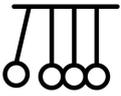


TURKEY'S UNHEARD VOICES

The Effects of Trump's Tariffs on the Global Economy

ECONOMICS

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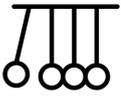


Abstract

The 2025 US tariff policy implemented by President Donald Trump represented a significant departure from the postwar neoliberal trade consensus, substituting multilateral liberalism with a vigorous form of geoeconomic nationalism. The administration employed emergency executive powers under the International Emergency Economic Powers Act (IEEPA) to implement extensive tariffs, serving both as mechanisms for industrial protection and as instruments of geopolitical influence. The policy's legal ambiguity incited considerable constitutional challenges, while its ideological stance indicated a wider transition from market-oriented governance to state-driven economic nationalism. The tariffs caused global supply chain adjustments, capital market instability, and inflationary pressures, while not delivering the anticipated return of domestic manufacturing. Retaliatory actions from principal trading partners and the institutional degradation of the World Trade Organization have further indicated the deterioration of a rules-based global trade system. Macroeconomic modeling indicated GDP decline, sectoral disparities, and labor market disruptions, highlighting the structural inefficiencies of the policy. The 2025 tariffs represent a pivotal moment in international political economy, where the strategic use of trade policy confronts the fundamental tenets of globalization and prompts critical inquiries regarding the future of global economic governance.

Executive Authority and the Legal Foundations of the 2025 Tariff Regime

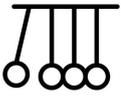
The legal foundation for the Trump administration's 2025 tariff system is based on the utilization of the International Emergency Economic Powers Act (IEEPA), a legislative tool initially established in 1977 during the strategic demands of the Cold War. IEEPA was established as a legal framework allowing the President of the United States to limit economic transactions with foreign entities during declared national emergencies. It was specifically not designed as a generalized trade policy tool. However, in April 2025, the Trump administration used IEEPA in a new and controversial manner: not in response to a military conflict or foreign terrorism, but rather as a response to what it described as a



systemic economic aggression, specifically through trade imbalances and intellectual property theft. The administration characterized trade deficits and Chinese state capitalism as existential threats to national security, thereby declaring a national economic emergency and rationalizing the unilateral implementation of extensive tariffs under the IEEPA framework. The resultant measures represented one of the most extensive peacetime utilizations of emergency executive authority in contemporary American history. The Administration imposed a comprehensive 10% tariff on about 92% of all US imports. The regime established significantly elevated discriminatory tariffs on countries deemed strategic adversaries: 145% on Chinese goods, 50% on Brazilian exports, 30% on imports from the European Union, and up to 49% on Southeast Asian countries accused of facilitating tariff circumvention via transshipment.

This extraordinary application of executive discretion raised immediate and significant legal and constitutional apprehensions. Civil society organizations, legal experts, and industry coalitions opposed the administration's interpretation of IEEPA as an unrestricted trade authority. On May 28 2025, the US Court of International Trade provided a crucial ruling deeming the administration's use of IEEPA for peacetime tariff measures unconstitutional, claiming that the statute lacked the authority to supersede congressional jurisdiction over trade policy, a domain explicitly assigned to Congress under Article I, Section 8 of the US Constitution. The decision was suspended pending appeal, maintaining the tariffs temporarily. However, the ruling exposed the vulnerability of executive claims regarding economic emergency powers without explicit legislative intent. Should the ruling be upheld, the consequences will be severe. Econometric modeling by the Tax Foundation suggests that the repeal of IEEPA-based tariffs would result in a dramatic reduction of the average effective US tariff rate from 16.8% to 6.1%, leading to an estimated 1.9 trillion US Dollars in lost tariff revenue over the next 10 years. Furthermore, macroeconomic projections indicate a decrease in the overall GDP impact from -0.8% to -0.2%, highlighting the severe economic ramifications of unilateralism in trade policy.

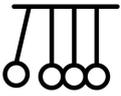
This legal case exemplifies the persistent conflict in American governance between executive overreach and legislative limitation, often described by political theorists as the deterioration of checks and balances in the post-9/11 security environment. The use of IEEPA to conduct economic warfare under the guise of national security reflects prior extensions of



executive authority, while also indicating a shift in the fundamental nature of security, where market vulnerabilities are increasingly securitized in ways previously reserved for military threats. This legal flexibility undermines the constitutional framework and poses a risk of institutionalizing economic exceptionalism as a normative practice.

Beyond the legal foundation, the 2025 tariff program represents a tangible example of a wider ideological shift in US economic policymaking. The tariff regime represents a significant shift from neoliberal principles to economic nationalism. While neoliberalism, especially in its post-Cold War form, advocated for market liberalization, free trade, and transnational capital mobility, the Trump administration's protectionist shift the US as the primary protector of economic security and industrial strength. Trumpian narratives portrayed globalization as a "betrayal of American labour, claiming that years of involvement in inequitable trade frameworks had deindustrialized America and shifted essential manufacturing capabilities to geopolitical opponents. The policy explicitly targeted "reshoring" production, asserting a reversal of the perceived externalization of the American economic sovereignty under prior neoliberal administrations. The tariffs served not only to address economic issues but also to symbolically restore the United States' status as a sovereign economic entity capable of regulating global capital in the pursuit of national interests. This ideological shaft can be contextualized within what Quinn Slobodian refers to as the "encasement" logic of neoliberalism: whereas neoliberal regimes aimed to shield markets from democratic influence, economic nationalism reaffirms the authority of the country to prioritize political and cultural objectives over market interests.

Nonetheless, the distributional implications of this policy exposed significant contradictions with the nationalist economic framework. The administration claimed that the tariffs would "strengthen America", yet the actual burden fell disproportionately on lower and middle-income households, thereby reinforcing the inequalities the policy aimed to rectify. Data from the Yale Budget Lab indicates that the 2025 tariffs have resulted in 2.1% rise in the national price level, with low-income households (bottom income decile) suffering an average annual loss of 1500 USD, whereas households in the top decile faced losses averaging 5700 USD. Although the total burden was greater for those with higher income, the relative burden (calculated as a proportion of household income) was considerably greater for those with lower income. Furthermore, critics observed that the policy did not tackle the



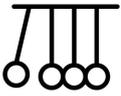
fundamental causes for deindustrialization such as market deregulation, financialization, and the disconnection of productivity from wage growth. The tariffs may be viewed not as a cohesive strategy for equitable development but as a populist display intended to symbolically resist globalization while materially benefiting specific industries and domestic capital segments.

The 2025 tariff program represents a hybrid ideology combining protectionist mercantilism, security-state exceptionalism, and nationalist populism, while retaining the structural traces of a neoliberal economy focused on capital accumulation.

Disrupted Trade Flows and the Fragmentation of Global Supply Chains

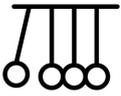
The enactment of the 2025 tariff regime represented a significant shift in trade policy and a severe external damage to the global economic system. The political justification highlighted national resilience and industrial revival, yet the outcomes were significantly more chaotic and destabilizing.

Contrary to the Trump administration's declared objective of initiating a domestic industrial revival, the immediate consequence of the 2025 tariffs was to speed up a lateral reconfiguration of global supply chains, this is referred to as the "China-plus-one" strategy by scholars in international political economy. Multinational corporations, faced with increased input costs and geopolitical instability, chose not to reshore production to the U.S., but to diversify their manufacturing bases within the rest of the world. Apple, for example, transferred 18% of iPhone production from mainland China to Vietnam and India, nations that provided inexpensive labor, advantageous trade access, and a comparatively stable investment environment. Likewise, HP and Dell broadened their operations in Thailand and Mexico, illustrating the geographical adaptability of global capital and the desire to pursue trading possibilities across varying regulatory frameworks instead of reverting to more expensive domestic settings.



This trend can be analyzed using global value chain (GVC) theory, which highlights the geographical fragmentation of production aimed at minimizing costs, enhancing efficiency, and improving market responsiveness. The tariffs, rather than undermining this rationale, forced companies to intensify regional production strategies that reduced vulnerability to punitive duties while preserving access to US markets. The reorganization of supply chains reinforced neoliberal production principles within a protectionist political context, which is an irony that highlights the constraints of state-driven economic nationalism in a hyper-globalized industrial framework. Furthermore, following inflationary pressures and logistical inefficiencies resulting from fragmented supply chains rapidly emerged. The US-based logistics firm Fastenal announced a 15% rise in shipping expenses, due to both redirected international supply chains and increased compliance requirements concerning rules-of-origin documentation and tariff classification. The costs were transferred to consumers, worsening the overall inflationary trend observed in the post-implementation phase.

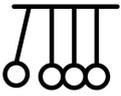
Particularly concerning were the sector-specific material shortages that arose as unintended consequences of the tariff framework. The U.S. agricultural and chemical sectors grew increasingly reliant on Russian urea fertilizer, which accounted for 64% of total U.S. imports of the commodity following the imposition of tariff barriers on primary suppliers like Qatar and Algeria. This transition not only compromised national security discourse but also introduced new geopolitical risks, as dependence on Russia—already significantly sanctioned and diplomatically marginalized—created potential vulnerabilities in the event of further geopolitical escalation. The Aluminum Midwest Premium (MWP) for industrial metals remained static at 60 cents per pound, only marginally offsetting the newly imposed 50% tariff. Consequently, numerous shippers redirected aluminum exports from the U.S. to European and East Asian markets, where trade dynamics were more stable and tariffs were reduced. These empirical developments illustrate the significant disconnect between rhetorical economic sovereignty and the actual development of global production networks. The 2025 tariffs reinforced multinational strategies of diversification, offshoring, and geopolitical trading, rather than returning manufacturing, while imposing considerable inflationary and operational costs on U.S. companies and consumers. This result exemplifies Saskia Sassen's concept of "denationalization" of production, indicating that the legal and



territorial confines of states are increasingly inadequate to contain or influence the dynamics of transnational capital.

The implementation of the tariff regime caused significant instability in global financial markets, highlighting the severe sensitivity of capital flows and asset valuations to geopolitical instability and trade interruptions. The April 2025 stock market crash, instigated by the recent implementation of universal tariffs and intensified by retaliatory actions from major trading partners, constituted the most significant financial correction since the early pandemic phase in 2020. The S&P 500 index fell by 10.5%, leading to a loss of approximately \$6.6 trillion in market capitalization. The Nasdaq Composite, predominantly composed of multinational technology companies dependent on intricate, international supply chains, suffered a significant decline of 11.4%. The declines were not simply technical corrections but structural indicators of investor apprehensions regarding profit compression, heightened capital expenditures, and diminishing global demand. Companies with substantial foreign sourcing, narrow profit margins, and considerable exposure to global markets were disproportionately impacted. The markets have accurately incorporated a new risk premium: the geoeconomic fragmentation of the global economy, in which companies can no longer depend on stable, rules-based trade flows and predictable input costs.

International markets experienced comparable declines, with the Hang Seng Index (Hong Kong) decreasing by 13.2%, indicative of regional apprehensions regarding US-China decoupling and its impact on East Asian economies. The Shanghai Composite declined by 7.3% as Chinese exporters faced access limitations to their primary external market. Simultaneously, India's Sensex incurred a significant loss of wealth, approximated at 19 lakh crore (around 230 billion USD), highlighting the interdependence of emerging markets and their vulnerability to U.S. trade policy. Concurrently, commodity markets exhibited higher levels of volatility. Copper prices, frequently regarded as an indicator of global industrial demand, escalated to approximately 9,100 USD per metric ton, propelled by preemptive stockpiling, concerns over supply constraints, and speculative trading activities. Brent crude oil prices increased by 14%, partly due to heightened demand resulting from disrupted supply routes and escalating geopolitical tensions in the Middle East, which many analysts perceived as potentially intensified by the US's increasingly unilateral stance. The alignment of equity contraction and commodity inflation aligns with the concept of a "risk-off" environment,



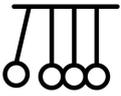
where investors shift capital from equities to safer or inflation-hedging assets due to macroeconomic uncertainty. This also illustrates the overarching difficulty of implementing monetary and fiscal policy in a context marked by policy risk, retaliatory trade restrictions, and strategic decoupling.

The April 2025 market crash is not merely a transient financial occurrence but rather an indication of a profound structural shift in global capitalism, where the security rationale of states is increasingly superseding the efficiency rationale of markets. Investors, politicians, and multinational corporations must recognize that in the post-neoliberal era, political risk cannot be dissociated from economic assessment.

Retaliatory Geoeconomics and the Decline of Multilateralism

The sudden implementation of extensive U.S. tariffs signified a conclusive termination of seamless global trade, eliciting prompt and unified responses from both opponents and partners. The most significant response originated from the People's Republic of China, which imposed 125% tariffs on U.S. agricultural exports, notably soybeans and pork, industries heavily reliant on Chinese markets. Beijing implemented export bans on rare earth minerals, crucial for advanced U.S. technologies. This represented a notable intensification in economic statecraft, utilizing control over essential resources to impose systemic influence. The European Union and Canada, historically allied with the US and supporters of liberal trade, also reacted decisively. Both instituted 30% tariffs on a variety of significant American exports, such as bourbon, dairy products, and aerospace components, aiming at politically sensitive sectors. The choice of these goods was intentional and not solely based on economic factors, it illustrated what certain international relations scholars term “precision retaliation”, the strategic targeting of politically significant industries to apply maximum domestic pressure on the provoking nation.

By mid-2025, at least 68 countries had enacted retaliatory tariffs or sanctions against US measures, collectively affecting over 330 billion USD in American exports. This series of retaliatory actions signified a collapse in trade collaboration and a reaffirmation of state sovereignty in economic management, undermining the basic principles of interdependence and multilateral conflict resolution. The retaliatory measures extended beyond tariffs, several



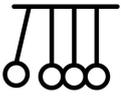
states also enhanced foreign investment review protocols, halted bilateral trade negotiations, and augmented subsidies for domestic industries as a defensive response to US protectionism.

The geopolitical ramifications of the tariff conflict exceeded economic factors, impacting strategic diplomacy. The Trump administration's unilateral approach, rationalized by claims of sovereignty and equity, significantly alienated conventional allies and weakened the institutional framework of global economic governance.

The China-EU Trade Pact, established in late 2025 and valued at 500 billion USD, represented a significant and tangible rejection of US trade dominance. The agreement, by explicitly excluding the United States, highlighted the increasing integration of Eurasian economic cooperation and Beijing's effective establishment as a dependable alternative to Washington. The agreement provided privileged access to European and Chinese companies, standardized digital trade regulations, and introduced currency stabilization mechanisms, all contrary to US trade standards.

Meanwhile, regional coalitions in the Global South, such as ASEAN, India, and the Gulf Cooperation Council (GCC), accelerated the establishment of intra-regional supply chains and trade agreements. These realignments were motivated not only by economic prospects but also by a need to mitigate the unpredictability of US trade policy. By doing so, these states indicated a reconfiguration of global economic power from a US-centric system to a more multipolar geoeconomic framework.

The World Trade Organization (WTO), already diminished by the United States' refusal to appoint appellate judges since 2019, encountered institutional paralysis. By 2025, Washington had not only dismissed unfavorable rulings but also declined to participate in dispute resolution mechanisms entirely. This intentional obstruction further undermined the WTO's legitimacy and hastened the transition from a rules-based framework to one dominated by political influence, bilateral pressure, and regional exclusivity.

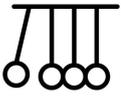


Structural Economic Fallout and Labor Market Dislocations

The immediate effects of the 2025 tariff regime were disruptive, but its profound consequences lie in the long-term structural inefficiencies to economic output, labor markets, and finances. The policy's design lacked a cohesive developmental strategy. Rather, it generated asymmetric impacts across sectors, intensified labor market disruptions, and inflicted lasting efficiency costs on both the US and global economies.

Economic analyses conducted by the United Nations Conference on Trade and Development (UNCTAD) and the Brookings Institution estimated that the tariffs would diminish US GDP growth by 0.9 percentage points in 2025, while leading to a 0.5 percentage point decline in global output. While the administration emphasized certain successes, manufacturing output increased by 2.6%, with a more significant 4.8% rise in non-advanced durable goods, these gains were sector-specific and did not indicate a widespread reindustrialization trend. In contrast, losses were extensive and concentrated in critical sectors of the economy. Construction output decreased by 4.1%, influenced by significant rises in the costs of imported materials such as steel and aluminum. Agriculture experienced a decline of 0.8%, caused by retaliatory tariffs imposed by China, Brazil, and the European Union, which severed export markets for US soybeans, pork, and dairy products. These developments underscore a fundamental structural asymmetry: although select protected industries experienced slight improvements, the majority of the wider economy faced heightened input costs and diminished global competitiveness.

The labor market suffered significantly due to these sectoral imbalances. Despite accruing an estimated 3.0 trillion USD in tariff revenue from 2026 to 2035, the US faced a net increase in unemployment of 0.5 percentage points, translating to approximately 641,000 jobs lost by the conclusion of 2025. Job losses were predominantly observed in the retail, automotive, and agricultural sectors, industries particularly susceptible to escalating import expenses and international reprisals. The tariff structure, instead of protecting American workers, effectively shifted economic risk to lower-wage sectors and regions, intensifying existing inequalities. Moreover, the inflationary effect of the tariffs operated as a progressive consumption tax, disproportionately impacting lower-income households that allocate a larger portion of their expenditures to tradable goods. Consequently, although the policy



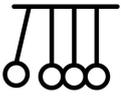
yielded immediate fiscal advantages and symbolic political triumphs, it did so at the expense of long-term productivity, labor market stability, and economic equity.

Conclusion

The Trump tariff regime of 2025 represents not merely a specific policy measure, but the most explicit manifestation thus far of the inherent contradictions that have continuously existed within the neoliberal economic framework. It signifies a pivotal shift towards geoeconomic nationalism, wherein the conventional boundaries between economic and strategic policy are progressively obscured. The United States has indicated a departure from the multilateral liberalism that characterized the postwar economic framework by utilizing tariffs not only for industrial protection but also as instruments of geopolitical leverage. In this new configuration, statecraft increasingly replaces market discipline as the prevailing rationale of international trade.

The outcome of this transformation, whether it signifies the onset of a cohesive and sustainable post-neoliberal order or merely accelerates the decline into global economic fragmentation, is yet to be determined. However, it is undeniable that the normative basis of the global trading system has changed. The longstanding belief that markets are inherently apolitical, self-regulating, and universally advantageous has been fundamentally challenged. The geopolitical landscape now features the strategic deployment of economic instruments, with trade flows influenced by political alliances rather than comparative advantage, and ideology yielding to the pursuit of national interest.

The neoliberal assertion of globalization, based on the belief that openness fosters prosperity, now seems increasingly implausible due to escalating inequality, populist opposition, and the tactical exploitation of interdependence. The 2025 tariff regime embodies a significant transitional phase, presenting politicians, economists, and international institutions with an imperative decision. They must either intentionally establish a new, equitable, and rules-based multilateral framework, founded on principles of shared prosperity and strategic stability, or they risk solidifying a future characterized by protectionism, volatility, and economic fragmentation.



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