



### Tariffs and Trade War Escalations Are a Dangerous Game

President Trump's ever-changing back-and-forth erratic tariffs and trade war escalations have prompted [reasonable concerns](#) about their negative impact on market stability from private sector leaders and economists. News of the latest tit-for-tat measures this week has seen U.S. businesses report drops in confidence due to all of the uncertainty regarding which tariffs will actually stick from Trump's continual on-again, off-again announcements. Thus, some are expressing that they have already begun to witness a change in consumer behavior as a result of the volatility, and this has elicited fears about a pullback in spending that could weaken the economy. A scenario that is especially worrisome is one in which growth stagnates but inflation remains high because of tariffs. In addition to hurting the American economy, experts warn that the tariffs and trade war escalations will increase the cost of living many Americans are already struggling with and will also make U.S. businesses less competitive. All of this unease has led to increasing alarm over Trump's "stop-and-start trade policy" and the further adverse ramifications this will have, both economically and otherwise.

The tariffs and trade war escalations not only have a detrimental effect on the domestic and global market, they are also a dangerous game when it comes to diplomacy and foreign relations. An unstable and prolonged trade war – particularly one that also involves some of the United States' closest trading partners and allies – is certain to heighten tensions and induce retaliation from other countries, as has already been the case. Just this week, the European Union (EU) responded to Trump's steel and aluminum tariffs with measures of its own. The EU had previously increased tariffs on a variety of goods in retaliation to Trump actions during his first term, but these were later suspended under the Biden administration. However, now, the EU will allow that suspension to lapse, which will increase tariffs on products such as bourbon, boats, and motorcycles. The bloc is also planning to place tariffs on around 18 billion euros worth of other items, the list of which will be announced later. EU officials have signaled that they preferred not to escalate things, but were pushed to adopt a more aggressive approach due to the Trump administration's reluctance to negotiate. As many economic analysts have done, EU policymakers have warned that a tit-for-tat tariff fight would negatively impact all parties involved, especially because of the massive scope of the U.S.-EU trading partnership, but it appears as though they felt compelled to retaliate as a result of Trump's insistence on sidelining diplomacy and imposing tariffs.

There are no real winners in a Trump-initiated trade war, according to the [S&P Global](#). The EU and others like Canada and Mexico might feel the effects of these escalations more severely than the United States. However, one of the major harmful effects this could lead to for the United States specifically is that it may prompt these countries to go to other global markets in order to get the same products for cheaper. The erratic trade war policies have a direct impact on consumers, since they will pay in the form of higher prices. Knowing this, producers and traders will undoubtedly try and seek out cheaper alternatives in other areas of the world. What this might mean is the propping up of once tertiary or secondary market players in developing regions across the globe. Politically and diplomatically as well, the back-and-forth tariffs and threats are sure to intensify tensions between the United States and its allies. For example, Trump announced that in response to the EU's retaliation, he will seek to add tariffs to European alcohol in a dangerous snowballing of the situation which can easily spiral and get further out of hand. When it comes to our North American neighbors in particular, this could mean less critical support from them during wildfires and other natural disasters.

The Trump administration continues to dismiss legitimate concerns regarding the tariffs and trade war escalations, despite the host of unfavorable consequences and the president's own admission that these will have negative ramifications. Not only will they have harmful impacts economically and diplomatically, but the mere uncertainty that the tariff announcements and reversals themselves create is enough to caution against that type of erratic policy in the first place.