate norms, shape identities, and facilitate social learning. |
| **Potential for Change** | Limited; dependent on shifts in power balances. | High; if ideas, norms, and identities change, the international system can also change. |
| **Application to the US-China Trade War (Explanatory Examples)** | The US's effort to maintain its hegemony and counterbalance China's rise; a struggle for relative economic and technological gains. | The construction of the China threat narrative; differing interpretations of fair trade and national security norms; the clash between the two countries' great power identities and visions for the future. |

***Source: Table created by authors.***

### 2.2.5. Theoretical Origins and Thinkers of Economic Nationalism

The roots of economic nationalist thought extend back to the era when classical liberal economics (Adam Smith and David Ricardo's theories of free trade and comparative advantage) prevailed. These thinkers opposed the universalist and cosmopolitan assumptions of liberalism. In this context, they emphasized the central role of the nation-state in economic development and the priority given to national interests. In this regard;

Friedrich List (1789-1846): He is recognized as one of the important theorists of economic nationalism. List criticized Adam Smith's "cosmopolitan economy" approach, which focused on the individual and the global economy, and instead developed the concept of the "national political economy system." According to List, each nation has its own unique historical, cultural, and economic conditions, and economic policies should be shaped according to these national realities. He argued that countries at the beginning of the industrialization process or with infant industries should temporarily apply protective customs tariffs to protect themselves from competition from more developed countries (Kibritçioğlu, 1996, p. 52). List stated that the goal was to achieve free trade. However, he believed that this strengthening would only be possible after national industries had become sufficiently strong. For him, the fundamental goal was to increase the "productive power of the sovereign community" rather than individual consumer sovereignty (Breakthrough Institute, 2012). List's ideas have been influential in industrialization strategies, particularly in industrialized countries such as Germany and the United States.

Alexander Hamilton (1757-1804): He was one of the founding fathers of the United States. He was also the first Secretary of the Treasury. Hamilton was an important representative of economic nationalism. He wrote the famous work "Report on Manufactures." In this work, he argued that domestic industries (infant industries) should be protected and encouraged by the state in order to increase the economic independence and power of the young American nation (Kibritçioğlu, 1996, p. 64). He stated that the transition from an agriculture-based economy to an industrialized economy was necessary for national welfare and security.

Other Thinkers and Schools: In addition to List and Hamilton, economic nationalist thought was also developed in the 19th century by intellectual movements such as the "American National Economy School" and the "German Historical School" (Breakthrough Institute, 2012). These schools, which argued that historical, cultural, and national issues should be included in economic analysis, opposed the abstract and universalist models of classical economics.

Economic nationalism is not merely a phenomenon limited to the policies pursued by states. It is also closely related to individuals' attitudes, behaviors, and identities. Authors such as Pablo Pinto and Carmen M. Le Foulon (2007) have argued that the sources of economic nationalism are not only at the state level but must also be sought at the individual level. According to their survey data, they have shown that individuals' economic nationalist attitudes are influenced both by their personal financial interests (e.g., whether the sector they work in is affected by foreign trade, their skill levels) and their ideological preferences (such as nationalism, patriotism, chauvinism). In particular, they have shown that individuals may support protectionist policies in order to support national industry and the economy, even if this conflicts with their own narrow material interests. It has been observed that feelings of nationalism (measured as patriotism and chauvinism) can significantly influence individuals' attitudes towards import restrictions. This effect may vary depending on factors such as the individual's position in the economy (level of education, sector of employment) (Pinto and Le Foulon, 2007, pp. 5-10).

There are also various theories explaining economic nationalism in the context of consumer behavior. According to Obasun, these theories can be summarized as follows (2025: 469):

*Social Identity Theory:* It suggests that individuals may prefer domestic products in order to highlight their national identity and demonstrate their loyalty to their national group.

*Social Exchange Theory:* It states that consumers may consider the spiritual benefits of contributing to national prosperity by purchasing domestic products to be more valuable than the potential costs (higher prices, lower quality, etc.).

*Symbolic Interactionism:* This theory states that domestic products are a source of national pride and can carry symbolic meanings such as cultural heritage or specific social values. It suggests that consumers may make choices based on these meanings.

*Consumer Ethnocentrism Theory:* This theory was developed by Shimp and Sharma. The theory argues that consumers believe it is morally right to buy products produced in their own country. It also states that consumers believe this behavior is patriotic and that they display a negative attitude towards foreign products. This attitude can become stronger, especially in times when the national economy is weak or when there is intense foreign competition.

### 2.2.6. Reflections of Economic Nationalism in Policies and Historical Examples:

Economic nationalist ideas have found concrete reflections in the economic policies of many countries throughout history and today. Early trade wars occurred between the 17th and 19th centuries. Significant conflicts took place, particularly during the British-Dutch and British-French trade wars. These wars were fueled by rising nationalism, mercantilism (Colbertism), and protectionism (Guoyong and Ding, 2021, p. 8) .

France: It is a country where the state plays a significant role in the economy. It pursues important policies to prevent companies considered strategic from falling into foreign hands. In other words, economic patriotism prevails in the country. The efforts made in 2004 to keep Societe Generale bank French or Prime Minister Dominique de Villepin's 2005 economic patriotism slogan are examples of this.

*United States*: Regulations such as the Exxon-Florio directive of 1988, which was later revised, gave the federal government the authority to block foreign acquisitions deemed a threat to national security. Restrictions on foreign ownership were imposed, particularly in sectors such as air transport and media. Other notable examples include Congress's opposition in 2005 to the acquisition of the American oil company Unocal by China's CNOOC, and the blocking of Dubai Ports World's attempt to operate some American port terminals in 2006.

Looking at US Policies During the Trump Era US President Donald Trump implemented policies under the slogan "America First." In particular, he raised customs tariffs in response to China's economic rise. At the same time, he has worked to renegotiate trade agreements and promote domestic production . Such actions demonstrate that Trump actually attaches importance to economic nationalist elements (Tokatlı, 2025).

*Germany:* Public institutions have continued to dominate, particularly in the financial sector. This sector has been largely closed to foreign investors. This situation can be cited as an example of economic nationalist tendencies in the German model.

*Global Crises and Nationalist Responses*: Major economic crises, such as the Great Depression of 1929 and the Global Financial Crisis of 2008, may cause nation-states to adopt inward-looking and nationalist policies aimed at protecting their national economies and interests rather than international cooperation. As a reflection of this trend, states intervening in markets and undertaking rescue operations for domestic industries during times of crisis can be cited as examples (Hoffmann, 2001; Federal Reserve Bank of Boston, 2011).

Economic nationalism is not limited to the macro-level policies pursued by states. It is also a multi-layered and complex phenomenon that extends to individuals' consumption preferences, investment decisions, and, more broadly, perceptions of national identity (Helleiner, 2002). Historically, it has been more closely associated with traditional protectionist policies such as customs tariffs and quotas, but its manifestations in the modern world have been much more diverse. When looking at economic nationalism today, it includes the pursuit of technological autonomy and independence (e.g., 5G technologies, semiconductor production), ensuring the security of critical supply chains (medicine, food, energy), and strategies to create and support national champions. At the same time, it can also include more specific and future-oriented goals such as data sovereignty and control of digital infrastructure (Larsen, 2022; Lewis, 2022; Schmalz, 2024). This situation demonstrates that economic nationalism is a proactive process that operates both *top-down* (through state policies and strategies) and *bottom-up* (through the preferences and demands of individuals and consumer groups).

Looking at the rise of economic nationalism, significant shifts in global economic power balances are generally at play. In this context, economic nationalism has emerged as a response to increased international competition and the redefinition of national identities and interests. The arguments for catch-up industrialization and protectionism developed by thinkers such as Friedrich List for countries lagging behind in the industrialization race may find a basis of legitimacy, especially for developing countries or emerging powers (Kibritçioğlu, 1996, p. 49). Such economic nationalism can increase technological capacity as well as transform the country's economic structure. According to this view, economic nationalism can be defensive or developmental in nature, aiming to achieve a more advantageous position in the international system.

On the other hand, economic nationalism in developed and globally influential countries can generally be seen as a struggle to preserve existing economic advantages, technological superiority, and global influence, or to regain advantages thought to have been lost in the past. The character of this type of economic nationalism can be more aggressive, status quo-oriented, or hegemonic. For example, some of China's economic policies in recent years have been interpreted as a catch-up and development strategy. Consequently, the US has taken certain measures against China's rise (Tokatlı, 2025). These measures can be seen as a reaction aimed at protecting current global leadership and economic advantages. The historical and current practices of European countries such as France and Germany, on the other hand, reflect a continuous state tradition of protecting national interests and strategic sectors. This shows that economic nationalism may be related to the existential concerns of the nation-state rather than being merely a cyclical reaction. These different motivations indicate that economic nationalism is not a single phenomenon. In this context, it shows that it takes different forms and serves different purposes depending on each country's unique historical, economic, cultural, and geopolitical conditions (Berger and Fetzer, 2019; Somai, 2019, pp. 157-159).

## 3. Economic Criticism Of Economic Nationalism

Various criticisms have been made of economic nationalism in economic theory, supported by practical results. These criticisms generally focus on areas such as economic inefficiency, market distortions, social costs, and the potential for political instability.

### 3.1. Inefficiency and Misallocation of Resources

- State-supported industrialization efforts can lead to underutilization of production capacities and one-sided heavy industry investments, resulting in failure.
- The state's assumption of the role of "big capitalist and entrepreneur" in economic development can lead to "excessive statism" due to insufficient private sector entrepreneurship.

- The fact that state policies are hostage to internal conflicts (e.g., conflicts between industrial and agricultural groups) prevents the formation of a clear vision for the country's development.
- The disappointment of economic restructuring despite subsidies can lead to weak growth in new businesses and poor policy choices.
- When the duration of protectionist measures is uncertain, national industries may relax their adaptation efforts and lose their competitive edge.
- State interventions can lead to economic inefficiency by disrupting productive links between productive resources and legitimate demand and increasing adjustment costs.
- Economic nationalism prioritizing government preferences beyond maximizing national income can lead to economically suboptimal outcomes.
- An inherent contradiction between industrial policy (targeting specific sectors) and orthodox free trade policy can lead to inconsistent implementation.
- Investments driven by corruption and cost inflation can negatively affect industrial growth.

### 3.2. Market Distortions and Instability:

- Excessive government spending, loose monetary policies, and weak banking systems can cause financial crises.
- Populist economic nationalism, while emphasizing distribution, ignores the risks to economic stability arising from sharp increases in government spending, inflationary financing, and government interventions that undermine market functioning.
- Monetary instability (which may result from nationalist policies) can create a divisive and cost-increasing effect in cross-border transactions, even threatening the efficiency and survival of capitalism.
- The politicization of macroeconomic policy can erode the credibility of government policies and weaken the commitment to non-inflationary policies, making economic coordination more difficult.
- Nationalism can lead to distortions in corporate laws and merger and acquisition decisions, which can reduce market efficiency.

- Financial nationalism may result in the costs of excessive structural diversity or increased costs of adjusting to external shocks.

**3.3. Exclusion, Discrimination, and Social Costs:**

- Economic nationalism can be seen as an "excuse" for resource scarcity or a "facade for the collective mindset of the people in the face of real or imagined economic failures."
- Practices such as "indigenization" and "ethnicization" campaigns may lead to discrimination against national minority entrepreneurs, thereby narrowing the pool of capital and talent.
- The combination of economic nationalism with religious or ethnic ideas can lead to the exclusion of minorities from economic life.
- Boycotts, expropriations, and ultimately massacres targeting Armenian and Greek entrepreneurs in the Ottoman Empire demonstrate that economic nationalism can lead to excessive human and social costs. Such motivations can seriously damage the country's economic fabric.
- Nationalism has been associated with factors such as deindustrialization, migration, and corruption, and has fueled anti-globalization reactions.

**3.3. Economic Impacts of Political and Strategic Issues:**

- The intertwining of economic actions with political and even military objectives can lead to suboptimal decisions from an economic perspective.
- The state's attempts to manage internal social tensions (such as class struggles) by projecting them outward (through geopolitical currency manipulation) can lead to international conflicts or "beggar-thy-neighbor" policies.
- The Yugoslavian experience demonstrates that economic problems are critical for long-term stability in multi-ethnic states. Internal conflicts and accusations of exploitation fueled by economic nationalism contributed to the collapse of the state and instability.
- Drucker argued that globalization has resulted in the "disappearance of the national economy" and that economic nationalism has therefore lost its validity.

### 3.4. Lack of Adaptability and Inappropriateness to the Current Context:

- Economic nationalism tends to idealize past models when comparing them to today's radically different realities, suggesting that policies may be outdated or unsuitable for current challenges.
- It is argued that state-led development models such as the "Chinese model" cannot be applied to other developing countries due to China's unique characteristics, such as its size, domestic market, Communist Party control, and mix of capitalist and planning features. Furthermore, it is noted that this model is highly vulnerable to collapse from political, economic, and environmental sources.
- Economic nationalism in developing countries may fail to achieve development if it does not address fundamental social and institutional weaknesses.

These criticisms point to the fact that economic nationalism can often jeopardize economic efficiency, stability, and social cohesion in the pursuit of national power and identity goals.

## 4. Conclusion

The concepts of economic sovereignty, economic nationalism, and trade wars examined in this study provide a comprehensive theoretical framework for understanding the US-China rivalry, one of the most defining international phenomena of our time. The analyses reveal that this rivalry is too deep and multi-layered to be explained solely by superficial economic indicators such as trade deficits or allegations of unfair competition.

The pursuit of economic sovereignty is a fundamental motivating factor behind the policies of both countries. Despite the interdependence brought about by globalization, both the US and China aim to increase self-sufficiency and the capacity to act independently of external interventions in strategic sectors (particularly technology, energy, and supply chains). This situation demonstrates that economic sovereignty has not disappeared in the age of globalization; rather, it has been reshaped, gaining new dimensions such as technological and digital sovereignty.

Economic nationalism emerges as the ideological and political expression of this quest for sovereignty. The US's "America First" policy and China's "Chinese Dream" vision are powerful examples of national interests and identities driving economic policies. These approaches encompass not only protectionist trade measures but also strategies such as creating national champions, seizing technological leadership, and controlling critical infrastructure. However, as the article also points out, these nationalist policies carry significant risks, including inefficiency, market distortions, and international instability.

Examining trade wars from Realist and Constructivist perspectives has shed light on two fundamental dynamics of the US-China conflict. From a Realist perspective, this war is a classic power transition scenario in which a rising power challenges the existing hegemonic power, and the struggle for relative gains is central. The Constructivist perspective, on the other hand, reveals why and how this struggle was labeled a "trade war," how the perception of "threat" and the discourse of "unfair competition" were socially constructed , and how national identities and normative claims played a central role in this process.

The US-China trade war is the most concrete example of the resurgence of economic nationalism and the transformation of the understanding of economic sovereignty in the 21st century. This conflict tests the norms and institutions of the liberal international order and shows how the power struggles of states are intertwined with the search for identity and legitimacy. The future course of this competition has the potential to shape not only the economies of the two countries, but also the future of the global trade regime, international cooperation mechanisms, and the world order.

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