**Richard Baldwin, *The Great Trade Hack: How Trump's Trade War Fails and the World Moves On* (Paris and London: CEPR Press, 2025).**

*Reviewed by Zahra Niazi*

At a time when the United States' tariff policies dominate global economic discourse, Richard Baldwin's *The Great Trade Hack: How Trump's Trade War Fails and the World Moves On* offers a timely and incisive analysis of these policies and their consequences. A distinguished economist and professor at the International Institute for Management Development (IMD) Business School, Baldwin argues that US President Donals Trump's tariff-driven 'Great Trade Hack' is not a strategic economic policy but a grievance-fuelled assault on the global trade system, rooted in a myth of American victimhood (pp. 5-13) – a concept unfamiliar to many.

Baldwin suggests that Washington's protectionist stance, driven by the 'Grievance Doctrine', seeks to frame the US not as a waning empire but as a powerful nation wronged by a biased global trade system (pp. 5-13). According to this grievance-driven view, the US globalist elite created a system that included institutions like the World Trade Organization (WTO), and trade agreements such as the North American Free Trade Agreement (NAFTA), enabling foreign competitors to exploit the US, with the burden falling on its middle class. Foreign companies restricted market access, manipulated exchange rates to undermine the country's export sales, and stole intellectual property to gain a competitive advantage.

The author, however, contends that while protectionism may project an image of decisive policymaking, the tariffs imposed under President Trump will be ineffective in addressing the challenges faced by the middle class (p. 56). While these measures may offer some benefits to workers in goods-producing sectors, fewer than 10 percent of middle-class Americans are employed in such industries. Tariffs do not affect the service sectors where the vast majority of workers – nurses, teachers, office staff, retail managers, information technology (IT) professionals, and restaurant staff – are employed. According to Baldwin, US protectionism prevails not because tariffs work economically but because they succeed politically (p. 32).

Moreover, the author contends that while President Trump rightly recognises the urgent need for reindustrialisation, especially in strategically critical sectors, relying on

tariffs alone is insufficient to achieve this objective (pp. 33-46). Tariffs alone cannot resolve underlying macroeconomic imbalances, as they do not increase national savings or reduce excessive consumption and investment. While recessions may temporarily narrow trade deficits by suppressing demand, such adjustments are typically painful and short-lived. Moreover, tariffs do not substitute for a coherent industrial strategy: they neither coordinate private investment nor support workforce development or the creation of infrastructure and innovation ecosystems. Historical evidence shows that import substitution, when pursued without such strategic planning, often leads to economic stagnation rather than genuine industrial renewal. The US trade deficit stems from a fundamental macroeconomic imbalance: the nation consumes more than it produces.

The author further emphasises that Trump's tariffs have triggered a gradual yet significant change in how the global trade system works (p. 77). The US, once the principal architect and leader of the global financial system, has become merely one among many influential players. For the first time, the US broke major WTO rules (trade without borders) purposefully and forcefully. This shift was epitomised by the April 2018 tariffs on steel and aluminum, imposed under dubious 'national security' grounds.

The rules-based trading system faces major threats in the absence of a clear global leader at the helm. Its survival now depends on collective action with nations forming informal, flexible coalitions to respond as needed. Examples such as the European Union's Multi-Party Interim Appeal Arrangement addressing the WTO appellate body's paralysis or Japan's rescue of the Trans-Pacific Partnership shows that determined coalitions can help provide stability to the system. Baldwin underscores that although the US accounts for only about 15 per cent of global trade, the remaining 85 per cent, comprising other nations, can uphold the rules-based trading system simply by continuing to abide by its principles (p. 86).

*The Great Trade Hack* is among the earliest to examine US protectionism after the unfolding of tariff policies under a second Trump Administration. Baldwin approach of looking at this issue through the Grievance Doctrine offers a perspective that is original, distinctive, and thought-provoking. However, the reader is occasionally left seeking deeper explanations. If these protectionist policies are rooted in this doctrine and persist due to political success, why do many Americans oppose them? Recent polls clearly indicate that a majority disapprove. After all, free trade policies have benefited the US middle class in numerous ways, e.g., by enabling access to a broader range of goods at lower prices, boosting real wages, and increasing the purchasing power of households. On the other hand, studies have found that US import tariffs have led to a statistically significant increase in consumer good prices. According to Paul Krugman, a renowned American New Keynesian economist, it is unrealistic to expect US businesses not to pass the costs of tariffs on to the consumers through price increases. Moreover, if these tariffs are an offshoot of the Grievance Doctrine,

their temporary nature remains unexplained. Addressing such contradictions by including more supporting evidence, for instance, key speeches by President Trump or first-hand public opinion, would have strengthened Baldwin's argument and made his analysis more persuasive.

The strength of Baldwin's analysis lies in his clear and pragmatic proposal for moving forward, reflecting both urgency and cautious optimism. He calls for adaptation, urging global leaders to protect multilateralism by respecting established rules, adopting the path of negotiation, choosing patience over provocation, and fostering collaborative liberalism in an era where hegemonic liberalism appears to be over (pp. 96-7).

*The Great Trade Hack* is a vital read for policymakers, scholars, and citizens alike, particularly those interested in alternative explanations beyond mainstream interpretations. However, adherents of the notion that free trade benefits domestic consumers may find Baldwin's central argument unconvincing. Deeper and more nuanced analysis could strengthen the discussion by addressing these contradictions with additional supporting evidence.

***Zahra Niazi is a Research Associate at the Centre for Aerospace & Security Studies (CASS), Islamabad, Pakistan. Her research interests span Sustainable Development, Peace and Development, and Development Economics. She has contributed to high-impact journals, including in the Environment, Development and Sustainability. She holds a Master's degree in Development Studies, with a specialisation in Peace, Conflict, and Development, from the National University of Sciences and Technology (NUST), Pakistan. Email: <niazi.zahra@casstt.com>.***