

## Research Article

# Economic Shockwaves and Extremist Pathways: A Dual-Perspective Analysis of the 2025 Trade War's Psychological Impact

Zora A. Sukabdi<sup>1\*</sup>, Eri R. Hidayat<sup>2</sup> and Umi Muzayanah<sup>3</sup>

<sup>1</sup>University of Indonesia, Jakarta, Indonesia.

<sup>2</sup>Universitas Pertahanan, West Java, Indonesia.

<sup>3</sup>National Research and Innovation Agency, Jakarta, Indonesia.

\***Corresponding author:** Zora A. Sukabdi: School of Strategic and Global Studies, University of Indonesia, Gedung IASTH Lantai IV, Jalan Salemba Raya No. 4 Jakarta, Indonesia, 10430. ORCID ID: 0000-0002-4175-7339

**Received:** January 03, 2026; **Accepted:** January 10, 2026; **Published:** January 17, 2026

## Abstract

Trade wars, though driven by economic objectives, had repercussions extending beyond the economy into social and political spheres. Using a qualitative research design, this study examines the connection between the 2025 trade war and the potential rise of violent extremism by interviewing two key groups: former terrorist offenders, who provide insider perspectives, and terrorism analysts, who offer outsider viewpoints on extremist groups. The findings reveal that contemporary extremists can be categorized by ideology, scope, generational cohort, and behavioral patterns. The study further highlights how global economic instability, which leads to local crises, can exacerbate extremism and criminal behavior, particularly within vulnerable communities. This study identifies three classifications of extremists based on their responses to economic crises: "deradicalized", "exploiters", and "vulnerable".

**Keywords:** 2025 Trade war, Economic crises, Extremism, Radicalism, Terrorism

## Introduction

In 2025, the United States, under Donald Trump's presidency, escalated trade tensions by imposing high tariffs on goods imported from major economies such as the European Union (EU), China, and several ASEAN countries [1]. While these protectionist policies aimed to bolster domestic industries, they inadvertently disrupted the global economy. Simultaneously, a surge in extremist activities worldwide sparked concerns that such economic measures might be fueling the spread of radical ideologies. The Trump administration adopted an aggressive trade policy approach in 2025, implementing tariffs as high as 50% on European products while significantly increasing import taxes on goods from China and ASEAN countries. These measures were originally aimed to address trade imbalances and protect domestic industries. However, the abrupt policy shifts created substantial market instability, strained international relations, and triggered retaliatory measures from affected nations. For instance, the EU considered imposing counter-tariffs targeting U.S. technology firms, while ASEAN nations sought to mitigate the economic impact by strengthening trade partnerships with China and members of the Gulf Cooperation Council [2]. The imposition of tariffs significantly disrupted global supply chains, leading to higher production costs and subsequent price increases for consumers. While U.S. consumer confidence showed modest improvement following the trade truce with China, broader economic uncertainty persisted. Internationally, economies such as Germany faced potential GDP contractions, while several African nations revised their growth forecasts downward due

to tariff-related instability. These economic pressures exacerbated social tensions, creating conditions that extremist groups exploited to capitalize on public discontent [3,4].

Historical precedents demonstrate that economic hardships can fuel extremist ideologies. The economic fallout from the 2025 trade war appears to be replicating this pattern. In the United States, the Department of Homeland Security's Homeland Threat Assessment 2025 emphasized the ongoing threat posed by domestic violent extremists, many of whom were motivated by anti-government sentiment and conspiracy theories [5]. Globally, regions experiencing economic downturns saw a resurgence of radical groups capitalizing on widespread public discontent, a pattern that, while complex, is supported by various studies. This is evident in the rise of Pentecostal affiliation and political representation in Brazil [6], the growth of radical nationalism in Finland amid economic uncertainty [7], and the "Age of Discontent" framework, which argues that economic crises trigger cultural discontent and fuel the rise of populism and the radical right across several countries [8]. The trade war's transnational impacts have been particularly evident. In Southeast Asia, ASEAN nations grappling with economic challenges stemming from U.S. tariffs have pursued alternative alliances and trade agreements. These geopolitical realignments not only altered regional power dynamics but also created opportunities for extremist groups to exploit perceptions of Western economic aggression. Similarly, in the Middle East, economic destabilization caused by U.S. tariffs and declining foreign investment contributed to the revival of groups like the Islamic State, which

strategically leveraged the resulting chaos to recruit members and expand their influence [9].

While empirical evidence on the direct impact of trade wars on extremism remains limited, economic crises are known to significantly influence political extremism and terrorism. Historical patterns demonstrate that economic downturns frequently correlate with increased support for far-right and anti-establishment movements. This phenomenon was evident in Europe during both the 1930s Great Depression and the recent global financial crisis. Supporting this observation, a longitudinal study across 23 EU countries (1995-2012) revealed that declining GDP and rising unemployment rates consistently corresponded with growing electoral support for extremist parties, particularly far-left groups [10]. However, the relationship between economic hardship and extremism demonstrates significant complexity. In the U.S. context, Republican donors residing in foreclosure-affected areas showed reduced support for Tea Party candidates during the housing crisis [11]. On the other hand, research on Russian terrorism reveals that economic crises may produce contradictory effects on extremist activities: while economic distress can fuel public anger and potentially increase terrorist motivations, it may simultaneously constrain operational capabilities by limiting available resources [12]. These findings collectively suggest that the nexus between economic crises and political extremism is context-dependent, with outcomes varying according to specific circumstances. This study seeks to examine the intricate relationship between the 2025 trade war and the potential resurgence of violent extremism, as there is currently no research on this connection, incorporating viewpoints from both extremist networks and external sources. This will constitute the novelty of this study. Through in-depth interviews with two key stakeholder groups—former terrorist offenders (providing insider perspectives) and counterterrorism experts (offering external analyses), this study examines whether the 2025 US trade war's economic disruptions may catalyze extremist violence. By elucidating the potential correlation between trade-induced economic shocks and extremist escalation, this study hopes to contribute in the development of mitigation strategies during periods of global economic and geopolitical instability.

## Trade Wars

### Definition of a Trade War

Trade wars are economic conflicts where countries impose retaliatory tariffs or trade restrictions to protect domestic industries or address trade imbalances [13,14]. These conflicts can arise from various factors, including uneven trade benefits, technological rivalries, and protectionist policies. The US-China trade war demonstrates such conflicts, with the US seeing China's growth as a threat to its trade supremacy [15]. Trade wars can significantly impact global trade, economic growth, and international relations. The dynamic process of trade wars involves gradual tariff rises by one country, eventually prompting retaliation from the affected nations [16]. Depending on market characteristics, retaliation may lead to liberalisation or escalate into a full-scale trade war. Economist Douglas A. Irwin's definition of trade war is a situation in which countries attempt to damage each other's economy, usually through

the tariff's imposition or quota restrictions. It often lead to economic inefficiencies and increased tensions between nations [17]. Trade wars emerge as a direct consequence of protectionist economic policies designed to shield domestic industries through import restrictions. These measures, which include tariffs, import quotas, and regulatory barriers, fundamentally alter global economic dynamics by creating uncertainty that affects business investment patterns, disrupts global value chains, and distorts market expectations.

According to Xu (2024), protectionist interventions not only impede international trade flows but also elevate production costs and generate inflationary pressures across economies. The Sino US trade war, initiated amid economic tensions and mutual allegations of unfair trade practices, has significantly impacted strategic industries and constrained international investment flows [18]. The resulting global economic uncertainty has transmitted through financial markets, affecting both advanced and emerging economies [19]. Although current protectionist measures have demonstrated limited economic disruption to date, potential escalation poses substantial risks to global growth prospects and the Euro area [20]. This protectionism induced uncertainty adversely affects economic sentiment and potentially undermines long term market confidence. Empirical evidence from microeconomic firm data and macroeconomic analyses confirms that heightened trade policy uncertainty consistently suppresses corporate investment activity [21].

### Historical Overview of Trade Wars

1. **The Anglo-Dutch Trade Wars (17th Century).** One of the earliest examples of a trade war occurred between England and the Dutch Republic in the 17th century. These conflicts involved both military and economic rivalry, including naval battles and commercial competition. In 1651, England passed the Navigation Acts, which restricted the use of foreign ships for trade between England and its colonies. This legislation aimed to weaken Dutch maritime dominance and ultimately led to a series of naval conflicts known as the Anglo-Dutch Wars. The outcome of these trade wars helped England establish itself as a dominant maritime and commercial power for centuries to come [22].
2. **The Smoot-Hawley Tariff Act (1930).** One of the most infamous trade wars in modern history was triggered by the Smoot-Hawley Tariff Act during the Great Depression. Passed by the U.S. Congress in 1930, the act imposed steep tariffs on over 20,000 imported goods. In retaliation, many countries raised their own tariffs, leading to a sharp decline in global trade. As a result, world trade plummeted by an estimated 65% between 1929 and 1934, exacerbating the global economic downturn [23].
3. **The Chicken War (1960s).** In the early 1960s, a trade dispute known as the "Chicken War" erupted between the U.S. and the European Economic Community (EEC) over tariffs on American poultry exports. After the EEC imposed protective tariffs, the U.S. retaliated by levying duties on European imports, most notably a 25% tariff on light trucks, including the popular Volkswagen Type 2 van. This measure had lasting

consequences, in which the light truck tariff, which remains in effect as of the 2020s, has profoundly influenced the structure of the U.S. automobile industry for decades [24].

4. **U.S.-China Trade War (2018–2020).** The most prominent and widely documented trade war in recent history began in 2018 under the Trump administration, as tensions escalated between the United States and China. The U.S. accused China of engaging in unfair trade practices, including intellectual property theft and forcing technology transfers from foreign firms. In retaliation, the U.S. imposed tariffs on hundreds of billions of dollars' worth of Chinese imports, prompting China to respond with counter-tariffs on American goods. This trade conflict had far-reaching consequences: it disrupted global supply chains, increased costs for manufacturers and consumers, and amplified economic uncertainty worldwide [25]. Additionally, it sparked a reassessment of global trade dependencies and contributed to a resurgence of economic nationalism across multiple countries.

## Consequences of Trade Wars

Trade wars typically result in several key consequences: 1) higher consumer prices due to increased costs of imported goods, 2) supply chain disruptions, reducing efficiency and eroding competitiveness, 3) retaliatory measures from trading partners, escalating international tensions, and 4) adverse effects on global economic growth, particularly in interconnected sectors such as technology, agriculture, and automotive industries. According to the International Monetary Fund [26], the trade tensions and tariffs imposed between 2018 and 2019 slowed global economic growth, ultimately reducing world GDP by approximately 0.8% by 2020.

1. **Disruption of Global Supply Chains.** One of the primary mechanisms through which trade wars trigger economic crises is by disrupting global supply chains. In today's interconnected economy, production processes often span multiple countries before final assembly. Tariffs raise the cost of intermediate goods, increasing production costs and reducing operational efficiency. During the U.S.-China trade war (2018–2020), for instance, U.S. manufacturers faced higher input costs due to tariffs on Chinese components, while Chinese exporters experienced reduced demand for their goods. Sectors with complex supply chains, such as automotive and electronics, were particularly vulnerable. A Federal Reserve study found that U.S. tariffs led to significant cost increases for domestic manufacturers and a measurable decline in industrial output [27]. Long-term consequences included widespread corporate uncertainty. Many firms delayed investments, restructured operations, or relocated production, often at substantial expense, to mitigate political and trade risks. This reconfiguration of supply chains further strained global economic stability.
2. **Consumer Price Inflation and Reduced Purchasing Power.** Tariffs function as a tax on imported goods, typically leading to higher consumer prices. Research by Amiti et al. [28] revealed that during the 2018-2019 U.S.-China trade

conflict, American consumers and firms absorbed most of the additional costs from tariffs. These price increases reduced household purchasing power, which is crucial for maintaining GDP growth. When consumers have less to spend, overall economic demand weakens, business revenues decline, layoffs often follow, and economic growth slows. Prolonged trade conflicts may even trigger stagflation, which is a dangerous combination of rising prices and economic stagnation that, while rare, can cause severe damage. Multiple studies have examined the economic consequences of the U.S.-China trade war and potential broader global trade conflicts. Simulation results indicate that in a scenario of widespread global trade tensions, world GDP could decline by up to 1.96% with global trade volumes falling by 17% over the medium term [29]. The immediate impact of the U.S.-China dispute alone reduced GDP by 0.1% in the United States and 0.2% in China. The long-term effects appear more substantial, with potential losses reaching 1.6% for the U.S. and 2.5% for China, primarily due to reduced capital investment and diminished technological collaboration between the two nations [30]. Both countries experienced decreased energy demand and slower economic growth, which could further disrupt global energy markets [31]. While some nations may benefit from trade diversion effects, the overall impact on the global economy tends to be negative [32]. The conflict altered relative prices, disrupting established production networks and shifting comparative advantages in key sectors including transportation, electronics, and machinery.

3. **Investor Uncertainty and Capital Flight.** Trade wars generate significant policy uncertainty that undermines investor confidence. When trade policies become unpredictable, businesses typically delay decisions regarding expansion, innovation, and workforce growth. This cautious “wait-and-see” approach reduces aggregate investment and slows productivity growth [33]. The financial repercussions extend further as international investors may divest from nations engaged in trade conflicts, particularly those exhibiting economic vulnerability or political instability. Such capital outflows can trigger currency depreciation, increase borrowing costs, and potentially spark financial crises—especially in developing economies dependent on foreign investment.
4. **Vulnerability of Emerging Markets.** Emerging markets face heightened vulnerability during trade wars. These economies typically depend on exports for growth and require imports for critical industrial inputs. When major economic powers like the U.S. and China engage in trade conflicts, the ripple effects are global. Nations across Africa, Southeast Asia, and Latin America frequently experience reduced demand for their exports, volatile capital flows, and currency depreciation. These combined factors significantly elevate the risk of economic crises [34].
5. **Poverty.** Trade wars may impact poverty levels in developing countries through complex and indirect mechanisms. While trade expansion generally promotes economic growth, its

benefits are often unevenly distributed across societal groups [35]. Trade conflicts influence poverty through multiple channels: (1) price volatility for essential goods, (2) labor market disruptions, (3) reduced government fiscal capacity, (4) heightened economic uncertainty, and (5) constrained GDP growth [36]. The ultimate poverty effects depend on three key factors: the severity of market disruptions, institutional capacity for risk mitigation, and labor demand elasticity. Particular attention must be paid to vulnerable populations, including women, rural communities, informal sector workers, and other marginalized groups [37].

### Extremism

Extremism represents a multifaceted threat to both societal cohesion and fundamental rights [38]. Defined by the use of coercive violence to impose ideological or belief systems [39], its manifestations challenge common assumptions—particularly regarding religious extremism’s prevalence, which stems from complex interplays between individual psychology and communal dynamics [40]. From a psychological perspective, extremism is viewed as a form of deviant behavior that arises when there is an imbalance in motivation, where one need becomes so dominant that it overrides other needs and behavioral norms [41]. To address violent extremism requires identifying the specific needs or motivations that contribute to it and recognizing the role of external agents influencing or managing the difficulty level in carrying out extremist activities [42].

Research suggests that extremism is motivated by several psychological factors. According to significance quest theory, there are three main causes: a strong need to feel important or meaningful, a belief system that justifies the use of violence, and support from

others with the same views [43]. Relative deprivation - the feeling of being treated unfairly or having less than others - is identified as an important factor that helps to explain various forms of violent extremism. This includes actions to change or protect existing social or political systems [44]. Extremism can manifest in both destructive forms (such as terrorism) and constructive forms (such as scientific breakthroughs). It can influence different parts of culture as well as individual decision-making. Understanding the psychological factors that lead to extremism is important to develop effective interventions to reduce dangerous extremist behaviors and redirect them to more constructive directions. These psychological insights offer a clear framework for studying and responding to different forms of extremism in different cultural and social settings.

### Methods

#### Design

This study employed a qualitative research design to examine the relationship between the 2025 trade war and violent extremism. The qualitative technique was employed to gather extensive information regarding the relationship between factors. Due to various challenges in terrorism research, including confidentiality concerns and skepticism from both authorities and terrorist perpetrator [45,46], a qualitative methodology is more suitable for investigating the connection between the 2025 trade war and violent extremism.

#### Participants

This study involved ten deradicalized Indonesian terrorist offenders, a foreign (American) terrorist suspect, and eleven analysts/experts on terrorism (Table 1). Their ages ranged from 30 to 75 years. The terrorist offenders faced charges that included the Bali bombing,

Table 1: Participants of this study.

Perspective	Initial	Sex (M/F)	Age	Field of expertise/ Case	Nationality/Affiliation
Outsider (experts/)	ST	M	45	Intelligence	Indonesia
	N	M	62	Economics	Indonesia
	PI	M	63	International relations, military, and defence	Indonesia
	GI	M	55	Politics and religion studies	Indonesia
	R	M	44	Legal and human rights	Indonesia
	IS	M	58	Law and gender studies	Indonesia
	MS	M	41	Middle East Studies	USA
	KP	F	51	Psychology	Indonesia
	BS	M	75	Military and intelligence	Singapore
	DT	F	54	Journalism, gender, and human rights	Indonesia
AA	M	47	Religious studies	Malaysia	
Insider (former terrorist offenders/ suspects in extremist network)	AN	M	48	Terrorist recruitment and training	JI
	AT	M	45	Obstruction of justice	ISIS
	AI	M	48	Bombing	JI
	AD	F	23	Foreign fighting in Syria	ISIS
	TA	F	32	Terrorism financing	ISIS
	TS	M	49	Military training/camp	JI
	GL	M	32	Terrorism financing	ISIS
	WT	M	53	Terrorism financing	JI
	MI	M	45	Robbery	JI
	JI	M	61	Hiding information	JI
	SM	M	41	Espionage (foreign fighting in Iraq)	Hezbollah

robbery, obstruction of justice, financing terrorism, involvement in worldwide terrorist networks, espionage, recruitment, and military training for terrorism. They were affiliated with militant organizations such as Jamaah Islamiyah/JI/Al Qaeda, ISIS, and Hezbollah. The eleven experts comprised forensic psychologists/terrorist profilers, senior officers from the Special Task Force Anti-Terrorism/Detachment 88 of the National Police (Densus 88), and several American, Indonesian, Malaysian, and Singaporean government think tanks (security consultants and advisors working for anti-terrorism agencies and various ministries), all of whom possess esteemed credentials.

The study participants were selected through purposive sampling. To mitigate bias in purposive sampling, we initially defined the experts in this study as those possessing over ten years of experience in economics, social sciences, and/or counterterrorism; whereas the former offenders/suspects as those who were already deradicalized and whose names were recommended/referenced by counterterrorism agencies/organizations (e.g., BNPT, Densus 88, the Ministry of Religious Affairs, and others). Secondly, we utilized inter-rater assessment in coding, categorizing, and interpreting the data acquired from participant interviews.

### Procedure and Materials

A review of participant names, initial outreach, and communication with potential participants was conducted, followed by organized interviews with individuals who consented to participate in this study. Before the interviews, participants who agreed to take part in the study provided verbal consent to be involved. Interviews were conducted in May and June 2025 by the principal researcher of this study in Indonesia and the United States. Each participant engaged in a single interview session lasting approximately 30 to 40 minutes. Interviews were conducted in Bahasa Indonesia or English, with the researcher recording responses manually as participants opted against digital recording. Prior to concluding each interview, the researcher verified the written notes with the participant for accuracy to prevent misunderstanding and bias.

### Analysis

The participants' answers were compiled in a table for qualitative analysis. This enabled researchers to identify key similar concepts. The researchers subsequently deliberated on the participants' replies and coding to ensure inter-rater agreement. They subsequently analysed the data using an inductive approach to identify a general pattern.

## Results and Discussion

### Extremists' Perspectives on the 2025 Trade War

The findings of this study suggest that up-to-date extremists can be classified based on their scope, gender, ideology, hierarchical position within terrorist organisations, role, occupation, motivations for joining terrorist groups, generational cohort, and behavioural changes (Table 2). Extremists can be categorised as female or male, leaders or non-leaders, entrepreneurs or labourers, economically or non-economically oriented, religion- or non-religion-based, non-deradicalized or deradicalized, and active or passive. Regarding scope, there exist both local/home-grown and global extremists. Generational classifications include non-Gen Z individuals, specifically Baby Boomers (born 1946–1964), Generation X (born 1965–1980), and Millennials (born 1981–1996), as well as Gen Z or younger (born 1997 or later). The participants emphasise the Gen Z and younger cohort to anticipate the post-Artificial Intelligence (AI) age, as Gen Z is seen as a 'cyber/digital generation', fundamentally differing from preceding generations in many aspects of life. Although previous studies have recommended many classifications of terrorists or extremists, the participants of this study advocate for more simplified categories for pragmatic investigative objectives following the disbandment of Jamaah Islamiyah (JI) and the 'zero-attack' phenomenon.

The findings demonstrate that local extremist networks possess a limited understanding of the 2025 trade war in comparison to their global counterparts. Furthermore, extremist leaders and businessmen possess a greater understanding of the 2025 trade war and its ramifications on the daily lives of individuals, in contrast to non-leaders and labourers. Interestingly, participants of this study explain that female extremists (*umahat*) lack comprehension of global trends and the conflict between nations (USA/allies and China/allies), in contrast to their male kins (husband, father, son). Moreover, Gen Z extremists comprehend global news, including the 2025 trade war and its ramifications, as they consistently engage with news and podcasts on various online.

"Terrorists might be either homegrown or global. The global ones know that big countries might use them as proxies, so they might know about trade conflicts and other global problems. They are well-informed and watch the news because they will utilize any chance they have to propagate their narratives. But the ones who are homegrown

Table 2: Classifications of contemporary extremists.

Category	Type
Scope	Home-ground/local vs global
Gender	Female vs Male
Hierarchy in terrorist network	High-ranked (e.g., leaders, commanders) vs lower-ranked (e.g., technicians, couriers)
Work	Entrepreneurs vs non-businessmen/labourers
Ideology	Religion vs non-religion based (e.g., separatism, socialism, communism)
Motives to join network	Economic vs justice vs security vs social vs political vs adventure
Generation	Gen Z vs others
Level of radicalism	Low vs medium vs high
Change in behaviour	Non-deradicalized vs deradicalized vs unstable
Role	Active (i.e., recruiter, producer) vs passive

don't know anything about trade wars or geopolitics." (A political analyst and advisor).

"We, Gen Z, watch news and listen to podcasts on YouTube, Twitter, and other sites. We know what's going on in the world, including the 2025 Trade War and how it will affect our economy. We even keep up with many trends and know that there are numerous layoffs and campus dropouts in Indonesia because of the economic crisis." (A former suspect/extremist).

"Our forensic clinical examination shows that these extremists and terrorists have serious problems in two parts of their brains: the ventromedial prefrontal cortex (vmPFC) and the dorsolateral prefrontal cortex (DLPFC). This means they don't understand global issues like the 2025 trade war between the US and China. The DLPFC is a very important part of the brain that helps with memory, decision-making, emotion management, executive functioning, and behavior that is focused on goals. The DLPFC has something to do with violent behavior and terrorism. The vmPFC is a critically important part of the brain for social and emotional functioning, like empathy, controlling emotions, and moral competence. It regulates anxiety and fear. The vmPFC mixes cognitive and affective information, which includes human values." (A forensic clinical psychologist)

"Don't underestimate us, we follow the news. We know what's going on in the world. We know about the trade war and other conflicts between the US and China, which affect Indonesia's economy in the end." (A bombing perpetrator).

"I doubt that extremists know about this thing (trade war). Their paradigm is different unless the great powers (USA and China) attack

Muslim states." (A senior military and intelligence advisor for several governments).

"They know about the 2025 trade war because their groups have a Foreign Affairs division, meaning they always monitor developments that occur abroad, including the trade war between China and America. So, they study things like this, not only local politics but also global politics. I remember when I interviewed one of the leaders of JI, he said that his division monitors global political developments and with whom they must cooperate." (A senior journalist and analyst for governments).

### The Expected Relationship Between the 2025 Trade War and the Rise of Extremism

The findings in this study show that participants split in opinions about the impact of trade war to the rise of extremism. Most participants argue that global economic challenges resulting in crises may increase the rise of extremism and criminal behaviour, especially to at-risk communities or individuals. Many of them refer to pull and push factors in criminal studies, indicating that economic or financial crises can precipitate various societal issues. They elucidated that economic difficulties may serve as catalysts or supporting factors, among other variables such as socioeconomic disparity, injustice, political instability, and so forth, in the emergence of extremism. Nevertheless, a small contingent of four individuals argues that economic issues are irrelevant to extremism, asserting that ideology is the only driver of such behaviour. These participants were former leaders or high-ranking members of JI (Table 3).

Table 3: Participants' opinions on economic crises' impact to the rise of extremism.

Insider (former terrorist offenders/suspects in extremist network)			Outsider (experts/analysts)		
Initial and rank	Statements	Agreement that trade war can lead to extremism	Initial	Statements	Agreement that trade war can lead to extremism
AN (JI, high-ranked)	"No, nothing to do with that. Because our actions are based on ideology."	X	N	"It is agreed in many theories that economic inequality can lead to criminality."	√
AT (ISIS, high-ranked)	"Yes, it can, therefore it is used in violent extremist narratives."	√	PI	"Economic hardships can stimulate the rise of extremism, because vulnerable people in such situation will go to two things: gambling or extremism."	√
AI (JI, high-ranked)	"For us, economic issues don't affect us. But for vulnerable people, economic difficulties may increase extreme thoughts."	√	GI	"Economic troubles can be a catalyst in the increase of extremism."	√
AD (ISIS, lower-ranked)	"Economic problems can lead to violent extremism, yet through a very long process."	√	R	"Yes, because economic discrepancy is one of the push factors in extremism and terrorism."	√
TA (ISIS, lower-ranked)	"Yes, economic grievance can be a trigger to make someone extreme in mind."	√	IS	"No, economic troubles don't contribute to extremism, because the extremists witness that everyone also suffers, not only their network/ fellows. We all are suffering."	X
TS (JI, high-ranked)	"For sure, yes, it can. Just like what happened in Poso."	√	MS	"Yes, it can lead to extremism. Just look at Yemen."	√
GL (ISIS, high-ranked)	"It can, because economic troubles can increase criminal activities."	√	KP	"Economic factors can increase extremism, but not directly."	√
WT (JI, high-ranked)	"It can but economy is not the only factor."	√	BS	"Economic hardships due to the trade war can enhance existing or create new grievances, hence increase extremism."	√
MI (JI, high-ranked)	"There is a possibility that trade war between USA and China and other countries will cause global economic crises, and lead to the rise of extremism everywhere."	√	DT	"Extremists will do the acts of terror when they have monetary resources, regardless the circumstances."	X
JI (JI, high-ranked)	"No, economic issues have nothing to do with us. We act based on ideology."	X	AA	"Global economic crises because of the 2025 trade war between the great powers can be used by terrorists and extremists to recruit more people into extremist groups."	√
SM (Hezbollah, sympathiser)	"Economic difficulties for sure can increase the level of extremism in people."	√	ST	"Yes, it can, that's why economic crises is effectively used by them for their propaganda to recruit more people."	√

The present findings reveal a divergence in participant perspectives regarding the potential impact of the 2025 trade war on extremism. A majority of participants posit that global economic instability may exacerbate extremism and criminal behavior, particularly among vulnerable populations. Drawing upon criminological frameworks, respondents highlighted how economic crises may function as both push and pull factors, interacting with other psychosocial variables—including socioeconomic disparities, systemic injustice, and political instability—to facilitate radicalization. Notably, a minority subset (n=4) of former Jemaah Islamiyah (JI) leaders and high-ranking members maintained that economic factors bear no significant relationship to extremism, asserting ideological commitment as the sole determinant of such behavior (see Table 3). This dissenting perspective underscores the ongoing theoretical debate regarding the relative weights of material deprivation versus ideological conviction in radicalization processes.

“People in underdeveloped regions who are still struggling, poor, and starving are more likely to commit terrorist attacks and become radicalized. For example, Poso. That’s the fact. It’s not easy to get people to do violent things while their tummies are full.” (A high-ranked JI member).

“Everywhere, it has become a premise that the greater the socioeconomic inequality, the higher the crime rate.” (A senior economic advisor of the Indonesian government).

“We are really offended when our acts are linked to money issues. Not all poor individuals in developing nations become terrorists. Our acts were based on our beliefs and ideology.” (A bombing perpetrator, former JI member).

“Trade wars and economic crises cannot turn individuals into extremists, but tensions between India and Pakistan can, due to India’s attacks against Muslims in Pakistan. There is a growing argument right now among Afghanistan ex-combatants over how to get to Pakistan from Indonesia to help our brothers and sisters there.” (A former leader of JI).

“Economic crises can turn people to be extreme in mind. Financial issues are not the main driver, but can increase extremism - indirectly maybe, along with other issues such as injustice, discrepancy, and other grievances.” (A senior JI member).

“Economic crises can lead to the rise of extremism as these can enhance existing or create new grievances.” (A senior military and intelligence advisor for several governments).

“The worse the economy in a country, the higher the extremism in its people. When people have nothing to lose - poor and starving, it’s easier to provoke them and escalate extremism in them. Just look at Yemen.” (An American analyst).

This study reveals a typology of psychological responses to economic crises among individuals with extremist affiliations. The findings demonstrate three distinct patterns of reaction and adaptation. First, there are individuals who have undergone significant belief system modification, having disengaged from violence. These individuals exhibit marked affective distress when confronted with

economic crises, including inflation, rising prices, increased poverty, and heightened taxation. Their distress extends beyond personal circumstances to encompass broader societal impacts, and they maintain a determined commitment to peace advocacy regardless of external conditions.

In contrast, the study identifies a second category of extremist actors who occupy leadership or senior positions within their organizations and display high levels of radicalization. These “exploiters”-typed extremists individuals strategically exploit economic difficulties, turmoil, and chaos to advance their ideological objectives. They actively disseminate propaganda and recruit new members by framing economic crises as divine punishment for societies that fail to adhere to their prescribed religious practices. This exploitative behavior reflects sophisticated cognitive framing techniques and deliberate manipulation of in-group/out-group dynamics.

A third, more passive group emerges from the findings - individuals who are ‘muted’ members on the periphery of extremist networks while experiencing significant economic hardship. These members demonstrate increased susceptibility to radicalization during periods of economic distress, though they typically refrain from active participation in organizational activities. Their vulnerability appears rooted in the intersection of material deprivation and pre-existing network affiliations.

The study’s typological framework contributes to our understanding of how economic crises function as psychological stressors that interact differentially with individuals’ positions within extremist hierarchies and their stages of radicalization. The findings suggest that economic instability does not produce uniform effects across extremist populations, but rather activates distinct psychological and behavioral patterns depending on individuals’ organizational roles, belief systems, and personal circumstances. Thus, the study has identified three classifications of extremists according to their reactions to economic crises: 1) disengaged from violence/deradicalized’ individuals who persistently promote peace, 2) ‘exploiters’ who use economic challenges as a means to disseminate extremist narratives and recruit more followers, and 3) ‘vulnerable’ silent individuals who may adopt more radical ideologies in response to economic hardships.

“These economic issues are exploited by recruiters to spread their ideology. They argue that the crises happen because the government is secular or not applying certain religious practices across many aspects.” (A high-ranked JI member).

“Historically proven, economic crises can cause discontentment and anger against authorities which can lead to resistance, fighting, and expressions of dissatisfaction against governments. The extremists use the issue of economic crises to blame the small group of minorities, the top 10%, the capitalists who own all the land and resources, and to promote hate-filled narratives or propaganda to get more people to join them.” (A scholar of Islamic studies, high-ranked counselor to governments).

“High prices, low purchasing power of the people, and various

manifestations of economic crises cause two things in vulnerable communities: 1) online gambling due to frustration, or 2) extremism as a means to transcend existence in this world and go to the afterlife.” (An eminent professor in International Relations, Military, and Defense).

“Economic crises can cause someone to become extreme, but this is a very long process. Economic motives are not the only ones; they interact with other factors that can eventually cause people to become extreme. I am one example.” (A young former ISIS member).

**Urgent Policy Measures Needed to Mitigate Risks During the 2025 Trade War**

The findings of this study reveal several threats that governments must confront following the 2025 trade war, based on perspectives from both internal and external extremist groups. Former terrorist offenders/suspects and experts in various fields highlight current threats/risks, including significant economic and social disparities, political instability, poverty, and the escalation of tensions between India and Pakistan into a religious conflict (Table 4).

“The current threat, in my opinion as an economist, is the governments’ confusion and uncertainty in responding to BRICS versus the USA. This confusion stems from a lack of capacity.” (A senior economic advisor to the Indonesian government).

“The current threat to handle is that the fallout from the Israeli genocide against Palestinians has radicalized several Salafi groups. Although the violence has not yet happened, a new leader or coalition could trigger future jihadi attacks.” (A senior military and intelligence advisor for several governments).

“I think the current risks now are people’s frustration and distrust in their governments’ administrations. In many countries, governments have failed to win people’s hearts. They fail us. People around the world feel ignored and disrespected by their governments. Governments see their people as stupid, but actually they are not.” (A young former female ISIS member).

“Terrorism financing is now a real threat. Extremist narratives and propaganda on social media are often sponsored by terrorist groups. These groups frequently pay to spread extremist stories and propaganda online. Indonesians are generally kind and generous people, which is why these organizations collect money by tricking or manipulating ordinary citizens. They also utilize digital or cryptocurrency to transfer funds to locations like Syria.” (A forensic clinical psychologist).

This study found recommended government responses and strategies to address current threats, as proposed by former terrorist offenders and experts. These include good governance, poverty eradication, effective counternarratives and deradicalization programs, and improvements in education and healthcare systems (Table 5).

“Governments everywhere should adopt a persuasive and inclusive approach, like those successfully used with Jemaah Islamiyah in Indonesia, which led to its disbandment, and should reduce counterproductive actions such as aggression and repression toward people.” (A senior former member of JI).

“The state should enhance all sectors, including eradicating corruption, advancing education to make it more affordable and accessible to the populace, and enhancing healthcare. Avoid creating frustration among people because frustration can lead to turbulence, chaos, criminality, extremism, and terrorism.” (A young former female member of ISIS).

“The dissolution of JI does not mean the end, because there is potential for new cells to emerge from those who disagree with JI’s dissolution. There are also internal dynamics within JI post-dissolution that could lead to dissatisfaction and the emergence of new cells. Additionally, JI could change its name and strategy, and infiltrate government or non-government agencies to influence policy. Regarding ISIS, it’s crucial to monitor overseas instructions, as they are still consolidating and actively recruiting at this time.” (A senior journalist and analyst for governments).

**Table 4:** Current threats according to participants.

Insider (extremist networks)		Outsider (experts)	
Initial and rank	View on current risks	Initial	View on current risks
AN (JI, high-ranked)	The escalation of tensions between India and Pakistan into a religious conflict	N	Governments’ uncertainty in responding to the USA-China trade conflict
AT (ISIS, high-ranked)	A new growing wave of violent extremism	PI	Poverty
AI (JI, high-ranked)	Injustice, corruption, oppression and economic disparities	GI	Governments’ lack of empathy to their own people
AD (ISIS, lower-ranked)	Economic, politic, and social instability	R	Social Inequality (grievance/hatred)
TA (ISIS, lower-ranked)	People’s frustration and distrust in administrations of governments globally	IS	Radical narratives, such as those about India vs Pakistan war which are often linked to religion
TS (JI, high-ranked)	Hunger and safety issues	MS	Economic inequality within and across nations
GL (ISIS, high-ranked)	Poverty and welfare issues	KP	Crimes and terrorism
WT (JI, high-ranked)	Disinformation, hoax, and dangerous radical narratives	BS	The consequences from the Israeli genocide against Palestinians
MI (JI, high-ranked)	Inequality and perceived injustice in society	DT	The birth of new cells of extremist groups post-2025
JI (JI, high-ranked)	Economic instability, poverty and sharp decline of people’s purchasing power	AA	Economic inequality, disinformation, and extremist narratives are thriving during economic crises and are used to manipulate public sentiment
SM (Hezbollah, sympathiser)	Socio-economic discrepancies and injustice	ST	Recruitment of extremist groups

**Table 5:** Participants' opinions on prompt improvement by governments globally.

Insider (former terrorist offenders/suspects in extremist network)		Outsider (experts/analysts)	
Initial and rank	Strategies to Overcome Current Threats (Governments' Areas for Improvement)	Initial	Strategies to Overcome Current Threats (Governments' Areas for Improvement)
AN (JI, high-ranked)	Deradicalization and counter-narratives programs to vulnerable people	N	Educating people and focusing on strategic resources and commodities
AT (ISIS, high-ranked)	Continue deradicalization and counternarrative programs, maintaining the level of defence and security, and eradicating corruption in governments' administration	PI	Erasing poverty by: 1) eliminating corruption, 2) promoting socioeconomic equality, 3) enhancing welfare through the creation of employment opportunities, among other measures
AI (JI, high-ranked)	Implementing good governance, reducing inequality, as well as performing effective deradicalization and counter-narratives against extremism	GI	Constructing positive narratives through various ways, such as legislation, politics and community empowerment, that cultivate empathy; and improve the education curriculum
AD (ISIS, lower-ranked)	Strengthening all key sectors, including ending corruption, improving the quality, affordability, and accessibility of education, and enhancing healthcare	R	Countering radical narratives
TA (ISIS, lower-ranked)	Demonstrating respect and empathy to people and addressing public frustrations, especially in education and healthcare	IS	Suppressing radical narratives and educating vulnerable communities
TS (JI, high-ranked)	Enhancing societal safety as well as increasing employment opportunities to ensure that people can fulfil their basic needs	MS	Reducing economic disparities inside and across nations
GL (ISIS, high-ranked)	Improving general welfare, especially for individuals vulnerable to radicalisation, offering employment to disengage individuals from violence, as well as maintaining deradicalization efforts	KP	Establishing a banking and non-banking framework that inhibits the financing of terrorists, alongside media counternarratives to mitigate extremism
WT (JI, high-ranked)	Adopting a persuasive and inclusive approach and avoiding aggression and repression to people	BS	Ceasing the Israeli genocide against Palestinians
MI (JI, high-ranked)	Implementing good governance which is full of integrity and transparency	DT	Monitoring to religious parties, new cells of extremist groups, and social media propaganda, and making effective programs to address extremism
JI (JI, high-ranked)	Improving law enforcement, legal system, and economic opportunities	AA	Addressing economic inequality, countering extremist narratives, and monitoring emerging extremist group that may arise during times of economic turmoil
SM (Hezbollah, sympathiser)	Addressing socio-economic inequality	ST	Fixing governments' communication which promote empathy and reduce tension

## Conclusion

While trade wars may appear politically advantageous in the short term, they typically incur significant economic costs. These include disruptions to global supply chains, increased consumer prices, erosion of investor confidence, and destabilization of developing markets. The 2025 U.S. trade war, though economically motivated, produced effects extending beyond financial systems into social and political domains. The resulting economic deterioration not only exacerbated international tensions but also created conditions conducive to the proliferation of extremist ideologies. Employing a qualitative research design, this study examines the complex relationship between the 2025 U.S. trade war and potential escalations in violent extremism, incorporating both internal (terrorist group) and external (analytical) perspectives. Through in-depth interviews with former terrorist offenders (insider perspectives) and counterterrorism experts (outsider perspectives), the research investigates whether the 2025 trade war may intensify violent extremism by creating favorable sociopolitical conditions for radicalization.”

The findings have revealed that current extremists are categorised based on their role, scope, ideology, hierarchical position within terrorist organisations, occupation, drives for joining terrorist groups, generational cohort, gender, and behavioural changes. A key revelation concerns the demonstrable secondary effects of the 2025 U.S. trade war on extremism dynamics. The economic disruptions disproportionately impacted vulnerable populations, creating identifiable psychosocial conditions that facilitated radicalization among at-risk communities and individuals. This economic shock appeared to operate as both a structural enabler and psychological accelerant for extremist mobilization. Particularly salient was the emergence of three

distinct behavioral phenotypes in response to economic crises. The first group comprised disengaged/“deradicalized” individuals who actively promoted peaceful alternatives despite economic hardships, representing persistent anti-violence voices. In contrast, a second category of strategic actors - termed “exploiters” - systematically leveraged economic distress to amplify extremist narratives and recruitment efforts. Perhaps most concerning was the identification of a third, “vulnerable” silent cohort characterized by heightened vulnerability to radicalization when facing economic deprivation, suggesting a latent risk pool requiring targeted intervention.

The study’s findings yield important implications for evidence-based policymaking informed by psychological principles of radicalization. Drawing on first-hand accounts from former extremists and counterterrorism specialists, the research underscores how multidimensional interventions addressing both socioeconomic conditions and individual psychological vulnerabilities may effectively counter extremist recruitment. At the core of these recommendations lies the need for poverty alleviation programs that target the sense of relative deprivation known to fuel grievances, combined with counter-narrative campaigns that apply principles of cognitive dissonance to disrupt extremist messaging. The findings further highlight the psychological importance of governance reforms that address fundamental human needs for system justification and fairness, alongside improvements to education and healthcare systems that can foster secure attachments and hopeful future orientations. These policy priorities emerge as particularly crucial in light of the socioeconomic disruptions caused by the 2025 U.S. trade war, which appear to have created fertile ground for extremist narratives targeting vulnerable populations.

From a research perspective, the study reveals critical gaps in our quantitative understanding of how macroeconomic shocks interact with known psychological risk factors for radicalization. Future investigations employing longitudinal designs and multilevel modeling could help disentangle the complex relationships between trade-induced economic indicators, individual-level radicalization processes, and community-level transmission of extremist ideologies. Such research would benefit from incorporating both behavioral measures of extremist engagement and emerging neurocognitive markers of vulnerability to radicalization, potentially yielding more precise predictive models for preventive intervention. This integrated approach, combining psychological theory with economic policy analysis, offers a promising framework for developing more effective counter-extremism strategies that address both the structural conditions and individual pathways that facilitate radicalization.

## References

- Reuters (2025) *Trump's trade whims strengthen EU's hawkish camp.*
- AP News (2025) *ASEAN opens summit with Persian Gulf nations and China as US threatens tariffs.*
- Axios (2025) *Consumer sentiment jumps after U.S.-China trade truce.*
- The Guardian (2025) *IMF lifts UK growth forecast for 2025; markets welcome US delay to EU 50% tariffs – as it happened.*
- Department of Homeland Security (2024) *Homeland threat assessment 2025.* U.S. Department of Homeland Security.
- Costa FJM, Junior AM, Rocha R (2019) Stop suffering! Economic downturns and pentecostal upsurge.
- Silvennoinen O (2016) *But - Where do these people come from?* (pp. 173–178)
- Rhodes-Purdy M, Navarre R, Utych S (2023) *The age of discontent.* Cambridge University Press.
- Control Risks (2025) *Rising political violence.*
- Doležalová J (2015) Economic crisis and growth in vote share for extreme left and extreme right parties. *Review of Economic Perspectives* 15: 269-290.
- Li Z (2023) When do campaign donors reject extremists? Evidence from the US foreclosure crisis. *The Journal of Politics* 85: 1548-1561.
- Omelycheva M, Webb C (2021) Economic crises and terrorism: Analyzing competing economic pressures on terrorism in Russia. *Journal of Global Security Studies* 6: 3.
- Adegboye FB, Odularu G, Matthew OA (2020) The US-China trade war: What is Africa's gain? In G. Odularu, M. Hassan, & M. Babatunde (Eds.), *Fostering Trade in Africa*. 153-170. Springer, Cham
- Batyrkanov BT, Kharlanov AS (2024) The impact of trade wars on the global economy: Analysis of the consequences of trade conflicts on the global market and economic growth of different countries in Post-Covid recovery. *Economics and Entrepreneurship* 9: 229-232.
- Mishra RK, Karthik M (2020) Understanding the US-China trade war: Causes, consequences and economic impact. *Global Trade and Customs Journal* 15: 580-591.
- Gould DM, Woodbridge GL (1993) *Retaliation, liberalization, and trade wars: the political economy of nonstrategic trade policy.*
- Irwin DA (2017) *Clashing over commerce: A history of US trade policy.* University of Chicago Press
- Xu J (2024) The impact of trade wars and protectionism on the global economy: A Sino-US perspective. *Highlights in Business, Economics and Management* 46: 203-208
- Yilmaz D (2020) From protectionism to trade wars: Their effects observed through financial markets. *Yönetim ve Ekonomi Araştırmaları Dergisi* 18: 1-19.
- Gunnella V, Quaglietti L (2019) The economic implications of rising protectionism: a euro area and global perspective. *ECB Economic Bulletin*. 3.
- Caldara D, Iacoviello M, Molligo P, Prestipino A, Raffo A (2019) The economic effects of trade policy uncertainty. *International Finance Discussion Papers*. 1-49.
- Israel J (1995) *The Dutch Republic: Its rise, greatness, and fall, 1477–1806.* Oxford University Press/Oxford
- Eichengreen B, Irwin DA (2010) The slide to protectionism in the great depression: Who succumbed and why? *The Journal of Economic History* 70: 871-897.
- Bown CP (2011) *The WTO and antidumping in developing countries.*
- Bown CP, Kolb M (2019) *Trump's trade war timeline: An up-to-date guide.* Peterson Institute for International Economics.
- International Monetary Fund (2019) *World economic outlook, October 2019: Global manufacturing downturn, rising trade barriers.*
- Flaen A, Pierce J (2019) Disentangling the effects of the 2018-2019 tariffs on a globally connected U.S. manufacturing sector. *Finance and Economics Discussion Series*.
- Amiti M, Redding S, Weinstein D (2019) *The impact of the 2018 trade War on U.S. prices and welfare.*
- Bekkers E, Teh R (2019) *Potential economic effects of a global trade conflict.*
- Tsutsumi M (2019) *The economic consequences of the 2018 US-China trade conflict: A CGE simulation analysis.*
- Xia Y, Kong Y, Ji Q, Zhang D (2019) Impacts of China-US trade conflicts on the energy sector. *China Economic Review* 58: 101360.
- Bekkers E, Schroeter S (2020) *An economic analysis of the US-China trade conflict.*
- Handley K, Limão N (2017) Policy uncertainty, trade, and welfare: Theory and evidence for China and the United States. *American Economic Review* 107: 2731–2783.
- World Bank (2020) *Global economic prospects: Slow growth, policy challenges.*
- Mamoon D (2015) How may international trade affect poverty in a developing country setup? The inequality channel. *International Journal of Economics and Empirical Research (IJEER)* 3: 230-244
- Winters LA (2020) *Trade, trade policy and poverty: What are the links?*
- Johns MB, Brenton P, Cali M, Hoppe M, Piermartini R (2015) The role of trade in ending poverty (No. 97607)
- Zinchenko YP (2014) Extremism from the perspective of a system approach. *Psychology in Russia: State of the Art* 7: 23–33
- Baqai, H (2011) Extremism and fundamentalism: Linkages to terrorism Pakistan's perspective. *International Journal of Humanities and Social Science* 1: 242-248.
- Liebman CS (1983) Extremism as a religious norm. *Journal for the Scientific Study of Religion* 22: 75.
- Kruglanski AW, Moskalenko S (2024) *Psychology of the Extreme.* Routledge.
- Kruglanski AW, Jasko K, Chernikova M, Dugas M, Webber D (2017) To the fringe and back: Violent extremism and the psychology of deviance. *American Psychologist* 72: 217-230.
- Kruglanski A, Jasko K, Webber D, Chernikova M, Molinaro E (2018) The making of violent extremists. *Review of General Psychology* 22: 107-120.
- Kunst JR, Obaidi M (2020) Understanding violent extremism in the 21st century: the (re)emerging role of relative deprivation. *Current Opinion in Psychology* 35: 55-59. [[crossref](#)]
- Bhui KS, Hicks MH, Lashley M, Jones E (2012) A public health approach to understanding and preventing violent radicalization. *BMC Medicine* 10: 16. [[crossref](#)]
- Shepherd J (2007) *The rise and rise of terrorism studies.*

## Citation:

Sukabdi ZA, Hidayat ER, Muzayanah U (2026) Economic Shockwaves and Extremist Pathways: A Dual-Perspective Analysis of the 2025 Trade War's Psychological Impact. *Psychol J Res Open* Volume 7(7): 1-10.