Proceedings of the 4th International Conference on International Law and Legal Policy
DOI: 10.54254/2753-7048/2025.30099

The Rise and Spillover Effects of American Populism Through the Lens of Two-Level Game Theory

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Abstract. Populism is receiving growing attention in the political landscape of many countries around the world. Since the 2016 U.S. presidential election, populism has evolved from a fringe ideology into a central force reshaping American domestic politics and international behavior. As Donald Trump returned to power in 2024, his diplomatic shift has significantly reshaped the global political landscape. Meanwhile, international political behavior is not driven by a single external threat but rather by the complex interplay between external structural pressures and domestic political dynamics. Therefore, the paper explores the rise and spillover effects of American populism from a two-level game perspective, tracing the root causes of Trump's return to victory and diplomatic approach. It argues that the populist resurgence narrows the domestic win-set available to U.S. leaders, constraining foreign-policy bargaining and pushing it toward unilateralism, transactional diplomacy, and the erosion of multilateral norms. The analysis integrates domestic drivers, including economic inequality, political polarization, and cultural anxiety, with international consequences, which encompass weakened alliances, global populist diffusion, and democratic regression. Findings reveal how populism operates simultaneously as a domestic mobilization strategy and an international negotiating constraint. Ultimately, the insight contributes to a deeper understanding of how populist pressures transform the logic of two-level games, seeking to offer important implications for the dynamics of policy decision-making and the international actors' role in the international order.

Keywords: American Populism, Two-Level Game Theory, U.S. Foreign Policy, American Politics, International Order

1. Introduction

The rise of populism has increasingly become one of the most salient political phenomena in this era. Especially in the United States, the surge of populism, both left-wing and right-wing, challenges established political norms, party systems, and even engagement in global affairs. In 2016, the election of Donald Trump as US President became a landmark event; In 2020, when Joe Biden, representing the establishment, took power, populism seemed to recede. However, in 2024, Trump's strong comeback in the election has revived populism, and the last decade has witnessed a significant shift in U.S. politics. Donald Trump's return to power in 2024 symbolized not only a partisan victory but also the institutionalization of American populism. His new administration

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DOI: 10.54254/2753-7048/2025.30099

rapidly reinstated the "America First 2.0" agenda: re-imposing tariffs on strategic imports, cutting foreign aid, and suspending participation in multilateral climate accords. Although these actions appeared to be diplomatic, they were primarily motivated by populist narratives and domestic electoral imperatives. Therefore, the idea of populist policy may return to the mainstream of American politics, and the future of American foreign policy might again be populist, with profound implications for the global political landscape. Dating back to the history of populism, from the American People's Party movement to the Tea Party movement, the themes of anti-elitist and anti-establishment run throughout. Meanwhile, economic inequality, social division, and political polarization intensify the situation, leading to the reemergence of populism as a major force in American politics.

Understanding why Trump won in 2024 requires more than electoral analysis. It demands in-depth insight into the structural transformation of the U.S. society. Populist sentiment, forged through economic grievances and cultural polarization, has reconstructed the logic of American governance. Hence, the populist leader faces a dual challenge: negotiating internationally to advance national interests while simultaneously satisfying domestic constituencies suspicious of elites, experts, and global cooperation. This aligns precisely with Robert Putnam's (1988) concept of a two-level game, wherein national leaders must navigate both international bargaining tables and domestic ratification constraints.

2. Literature review, concept definition, and theoretical framework

The rise of populism and its spillover effects have escalated a heated research topic. Populism refers to a socio-political phenomenon with historical recurrence, reflecting a radical democratic consciousness that aligns with the demands of the civilians and exhibits an anti-elitist orientation within the modernization process [1]. In other words, the core of populism lies in the opposition of two camps, the pure people versus the elite, underscoring the direct will of the people, accompanied by anti-establishment, anti-elitist policy discourse and emotional mobilization. There are three tiers, including the dimensions of discourse, polity, and policy tool. Furthermore, American populism can be broadly categorized into left-wing and right-wing variants [2]. Left-wing populists target economic elites, while right-wing populists target cultural elites.

The two-level game theory, as Robert D. Putnam put forward, offers a foundational framework for understanding how domestic politics shape international negotiations. In this model, political leaders operate simultaneously at two levels:

Level I: International bargaining with foreign counterparts.

Level II: Domestic ratification, where any international agreement must fall within a set of outcomes acceptable to key domestic actors (win-set) [3].

The interaction elucidates that when engaging in international negotiations, a nation must not only weigh the gains and losses at the international level but also consider domestic political pressures. Decision-makers need to strike a balance and compromise between competing interests on the international stage and domestic political pressures. The smaller the domestic win-set, the more constrained the leader; however, limited flexibility can paradoxically strengthen bargaining power abroad by credibly signaling inability to compromise. Conversely, a larger win-set facilitates agreement but risks domestic backlash. Therefore, the domestic level (Level II) of the two-level game influenced by populism comprises the following three dimensions:

Mechanism 1: Narrowing the Win-set. The populist narrative of anti-elitism and anti-globalization makes it difficult to gain domestic support for any agreement involving international

DOI: 10.54254/2753-7048/2025.30099

cooperation, compromise, or cost-sharing. Resistance to climate and free trade agreements is an example of this.

Mechanism 2: Reshaping the Win-set. Populism shifts the agenda from economic interests to culture and identity, making certain issues, such as immigration and sovereignty, non-negotiable, and creating a deadlock at the negotiating table.

Mechanism 3: Strengthening "Tying Hands" Strategy. Populist leaders can exploit strong domestic opposition in international negotiations by claiming that their hands are tied, thereby gaining an advantage.

Surveys such as that conducted by David C. Barker (2022) collected the data from the 2020 U.S. presidential election and measured respondents' views on populism, showing that different populists exhibited disproportionate levels of political obstinacy [4]. According to some previous research, scholars have mostly focused on domestic and foreign policies during the Trump administration to list the domestic social and economic drivers behind the rise of American populism [5]. In addition, one longitudinal study found that how the cultural backlash and economic insecurity experienced by the American public during the transition to post-materialist values interacted to intensify political polarization and fuel anti-establishment sentiment, thereby providing the social foundation for the rise of Trump's populism [6]. Whereas the two-level game theory could only be applied in other fields, except for American populism. Various studies have attempted to assess the relationship between the United States and China through the two-level game theory to further analyze the interplay between negative interactions and hostility among nations [7]. Some scholars have also examined this from the perspective of communication narratives, proposing the fragmentation of scholarship on populism and agenda-setting [8]. In a nutshell, research on the rise and spillover effects of American populism from a two-level game perspective remains scarce. Existing scholars have primarily concentrated on examining the rise and spillover effects of American populism through traditional methodologies. Additionally, the dramatic evolution of the U.S. political landscape during and after Trump's full term remains unaccounted for, which results in certain limitations on the explanatory power regarding the dynamic evolution and long-term trends of populism. While numerous existing studies have explored either the rise of populism from domestic motivations or its foreign-policy implications, few have systematically integrated the two within a systematic theoretical framework of two-level games. Consequently, to bridge the research gap, this article contributes to raising the research question: "How does the rise of American populism reshape the dynamics of U.S. foreign policy-making through the logic of two-level games?" Then, it argues that populism restricts the domestic political win-set, compelling American foreign policy decision-makers to adopt more transactional, unilateral, and confrontational negotiating strategies, and the paper fills a theoretical gap by applying two-level game theory to populism research and providing empirical evidence through case analysis. Highlighting the rise of populist forces that led to Trump's election, and after taking office, Trump implemented foreign policies designed to cater to the wishes of his voters.

3. Motivations for the rise of American populism

Reasons for the American populism reemergence could be due to the domestic and international levels. As for the economy, amid the bounds and leaps of technology and globalization, deindustrialization and income inequality are increasingly evident. The economic structural transformation ranges from globalization to deindustrialization as well, diminishing the demand for low-skilled labor. Economic opportunities have diminished, and blue-collar workers feel abandoned by the Washington elite. More than that, from neoliberalism to social fragmentation, the wealth gap

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widens. Secondly, at the political level, partisan polarization and the influence of money in politics have undermined public trust in the system. The institutional failure triggered the Anti-Establishment Wave instead of the bipartisan polarization; both parties have become increasingly reliant on funding from large corporations, wealthy individuals, and lobby groups, leading to a perceived lack of representation and support for outsider politicians. Donald Trump, a businessman by background, openly opposed the Washington establishment. Finally, at the cultural level, identity crises have intensified social divisions. Cultural and identity anxieties have transformed from demographic shifts into a white crisis, and they will feel a sense of deprivation after the call to "take our country back". The phenomenon could be explained by the fact that the proportion of immigrants was increasing, and ethnic minorities were rising. Trump's narrative of Make America Great Again (MAGA) reasserted an exclusionary vision of national identity. Surveys show that more than half a percent of his supporters viewed immigrants as a threat to American culture, linking domestic cultural anxiety directly to foreign-policy skepticism, particularly opposition to immigration and refugee programs.

4. Populism reshapes American party politics

4.1. Generating the democratic recession in the political process

In the management's restructuring process, the populism is divided into two parts. One is the anti-establishment, which underlines the deep state. It diverges the identity politics, wooing the white working-class because they are a mass group that has been ignored in economic globalization. Boosted by social media and partisan television and radio, it has re-engaged voters. The other is Nativism, emphasizing America First and Make America Great Again. The so-called MAGA is also known as right-wing populism. For another, the U.S. Republican Party holds the traditional stance that causes the regulatory relaxation, accompanied by a tech right-wing interest group. These reflect the asymmetry of multiculturalism, liberty, and equality. Nevertheless, American society turned out to be fragmented, resulting in further political polarization, and the left-right divide of party politics was broken.

4.2. Causing the democratic recession at the political institution level

Turning the view to the political institutions, the expansion of executive power is manifested in the act. Specifically, on the inauguration day of President Trump, he signed over 40 presidential executive orders, revoking nearly 80 presidential orders and memoranda signed by Biden. Within his first 100 days in office, he signed 142 presidential executive orders. At the macro level, in terms of the efficiency of the government, streamlining administrative departments and cracking down on the deep state demonstrate the bureaucratic politicization, diminishing the setback of the policy. At the micro level, another area is political polarization. The low efficiency of the American Congress, the trust crisis, and Vetocracy are evident nowadays. On 1st October, 2025, the United States federal government shut down again after seven years. Stacking the politicizing justice, this chain finally challenges the separation of powers.

Donald Trump was elected president in 2016 due to a reactionary movement of working-class white Americans who felt alienated from the global liberal order and European dominance. This movement began with the Tea Party and was supported by older white conservatives from rural areas [9]. While nowadays, the fusion of blue-collar grievances with conservative identity has created what analysts call the "MAGA alliance." Former Democratic strongholds in the Rust Belt

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shifted rightward as class-based voting patterns realigned around cultural issues. Trump's personalized control over the Republican Party redefined loyalty around populist authenticity rather than policy coherence, a phenomenon often termed the "Trumpism" of politics. Further, through a series of rhetorical maneuvers, Trump reframed the political landscape as one in which external groups conspired with political elites to oppress the great American people. He repeatedly promised to "put America first" by rectifying flaws in international commitments that compromised the sovereignty of the people-nation [10].

5. The shift in U.S. foreign policy driven by populism

5.1. Main roots

Domestic factors stem from shifts in voter demands, political constraints, and the win-set. The surge of populism brings about structure and preference reversal, and subsequently affects the win-set. The first point is voter-priority shaded in a diplomatic manner. For high diplomatic influence and low voter support, the most evident manifestation lies in immigration and border security, which encompasses curbing illegal immigration and countering the cross-border actions as a diplomatic tool. While in a high-diplomatic and high voter support scope, the economic security and reshoring would be underscored. Correspondingly, in both low diplomatic influence and voter support, prioritization of safety commitments reflects populists' emphasis that foreign security expenditure equates to diverting domestic resources, yet voters prioritize federal budget allocations towards domestic infrastructure, welfare, and tax cuts, rather than sustaining global military deployments, public goods, and aid to allies. Trump implemented foreign policies designed to cater to the wishes of his voters. Although security concerns remain widely acknowledged, the legitimacy of deploying diplomatic resources to undertake the tasks of building and maintaining international institutions in other countries is being eroded. Trump still implemented foreign policies designed to cater to the wishes of his voters. The structural institutional constraint and the shrinking strategic space of populist leaders have led the United States to prefer a strong negotiating posture and refuse to compromise, thus withdrawing frequently from global affairs and multilateral frameworks on trade, climate, immigration, and other issues.

5.2. Foreign policy performance

Selecting the Sino-US trade war as a Case Study. For level II , Trump leveraged the populist narrative of "China stealing American jobs" to mobilize the blue-collar base, thereby creating a domestic political win-set scenario for imposing tariffs. For level I , in trade negotiations, US representatives leveraged their domestic hardline stance as bargaining chips to refuse compromise in certain areas, such as industrial subsidies, demonstrating how a narrowed win-set constrains negotiating space. The outcome was, reaching a final compromise was such a difficult process because it had to balance two domestic constraints: punishing China and avoiding excessive harm to American farmers, which was a key vote bank for Trump. This demonstrates that when the domestic win-set is entirely closed, the significance of international negotiations (Level I) consequently vanishes.

Beyond the case, policy manifestations range from trade, military, security, and aid to the overall strategy toward China. The populist diplomacy championed by Trump exhibits pronounced transactional characteristics. Its core philosophy reduces international relations to cost-benefit calculations, seeking short-term gains through tariffs, sanctions, and bilateral deals to demonstrate

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leaders' ability to deliver on promises to domestic voters. This approach undermines the credibility of the international institutions long built by the United States and erodes trust among allies. Under the two-level game theory, the interaction between domestic populist pressures and international negotiations reshapes U.S. diplomacy, exemplifying the classic two-level distortion effect.

Regarding the style adopted by populists in instrumenting foreign policy, populists often follow centralization and personalization in their domestic as well as foreign policy. This style erupts from their disdain for bureaucrats, elites, diplomats, and intellectuals. They tend to work with smaller groups and are more likely to develop better personal relationships with other leaders. During his campaign and presidency, Trump continued to criticize institutions that stood between him and the people. He argued that the establishment uses complexity to cover up wrongdoing. He disdained the intelligence agencies, dismantled the State Department, and criticized the courts, the press, and Congress. Trump has also adopted a confrontational stance on burden-sharing with NATO, Japan, and South Korea [11].

5.3. International feedback from the perspectives of spillover effects and two-level games

The spillover effects and international feedback of American populist diplomacy have given rise to a knock-on effect on the global governance system from the two-level game perspective. Firstly, the weakening of multilateral mechanisms and the restructuring of international institutions have accelerated the defense autonomy of European Allies, forming a strategic adjustment in the post-American era. Secondly, the domestic populist logic of the United States has been imitated and amplified globally, fueling the rise of right-wing populism in Europe and Latin America. Finally, deepening international skepticism about the reliability of the U.S. system has further weakened the global appeal of dollar hegemony and democratic discourse.

To note, this spillover effect has reinforced the "America must be tougher" narrative domestically, creating a vicious cycle of domestic populism to unilateral diplomacy, and to erosion of international trust, finally reaching domestic hardline policies [12]. This cycle is an example of the feedback mechanism of two-level game theory: structural changes abroad reshape domestic political preferences, which ultimately lead to path dependence becoming entrenched in foreign policy strategies.

6. Conclusion

The resurgence of American populism reflects profound transformations in domestic and global politics. Taking root in economic inequality, political distrust, and cultural anxiety, the movement has reconfigured both U.S. democracy and foreign policy. When viewed through the lens of the two-level game framework, populism is seen to constrain leaders' capacity for international compromise while simultaneously incentivizing them to externalize domestic conflicts through assertive diplomacy. The study also elucidates how domestic populist mobilization redefines negotiation leverage, how foreign policy becomes a symbolic extension of domestic politics, and how these shifts reverberate globally. The findings also carry ripple implications for democratic resilience and international law, showing that populist constraints on leaders can weaken treaty reliability, challenge multilateral norms, and invite similar ideology surges abroad. Linking domestic political pressures with international behavioral patterns and revealing how populism alters the structure of the win-set and transforms diplomacy into a stage for domestic performance may provide effective addresses to the problem. Reducing economic inequality, mitigating political polarization, and enhancing social inclusiveness can expand the domestic win-set and provide a stable social

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foundation for international cooperation. Simultaneously, the international community must remain vigilant against the transnational spread of populism, strengthen social safety nets, and implement adaptive institutional reforms in order to prevent populism from undermining democratic governance and the international legal order. Future studies should aim to further integrate the subfields of comparative politics [13]. With fundamental transformations taking place at the domestic level and a general shift towards nationalism and populism, it is more important than ever for scholars to consider two-level games when explaining foreign policy outcomes.

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