Protectionism in Response to Global Trade

Eliza Durbin

Government 5 Professor Brooks Word Count: 1096 The United States is more exposed to the rest of the world now than ever before (Gov 5 lecture #1). This is especially true for the global economy. Global trade has been a significant part of the global economy since the fall of the Soviet Union and can make every state involved in the exchange of goods wealthier. However, Donald Trump implemented protectionist barriers to trade which have been maintained and, in some cases, expanded through President Biden's "America first" policies (Beaumont-Smith 2022). While some Americans are negatively impacted by global trade, protectionism reduces the nation's overall wealth and strains key political alliances. This paper argues that protectionism in response to global trade is the most pressing international problem the United States faces today. The paper proceeds by highlighting two reasons why this is a pressing issue, presents how liberal theory can help address this problem, and ends by arguing that it is a more pressing issue than other international problems the U.S. currently faces.

First, the rise of protectionism in response to global trade is a pressing issue because it decreases overall wealth in the United States. Global trade offers "better-priced, better-made goods" to states throughout the world (Porter 2016). A World Bank brief from 2018 also finds that "countries that are open to international trade tend to grow faster, innovate, improve productivity and provide higher income and more opportunities to their people" (World Bank 2018). This is a pressing issue because, since Trump's presidency, leaders have been implementing protectionist policies that are decreasing the country's wealth; Trump imposed tariffs on almost 17% of U.S. imports and made protectionism part of the Republican agenda (Gov 5 lecture #16). Supporters of protectionism argue that global trade causes some Americans

1

<sup>&</sup>lt;sup>1</sup> America first policies "require the government to purchase American-made materials for public construction with the hope of 'saving' American jobs. He also recommended passing legislation targeting China which subsidize American semiconductor production—Biden's "America first" policies are protectionist in nature."

<sup>&</sup>lt;sup>2</sup> See <u>line graph</u> showing trade as share of GDP between 1960 and 2020.

to lose their jobs, so the country should stop importing goods and rely on American manufacturing (Gov 5 lecture #16). However, these grievances could be addressed through policymakers better distributing the country's wealth gained from global trade; it would be "immensely unproductive" to retreat from global trade altogether (Porter 2016). Overall, trade boosts economies worldwide, U.S. manufacturing relies on international supply chains, and most new export industries are costly for the country (Hubbard 2022, 71).

Second, protectionist barriers are a pressing global issue because retreating from world markets would harm the country's alliances. In his debate with Posen, Brooks highlights how promoting the liberal economic order helps maintain alliances (EISS – Keynote). In other words, global trade helps strengthen the country's security partnerships. Also, in his article, Brooks quotes Bill Clinton's State of the Union Address in 2000 in which Clinton says Congress should pass the Permanent Normal Trade Relations with China "as soon as possible...[because] it will plainly advance the cause of peace in Asia" (Brooks 2005, 2). Clinton knew that global trade promotes peace and secures global partnerships. Others argue that, while alliances may be important, the U.S. needs to use tariffs as a weapon to slow China's economic rise. However, by 2019, Trump's trade war with China had cost the U.S. around 300,000 jobs and an estimated 0.3% of real GDP (Has and Denmark 2020). Therefore, protectionist barriers are harmful to our international alliances and hurt the American economy while not significantly altering the behavior of other states.

Liberal theory presents ways to address the problem of growing protectionism in response to global trade. Liberal theory postulates that states feel more secure due to domestic and international institutions as well as the global economy (Gov 5 lecture #10). Because many

<sup>&</sup>lt;sup>3</sup> Data from 2019 study by Moody's Analytics.

citizens and elites turn to protectionism in response to job loss, they may not be responsive to concerns over national security. However, institutions provide pathways to address domestic concerns while promoting global trade. International institutions have historically played a key role in global trade—which Trump undermined in his presidency. By re-engaging with international institutions, leaders could cooperate with other nations to create more American jobs—perhaps through increased exports—while reducing tariffs and increasing imports (Gov 5 lecture #16). Finally, Glenn Hubbard argues "we have failed to prepare individuals for, and reconnect them to, participation in the evolving economy" (Coy 2022). In accordance with liberal theory, many of Hubbard's ideas to prepare individuals for the global economy rely on domestic institutions. For example, Hubbard—like Scheve and Slaughter—believes the country should better fund education (Hubbard 2022, 170).

Other pressing global issues the U.S. is facing include fear of nuclear proliferation, the rise of China, and climate change. However, addressing protectionism can help reduce the threat of all three of these issues. Brooks argues that pulling back from deep engagement would result in 30 to 40 nuclear states and make nuclear accidents much more likely (EISS – Keynote). One way of preventing nuclear proliferation could be through working with international institutions to support global trade, thereby engaging with other states. In terms of China's rise, the power transition theory describes how the likelihood of war between a rising and leading state depends on whether the rising state is satisfied or dissatisfied, and there are no good predictions of China's satisfaction level (Gov 5 lecture #8). Therefore, remaining engaged with China through trade—not starting a trade war—is one way to increase the likelihood of its satisfaction. Finally, combatting climate change will take an abundance of resources and global cooperation—which trade facilitates.

Overall, protectionism in response to global trade is the most pressing international problem the U.S. is facing because it needlessly decreases the country's wealth and innovation and strains international alliances. Additionally, liberal theory presents an opportunity for policymakers to work through international and domestic institutions to address American concerns over job loss while maintaining global trade. Compared to other international problems, this paper argues that protectionism is the most pressing because it is well underway through existing policies and can indirectly address other global issues. Finally, this is an important issue to resolve now before protectionism spreads to the regulation of multi-national corporations and further impacts the country's global engagement.

## Bibliography

- Beaumont-Smith, Gabriella. "The Seen and Unseen Protectionism in the U.S. State of the Union." Cato Institute. Last modified May 2, 2022. https://www.cato.org/commentary/seen-unseen-protectionism-us-state-union.
- Brooks, Stephen. *Producing Security: Multinational Corporations, Globalization, and the Changing Calculus of Conflict.* Princeton: Princeton University Press, 2005.
- Coy, Peter. "Can Free Trade Work for Everyone?" *New York Times* (New York, NY), January 10, 2022.
- "EISS Keynote." Video. Posted July 5, 2019. https://www.youtube.com/watch?v=GXDA\_XSsQYg.
- Hass, Ryan, and Abraham Denmark. "More pain than gain: How the US-China trade war hurt America." Brookings Institute. Last modified August 7, 2020. https://www.brookings.edu/blog/order-from-chaos/2020/08/07/more-pain-than-gain-how-the-us-china-trade-war-hurt-america/.
- Hubbard, R. Glenn. *The Wall and the Bridge: Fear and Opportunity in Disruption's Wake*. New Haven: Yale University Press, 2022.
- Porter, Eduardo. "On Trade, Angry Voters Have a Point." New York Times, March 15, 2016.
- "Stronger Open Trade Policies Enable Economic Growth for All." The World Bank. Last modified April 3, 2018. https://www.worldbank.org/en/results/2018/04/03/stronger-open-trade-policies-enables-economic-growth-for-all.