



# What is a trade war?

KS3


KS4

Ages 11-18 ⌚ 4 min read

No soldiers. No bombs. No battlefields. A trade war is fought with spreadsheets and customs declarations — but the damage it does to ordinary people's lives is very real.

## How does one start?

It usually begins with one country deciding that another is playing unfairly. Maybe they're selling goods too cheaply (sometimes called "dumping"), or blocking foreign companies from their market, or subsidising their own industries to give them an unfair edge. The aggrieved country responds by slapping tariffs on the other's exports. Then the other country retaliates with tariffs of their own. And so it escalates.

 Imagine two kids in a school canteen. One starts charging the other 50p extra for every crisp they trade. The other responds by charging 50p extra for every biscuit. Soon neither can afford to trade anything, both end up with fewer snacks, and the dinner ladies (the rest of the world economy) are caught in the crossfire. Nobody wins — they just both lose slightly different amounts.

## What does it actually do?

Tariffs in a trade war push up the cost of imported goods. Businesses that relied on cheap foreign parts suddenly face higher costs. Those costs get passed to customers. Some businesses can't compete at all and shut down. Jobs are lost — sometimes in the very industries the tariffs were supposed to protect, because those industries relied on cheap imported materials.

Meanwhile the targeted country is dealing with the same problem in reverse: their exports become expensive abroad, so they sell less, which hurts their businesses and workers too.

## Has it ever worked?

Occasionally. Targeted tariffs on specific industries have sometimes successfully protected domestic jobs or forced trading partners back to the negotiating table. But

full-blown trade wars — like the US-China conflict that escalated through the late 2010s and again in 2025 — tend to drag on, hurt both sides, and end in negotiated truces rather than clear victories. The economic scars often outlast the political arguments that started the fight.

## **Why do countries do it then?**

Because trade wars are politically popular at home, even when they're economically damaging. Announcing tough tariffs on a rival country makes a government look strong and protective. The costs — slightly higher prices spread invisibly across millions of products — are diffuse and easy to miss. The benefits (keeping a specific factory open, saving visible jobs in a particular town) are concentrated and highly visible. Politicians respond to what voters can see.