

Inside a Trade War

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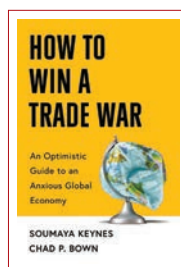
HOW TO WIN A TRADE WAR is not a playbook for victory. Soumaya Keynes, a columnist at the *Financial Times*, and Chad Bown, a former chief economist at the US State Department, instead describe how trade wars—particularly the current one—actually unfold by examining changes in the global economy, policy choices of key players, and the trade-offs of various strategies to respond to these shifts. It's an entertaining book full of humorous analogies that bring abstruse economic concepts to life.

Humor aside, the authors present a thoughtful reflection on how we got to where we are. Subsidies and structural imbalances between surplus and deficit economies generated long-running frictions that multilateral rules were never designed to fully address. The pandemic exposed the fragility of global supply chains, prompting governments to rethink the trade-off between efficiency and resilience. At the same time, the rise of industrial policy and trade intervention in the name of national security has fundamentally altered the terms of the debate, shifting it away from market access and toward strategic competition.

Armed with their diagnosis of the problem, the authors turn to the practical question of what countries can actually do about it. Their proposed defensive tool kit hinges on managing supply-chain resilience and tweaking subsidies. The authors acknowledge the difficulty of balancing resilience and efficiency. They compare calibrating supply chains to deciphering a teenager's mood: intuitive in theory, but maddeningly inadequate in practice.

Stockpiling may seem an obvious way to ease pressure on supply chains, but the authors urge caution. They take a detour into the online world of “preppers”—people making plans for survival of a major disaster—to show that identifying a true crisis and knowing when to draw down reserves is harder than it sounds. It's the same with subsidies. “Mastering subsidies is like baking a cake,” they suggest, cautioning policymakers not to “over-cater” and warning that spillovers—like a food fight at a chaotic dinner—can leave bystanders worse off.

On the offensive side, the authors examine tariffs and export controls with equal nuance. Import restrictions are likened to pharmaceuticals: Policymakers may have a “drug



HOW TO WIN A TRADE WAR
An Optimistic
Guide to an
Anxious Global
Economy

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of choice” but are urged to “use responsibly.” The book explains both the logic and the limits of tariffs, including why retaliation does not always follow expected patterns. Yet the authors candidly concede that “being mean can pay off,” that tariffs can be an effective, if blunt, negotiating tool.

Once optimistic that multilateral rules and international cooperation would keep these tools in check, the authors are no longer so confident. The multilateral rules they advocated in the past, the authors lament, no longer enjoy the necessary backing and rigor to prevent conflict and are helpless in the face of current tensions.

In the end, *How to Win a Trade War* does not promise easy answers but does offer something more useful: an honest reckoning of policy trade-offs and a rigorous, accessible map of the terrain. For anyone trying to make sense of the conflicts reshaping the global trading system, this is an essential guide. **F&D**

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