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Trade Wars, Economic Instability, and the Fragility of Peace in a Multipolar World

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Abstract

Economic turbulence and geopolitical competition increasingly shape international stability by transforming economic interdependence into a domain of strategic rivalry. While globalisation has historically been associated with economic growth, cooperation, and peace, recent developments show that trade networks, energy systems, supply chains, and financial relationships can also create vulnerabilities that states try to exploit or mitigate. This paper examines the relationship between economic wellbeing and peace during periods of geopolitical turbulence and trade conflict through the combined analytical lenses of Global Politics and Economics.

The study investigates how disruptions affecting strategic maritime chokepoints, energy markets, international trade routes, and global supply chains influence economic stability and broader conditions of peace. Particular attention is given to the Strait of Hormuz, the Red Sea and Suez corridor, the Strait of Malacca, India's strategic position in the Andaman and Nicobar Islands, the Russia–Ukraine conflict, and contemporary trade tensions between major powers. Drawing upon theories of economic interdependence, realism, liberalism, and economic statecraft, the paper analyses how states increasingly employ tariffs, sanctions, export controls, and trade restrictions as instruments of geopolitical influence.

The analysis suggest that economic disruptions aren’t confined to markets alone because rising energy prices, inflationary pressures, supply-chain fragmentation, food security concerns, and declining economic predictability increasingly affect households, businesses, and governments across regions far removed from the original source of conflict. At the same time, strategic competition has encouraged many states to prioritise resilience, diversification, and economic security alongside traditional goals of economic integration.

The paper concludes that peace in the contemporary international system can’t be understood simply as the absence of armed conflict because economic stability has become an essential condition for sustainable peace and prolonged disruptions to trade, energy, and financial systems can undermine development, social wellbeing, and political stability. This is why maintaining resilient and cooperative economic structures represents an increasingly important component of both national prosperity and international peace in the twenty-first century.

Introduction

Disruptions in trade no longer remain confined to markets alone in this increasingly interconnected global economy[1], wherein economic turbulence now carries geopolitical consequences influencing diplomatic relations, domestic stability, energy security, and the broader conditions necessary for peace. Over the last decade, the international system has witnessed a

growing use of tariffs, sanctions, export controls, and strategic trade restrictions as instruments of statecraft, particularly during periods of geopolitical tension and armed conflict.[2] From the United States–China trade war to the sanctions imposed following the Russia–Ukraine conflict, economic measures have become deeply tied to questions of power, security, and strategic influence.[3]

At the same time, the global economy remains heavily dependent on vulnerable trade and maritime chokepoints.[4] Routes such as the Strait of Hormuz, the Red Sea corridor, the Suez Canal, and the Strait of Malacca are collectively responsible for a significant share of global energy and commercial trade, which is exactly why instability in these regions often extends beyond local conflict, creating worldwide inflationary pressures, supply-chain disruptions, rising transportation costs, and economic uncertainty. The recent disruptions in the Red Sea linked to the Israel–Palestine conflict and wider regional tensions demonstrated how geopolitical crises can rapidly affect shipping routes, insurance costs, commodity prices, and consumer markets across continents.[5]

Henceforth, the relationship between economics and peace has become increasingly complex. Liberal theorists have historically argued that economic interdependence discourages conflict by making states mutually dependent on trade and cooperation.[6] However, contemporary developments suggest that interdependence can also create strategic vulnerabilities, encouraging states to weaponise trade, technology, energy, and finance for geopolitical advantage. Conversely, realist perspectives increasingly dominate strategic policymaking, where states prioritise supply-chain resilience, economic security, and strategic autonomy over unrestricted globalisation.[7]

This paper argues that economic turbulence and trade conflicts increasingly influence international peace and stability by transforming economic interdependence into a domain of geopolitical competition. Through an analysis of strategic maritime chokepoints, ongoing geopolitical conflicts, and shifting patterns of global trade, the paper examines how economic disruptions affect both state behaviour and public wellbeing. It further evaluates competing perspectives from Global Politics and Economics, including liberal interdependence theory and realist approaches to economic statecraft while considering the implications of a gradually fragmenting multipolar world order.

Economic Interdependence and Strategic Geography

The contemporary global economy works through an extensive network of interconnected trade systems, supply chains, financial institutions, and transportation corridors that link states more closely than at any previous point in modern history. The expansion of globalisation accelerated this interdependence by encouraging cross-border production, multinational investment, and international market integration, which allowed states to specialise economically while relying on external partners for resources, manufacturing, technology, and energy supplies.[10] Disruptions in

one region increasingly generate consequences far beyond their immediate geographic location as a result, leading to effects on inflation, commodity prices, industrial production, and economic stability across multiple economies.[3]

What's worth noting is how supporters of liberal interdependence theory argue that such interconnectedness reduces the likelihood of conflict because states with deeply integrated economies face significant economic costs during periods of confrontation. According to this perspective, economic cooperation creates incentives for diplomatic engagement and mutual restraint, which is particularly so when trade relationships contribute substantially to national growth and development.[1] However, recent geopolitical developments suggest that economic interdependence can also lead to strategic vulnerabilities as states increasingly view dependence on external supply chains, energy routes, semiconductors, and financial systems as potential security risks, especially during periods of heightened geopolitical tension.[2]

This viewed threat by global sovereign nations is what has led to the increased strategic importance of maritime chokepoints and trade corridors that facilitate global commerce. A substantial share of the world's energy exports and commercial shipping passes through narrow geographic routes whose disruption can rapidly affect international markets.[5] The Strait of Hormuz, which is situated between the Persian Gulf and the Gulf of Oman, is particularly significant because of its central role in global oil transportation.[12] Instability surrounding the region has repeatedly caused fluctuations in energy prices and concerns regarding supply security in nations across the globe. Following escalating tensions involving Iran, Israel, and increased United States military involvement in the region during 2024–2025, global crude oil prices experienced renewed volatility while countries heavily dependent on imported energy faced rising transportation and production costs.[11] [13] For India, which imports a majority of its crude oil requirements, these fluctuations contributed to inflationary pressure on fuel prices, freight costs, and domestic commodity markets, which shows the extent to which geopolitical instability can directly influence economic wellbeing within import-dependent economies.[14] Although global markets have historically adjusted to temporary supply disruptions, repeated instability within strategic energy corridors exposes the structural vulnerability created by excessive dependence on concentrated maritime routes. This reinforces the argument that energy security has increasingly become inseparable from geopolitical stability and maritime security calculations.[2]

Similarly, the Suez Canal and the Red Sea corridor function as critical connectors between Asian, Middle Eastern, and European markets, while the Strait of Malacca remains one of the world's busiest maritime trade routes, carrying a major share of Indo-Pacific commercial traffic and energy shipments.[6] [15] If comparable conflict conditions or prolonged security disruptions were to emerge simultaneously across multiple chokepoints, the consequences would likely extend beyond

temporary increases in shipping costs because sustained instability could accelerate global trade fragmentation, encourage strategic stockpiling of resources, intensify protectionist economic behaviour, and increase competition among states seeking alternative supply routes and regional influence. From a realist perspective, such conditions may further encourage states to prioritise economic self-sufficiency and strategic autonomy over deeper economic integration in sectors linked to energy, semiconductors, food security, and defence logistics.[7]

The strategic relevance of these corridors goes beyond just economics because maritime routes increasingly influence geopolitical calculations, naval positioning, and regional security strategies. In recent years, disruptions linked to conflict and regional instability have highlighted the extent to which trade security and geopolitical stability have become interconnected. The rerouting of commercial vessels during periods of insecurity in the Red Sea increased shipping times, insurance costs, and transportation expenses for global markets,[9] [16] and such disruptions clearly show that modern economic wellbeing is closely linked to the stability of strategic trade infrastructure and international maritime security.

Within this broader context, India's geographic positioning has also gained growing strategic significance because of the placement of the Andaman and Nicobar Islands near the Strait of Malacca. This provides India with an important vantage point along one of the world's most critical maritime trade corridors, which strengthens its relevance within Indo-Pacific trade and security discussions.[17] However, the significance of the region is not purely military or geopolitical. Economically, the stability of Indo-Pacific maritime routes directly affects India's trade connectivity, energy imports, export competitiveness, and broader developmental ambitions within regional markets.[6] Politically, increasing strategic competition in the Indo-Pacific has also intensified pressure on states such as India to balance economic cooperation with security concerns while maintaining strategic autonomy in foreign policy decision-making.[18] Which is why this reflects the growing influence of structural power within international relations from a Global Politics perspective, where control over trade routes, logistics networks, and maritime access increasingly shapes geopolitical influence beyond conventional military strength alone.[2]

At the same time, strategic vulnerabilities within domestic connectivity structures such as the Siliguri Corridor in India, which is also often referred to as the "Chicken's Neck," shows how geography continues to influence economic security and national stability even within state boundaries.[19] The corridor, which connects mainland India to the northeastern states through a narrow stretch of land bordered by Nepal, Bhutan, and Bangladesh, carries substantial strategic significance because disruption within this route could severely affect transportation, military logistics, trade connectivity, and civilian movement across the region.[20] From an economic perspective, prolonged instability or infrastructural disruption within the corridor could generate

supply shortages, increased transportation costs, logistical delays, and reduced regional economic integration for northeastern states that remain heavily dependent on this passage for commercial and administrative connectivity.[21]

The strategic sensitivity beyond what's pertaining to the economical activities of the Siliguri Corridor also carries broader political and societal implications. Given the region's proximity to multiple international borders and existing geopolitical sensitivities in the eastern Himalayan region, policymakers increasingly view infrastructure resilience and connectivity security as essential components of national stability and regional governance.[2][2] Disruptions affecting communication networks, transportation corridors, or unauthorised public movement within strategically sensitive regions can also produce social consequences by limiting access to services, restricting economic mobility, and weakening regional integration efforts, which would hence lead to strategic geography in the contemporary multipolar order which can't be understood solely through military considerations but must instead be evaluated through interconnected economic, political, infrastructural, and societal dimensions that collectively shape long-term stability and development.[7]

Energy Security and Geopolitical Vulnerability

At this point in time, energy security is one of the most significant links between economic wellbeing and international stability because modern economies are dependent on uninterrupted access to oil, natural gas, and other strategic energy resources. While globalisation increased economic interdependence by creating highly integrated energy markets, recent geopolitical conflicts have clearly shown the fact that this interdependence can also create substantial vulnerabilities. When conflict affects major energy-producing regions or critical transit routes which creates disruptions that frequently trigger wider effects including inflationary pressures, production cost increases, market uncertainty, and slower economic growth across multiple regions.[3] [8]

The Russia–Ukraine conflict is one of the clearest contemporary examples of this relationship because prior to 2022, many European economies relied heavily on Russian natural gas imports to meet domestic and industrial energy demand. The outbreak of war and the subsequent sanctions regime transformed energy dependence into a geopolitical concern, forcing European governments to rapidly diversify suppliers and reconsider long-standing assumptions regarding energy security.[24] Here the European Union launched the REPowerEU initiative to reduce dependence on Russian fossil fuels through supply diversification, infrastructure investment, and accelerated development of alternative energy sources.[25] The case hence shows that economic efficiency alone isn't the primary consideration in energy policy because strategic resilience has increasingly become an equally important objective.

A similar vulnerability can be seen in relation to global oil markets because the Strait of Hormuz remains one of the world's most strategically significant maritime chokepoints, with approximately 20 million barrels of crude oil and petroleum products passing through the passage each day, which represents roughly one-quarter of global seaborne oil trade.[23] The periods of instability involving Iran and the wider Gulf region frequently add concerns regarding potential supply disruptions and price volatility because alternative routes are limited, so even the possibility of disruption can influence market expectations and energy prices worldwide.[23]

For import-dependent economies such as India, these developments carry direct economic consequence because rising oil prices increase transportation costs, industrial production expenses, and logistics expenditures, often contributing to broader inflationary pressures across the economy. Recent assessments by economists and policymakers have highlighted concerns that sustained increases in crude oil prices could place additional pressure on inflation management and economic stability within India.[26] As a result, developments occurring thousands of kilometres away within strategic energy corridors can have tangible effects on domestic economic wellbeing, household expenditure, and government policy responses as there’s only so much the government can temporarily subsidise.

The Indian government recognised these vulnerabilities and has increasingly adopted a strategy focused on diversification rather than direct market intervention alone. While temporary subsidies and tax adjustments have occasionally been used to cushion consumers from sharp increases in global energy prices, policymakers are actively trying to reduce structural dependence on imported crude oil through long-term energy security initiatives. These include the expansion of Strategic Petroleum Reserves (SPR), diversification of import sources, accelerated renewable energy deployment, and the Ethanol Blended Petrol (EBP) Programme.[14] [30] India has already achieved close to 20% ethanol blending in petrol and is considering further expansion in order to reduce exposure to volatility originating from external energy markets.[31] Furthermore, investments in green hydrogen, solar energy, and domestic biofuel production reflect a broader policy shift towards improving strategic energy autonomy rather than relying solely on price stabilisation measures.[32]

However, these measures also show the limitations of policy responses in an interconnected global economy as strategic reserves can provide temporary relief during supply disruptions, and alternative fuels can gradually reduce import dependence but neither can fully insulate the economy from prolonged geopolitical instability in key energy-producing regions, which is why governments increasingly face a balancing act between ensuring short-term affordability for consumers and pursuing long-term energy resilience. The Indian experience shows that while domestic policy can mitigate the effects of external shocks, it can’t fully reduce the economic consequences of turbulence within critical global energy corridors.[23]

At a broader level, these examples show important transformation within international politics simply because they act as strategic assets capable of shaping diplomatic relations, economic policy, and national security calculations. From a realist perspective, states seek to reduce dependence on potentially vulnerable supply chains because reliance on external energy sources may create strategic constraints during periods of geopolitical tension.[7] However, liberal perspectives argue that continued energy interdependence can also encourage cooperation because producers and consumers remain mutually dependent on stable markets and reliable trade flows.[1] The tension between these competing dynamics has become a defining feature of contemporary international economic relations. This is precisely why energy security occupies a central position within discussions of economic wellbeing and peace during periods of turbulence. In an increasingly interconnected world, maintaining stable access to isn't just an economic objective but also a prerequisite for long-term political stability and international peace.

Maritime Trade, Supply Chains, and Economic Stability

While energy security shows the importance of strategic resources, the movement of those resources depends on the maritime trade networks which is more than eighty percent of global merchandise trade by volume, which makes the stability of shipping corridors essential for economic growth, industrial production, and international commerce.[6] In an increasingly interconnected economy, disruptions affecting key shipping routes can create economic shocks across continents, affecting producers, consumers, and governments far removed from the original source of instability.

Recent developments in the Red Sea clearly show this reality due to the attacks on commercial shipping and heightened regional insecurity which prompted many vessels to avoid the Suez Canal route and instead travel around the Cape of Good Hope which is what significantly increasing transit times between Asia and Europe.[27] As shipping distances increased, freight costs, insurance premiums, and logistical expenses also went up, placing additional pressure on already strained global supply chains.[9] Which is also why there's delays in the movement of raw materials, manufactured goods, and energy resources, creating broader economic concerns regarding inflation, inventory shortages, and supply-chain reliability.[28]

These developments show an important characteristic of contemporary globalisation which is that efficiency often comes at the cost of resilience as modern supply chains have been designed to minimise costs through just-in-time production systems and highly specialised international networks. While such arrangements increase economic efficiency during periods of stability, they can also magnify vulnerabilities when disruptions occur.[28] The Red Sea crisis showed that a

localised security challenge can clearly create global economic consequences because of the extensive interdependence connecting markets and production systems across regions.

The strategic significance of maritime corridors extends beyond the Red Sea. The Strait of Malacca remains one of the world's most important trade routes which links the Indian Ocean with the Pacific and facilitating a substantial share of global commercial and energy traffic.[6] so, any disruption affecting this corridor would likely have repercussions extending across major Asian economies, global manufacturing networks, and international energy markets. From a geopolitical perspective, the concentration of trade within a limited number of chokepoints creates incentives for states to invest in maritime security, naval capabilities, and alternative trade routes in order to reduce strategic vulnerability.[5]

India's maritime geography within this context has gained increasing strategic relevance because the Andaman and Nicobar Islands occupy a critical position near the western approaches to the Strait of Malacca which provides India with a significant presence along one of the world's busiest trade corridors.[29] Beyond their military significance, the islands contribute to India's broader role within Indo-Pacific economic and security discussions by enhancing maritime awareness, supporting regional connectivity, and strengthening the security of trade routes upon which both India and the wider region depend.[29]

Which is why ultimately, the growing importance of maritime security shows that economic wellbeing depends on the stability of the infrastructure and routes that make global commerce possible and not just production and trade. As recent disruptions have shown, the smooth functioning of shipping networks is increasingly tied to questions of security, diplomacy, and geopolitical competition which is why safeguarding maritime trade corridors has become a critical component of both economic resilience and international stability in the twenty-first century.

Economic Statecraft and the New Trade Wars

The economic competition has increasingly moved beyond traditional market interactions and become a central instrument of geopolitical strategy in recent years because rather than relying solely on military force to pursue national interests, states are now employing tariffs, sanctions, export controls, investment restrictions, and technological barriers to increase influence. This is called economic statecraft which is what Baldwin defines as the use of economic means and policies to achieve foreign policy objectives.[2] The growing prominence of these measures shows how economic relations have become deeply intertwined with questions of power, security, and strategic competition.

The United States–China trade dispute is one of the most significant examples of this trend because they started with tariff measures imposed on hundreds of billions of dollars worth of goods and then the dispute gradually expanded into broader areas including technology, semiconductor production, investment screening, and supply-chain security.[34] The dispute was around trade imbalances and access concerns at first which is increasingly shown in deeper strategic competition between the world's two largest economies. The resulting restrictions affected global manufacturing networks and changed investment flows, and encouraged firms to reconsider supply-chain dependence on a single market.[35]

The implications of this shift are beyond just the countries directly involved because as multinational firms sought to diversify production and reduce geopolitical risk, many states try to position themselves as alternative manufacturing destinations. At the same time, growing uncertainty surrounding trade policy creates challenges for businesses dependent on predictable global supply chains. The WTO has noted that rising trade fragmentation may reduce economic efficiency and increase costs across international markets, especially if economic blocs become increasingly separated by geopolitical considerations.[10] [33]

A similar dynamic is seen in the extensive sanctions imposed following the Russia–Ukraine conflict. Financial restrictions, export controls, asset freezes, and limitations on access to international payment systems were employed in an effort to influence state behaviour without direct military confrontation between major powers which is how these measures showed the extent to which participation in global financial and trade networks can itself become a source of strategic leverage. While sanctions may offer governments a means of exerting pressure below the threshold of armed conflict, they can also lead to wider economic consequences affecting energy markets, supply chains, investment flows, and third-party states that aren’t involved in the conflict.[2] [36]

From a Global Politics perspective, the growing use of economic instruments shows an important evolution in the nature of power. The realist approaches emphasise that states operate within an anarchic international system where economic capabilities can be mobilised to enhance security and relative advantage.[7] Under this view, trade policy, technological leadership, and control over strategic industries become extensions of national power rather than purely economic concerns. However, liberal perspectives instead say that excessive fragmentation may undermine the very interdependence that has historically contributed to economic growth and international cooperation.[1] The challenge for policymakers here is in balancing legitimate security concerns with the benefits of open and predictable economic exchange.

On the other hand, contemporary trade disputes cannot be understood solely through the lens of economics because contemporary trades represent broader contests over influence, technological leadership, market access, and strategic autonomy. The concept of economic statecraft hence shows

how trade and finance have become central arenas of geopolitical competition by reinforcing the argument that economic wellbeing and international stability are now shaped not only by markets themselves but also by the strategic choices made by states operating within them.

Economic Wellbeing and the Human Cost of Turbulence

While discussions surrounding trade wars, sanctions, and strategic competition often focus on states and institutions, the consequences of economic turbulence are mostly experienced most directly by individuals and communities. Fluctuations in energy prices, disruptions to supply chains, declining investment flows, and rising inflation affect households through higher living costs, reduced purchasing power, employment uncertainty, and slower economic growth which is why economic instability goes beyond financial indicators and increasingly becomes a question of human wellbeing and social resilience.[3] [4]

One of the most immediate consequences of economic disruption is inflation which impacts the wider community. For example, the rising fuel prices increase production and distribution costs, which in turn contribute to higher prices for food, consumer goods, and services. For lower-income households, which spend a greater proportion of their income on essential necessities, such increases can significantly reduce living standards and economic security.[37]

Food security is another important field where geopolitical instability and economic wellbeing meet because modern agricultural systems depend heavily upon international trade networks, fertiliser supply chains, transportation infrastructure, and stable energy markets. That's why disruptions affecting any of these sectors can influence food availability and affordability across multiple regions. The effects of the Russia–Ukraine conflict show these vulnerabilities given importance of both countries in global grain and fertiliser markets.[38] While international markets eventually adjusted to many of these disruptions, the episode shows how conflict in one region can create food security concerns thousands of kilometres away.

Employment and labour markets are similarly affected by prolonged economic uncertainty simply because businesses facing rising costs, declining demand, or unpredictable trade conditions often delay investment decisions and expansion plans which slows job creation and reduces economic opportunities within developing economies that rely heavily on export-oriented growth.[39] At a broader level, persistent economic instability can weaken progress towards poverty reduction and sustainable development objectives, especially in countries with limited fiscal capacity to absorb external shocks.[40]

The relationship between economic wellbeing and social stability is also important because economic hardship doesn't create conflict on its own, nor does prosperity guarantee peace.

However, prolonged periods of unemployment, inflation, inequality, and declining living standards can contribute to social dissatisfaction and place additional pressure on political institutions which suggests that economic resilience isn't just a financial objective but also as an important component of broader societal stability.[37]

The human consequences of economic turbulence reinforce a central argument of this paper because the significance of trade routes, energy systems, and international economic policies ultimately lies in their capacity to shape everyday living conditions. When economic disruption affects employment, food security, inflation, and development outcomes, questions of economic policy become closely connected to questions of human welfare and understanding this connection is essential when evaluating the relationship between economic wellbeing and peace during periods of global turbulence.

Rethinking Peace in an Era of Economic Competition

Contemporary conflicts continue to involve military force, territorial disputes, and security concerns, yet many of the most significant consequences now show up through economic channels as trade disruptions, sanctions, energy insecurity, inflation, supply-chain fragmentation, and financial instability frequently affect populations beyond the immediate conflict zone. As a result, the concept of peace itself requires broader consideration within an increasingly interconnected international system.

Traditional approaches to peace have often focused on the absence of direct violence between states. However, Johan Galtung's distinction between negative peace and positive peace provides a useful framework for understanding contemporary challenges. Negative peace is the absence of organised violence, whereas positive peace involves the social, political, and economic conditions necessary for long-term stability and human wellbeing.[41] Under this broader understanding, a world experiencing persistent economic insecurity, food shortages, severe inflation, or widespread developmental setbacks may not necessarily be experiencing conflict in combative sense, but cannot be regarded as fully peaceful either.

This perspective becomes relevant when analysing the growing influence of economic statecraft. By measures such as sanctions, export controls, trade restrictions, and technological barriers which are often designed to avoid military confrontation while still influencing state behaviour.[2] Although they may reduce the likelihood of direct armed conflict between major powers, they create economic pressures that affect businesses, workers, consumers, and developing economies and the increasing reliance on economic instruments therefore complicates the traditional distinction between peace and conflict because competition is no longer confined to military domains alone.

The relationship between realism and liberalism further highlights this tension because liberal theories of international relations have historically argued that trade and economic interdependence encourage cooperation by increasing the costs associated with conflict.[6] The rapid expansion of global trade networks during the late twentieth and early twenty-first centuries appeared to support this argument by creating unprecedented levels of economic integration but recent developments have also shown the limitations of this assumption. States increasingly seek strategic autonomy, diversify supply chains, and reduce dependence on potential geopolitical rivals which then shows the realist concerns regarding vulnerability and relative power.[7] The result is an international environment in which economic integration is valuable but is increasingly balanced against considerations of national security and resilience.

From a human security perspective, the quality of peace should also be evaluated through its effects on individuals rather than solely through interstate relations. The Human Security Framework developed by the United Nations Development Programme creates emphasis on protection from economic insecurity, food insecurity, and other threats that directly affect human wellbeing.[42] This aligns closely with the analysis of this paper because the consequences of geopolitical turbulence are ultimately experienced through employment opportunities, living standards, access to essential goods, and broader developmental outcomes. Stability within international economic systems therefore contributes not only to national prosperity but also to individual security and quality of life.

Policy Recommendations and Conclusion

The analysis presented throughout this paper shows that economic wellbeing and peace have become increasingly interconnected within the contemporary international system with strategic trade corridors, energy networks, supply chains, and financial systems that don’t just work as instruments of economic exchange but have also become arenas of geopolitical competition. These disruptions affecting these systems frequently create consequences that extend beyond immediate markets, influencing inflation, development, employment, and broader conditions of stability.

This is why policymakers in response to these challenges, must increasingly prioritise resilience alongside efficiency because while globalisation has created substantial economic benefits, recent events have highlighted the risks associated with excessive dependence on a limited number of suppliers, transit routes, or strategic resources. Governments should therefore pursue diversification of energy sources, strengthen strategic reserves, invest in alternative transportation corridors and encourage greater supply-chain flexibility in sectors critical to national and economic security.[3 8 23]

International cooperation is also essential despite growing geopolitical competition and maritime security initiatives, coordinated responses to supply-chain disruptions, and multilateral trade

frameworks continue to play an important role in reducing uncertainty within the global economy.[10] Because as seen by the disruptions in the Red Sea, Strait of Hormuz, and other strategic chokepoints, instability within one region can create consequences across multiple continents. So, the effective management of these risks therefore needs cooperation between states, international organisations, and private-sector actors rather than purely national responses.[5] [6]

For developing economies in particular, resilience should extend beyond trade and infrastructure to include investments in human development. Policies that strengthen food security, employment opportunities, social protection systems, and access to affordable energy can reduce vulnerability to external shocks while improving long-term economic stability.[37] [38] [39] [40] Such measures are especially important because the effects of geopolitical turbulence are often felt most strongly by households and communities rather than by states alone.

From a Global Politics perspective, the paper's analysis suggests that neither purely realist nor purely liberal interpretations fully explain contemporary international dynamics and that economic interdependence continues to encourage cooperation and create prosperity, yet it can simultaneously create vulnerabilities that states seek to minimise through economic statecraft and strategic autonomy. The challenge facing policymakers is not to abandon globalisation, but to construct forms of economic integration that remain resilient during periods of geopolitical tension.

To conclude, economic wellbeing and peace should not be viewed as separate objectives as the case studies examined throughout this paper, including maritime chokepoints, energy markets, trade disputes, and sanctions regimes, clearly show that economic stability increasingly shapes the conditions under which peace can be maintained. In an era characterised by trade wars, strategic competition, and growing geopolitical uncertainty, the ability of states to promote prosperity, manage vulnerabilities, and maintain resilient economic systems will remain a critical determinant of both national development and international stability. Economic wellbeing has therefore become not merely a consequence of peace, but one of its essential foundations.

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