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Congressional Briefing

History of U.S. Trade Policy

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Alfred E. Eckes, Jr. is Eminent Research Professor Emeritus in History, Ohio University, Athens, Ohio. From 1981 to 1990 Eckes was a Commissioner (Chairman, 1982-1984) on the U.S. International Trade Commission, nominated by President Reagan. He is the author of nine books on economic and international trade history. They include: *The Contemporary Global Economy: A History since 1980* (Wiley-Blackwell, 2011); *U.S. Trade Issues: A Reference Handbook* (ABC-CLIO, 2009); *Globalization and the American Century* (Cambridge University, 2003) with Prof. Thomas Zeiler; *Revisiting U.S. Trade Policy: Decisions in Perspective* (Ohio University Press, 2000); and *Opening America's Market: U.S. Trade Policy since 1776* (University of North Carolina, 1995). For nine years between 2004 and 2016, Eckes served as Executive Vice President of the International Trade and Finance Association (IT&FA). He edited its journal, *The Global Economy Journal*, and was elected the association's President in 2000.

Susan Ariel Aaronson is Research Professor of International Affairs and GWU Cross-Disciplinary Fellow at the George Washington University's Elliott School of International Affairs. She is also a Senior Fellow at the Center for International Governance Innovation. She is the author of 6 books and numerous articles. Her books include *Taking Trade to the Streets: The Lost History of Public Efforts to Shape Globalization* (2001), *Trade and the American Dream: A Social History of Post World War II Trade Policy* (1996), and *Trade Imbalance: The Struggle to Weigh Human Rights Concerns in Trade Policymaking* (2007). Dr. Aaronson is a frequent speaker on public understanding of globalization issues and international economic developments. She regularly comments on international economics on "Marketplace" and was a monthly commentator on "All Things Considered," and "Morning Edition." She has also appeared on CNN, CNBC, the BBC, and PBS to discuss trade and globalization issues.

Marc Levinson, a research manager at the Congressional Research Service, is also a historian. Among his books are an *Extraordinary Time: The End of the Postwar Boom and the Return of the Ordinary Economy*, published in 2016, and the prize-winning economic history *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger*, published in a second edition in 2016.

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The Trump administration has recently done (things) to signal a shift toward protectionist policies, including: withdrawing from the Trans Pacific Trade Partnership; adopting tariffs on washing machines and solar panels; adopting steel tariffs for national security reasons; tariffs on Chinese goods; threatening car tariffs for national security reasons; threatening to withdraw from NATO, WTO.

Early American trade policy

- US Trade policy has played a major role in shaping the course of US history
 - o Mercantilist trade policies of British empire required all goods to go through England
 - o Contributed to growing anti-British sentiment and revolution
- Early purpose of the tariff was primarily to raise revenues for the operation of the federal government that had limited means of funding

Nineteenth Century Trade Policy

- Pattern of US trade changed: rise in manufactured goods exported
- Protectionism became the tariff's primary motive : restriction of imported manufactures to protect America's growing industrial concerns
- Trade was divisive in American politics: northern manufacturers sought protection of high tariffs on competing imports and southern cotton producers backed open trade policies to promote exports

Early Twentieth Century

- Smoot-Hawley Tariff Act of 1930
 - o Raised import duties to protect American business and farmers
 - o Was a "molehill not a mountain" and did not cause the Great Depression (Eckes)
- 1934 Reciprocal Trade Agreement
 - o Reduced tariff levels and promoted cooperation with foreign governments
 - o New bureaucracy to advise Congress on tariffs
 - o Attempt to avoid log rolling, favoritism, and excessive protectionism

Postwar Trade Policy

- Following WWII the US turned in the direction of free trade
- Postwar trade policies were based on foreign policy objectives and unresponsive to domestic economic interests (Eckes)
- Globalization of trade
 - o General Agreement on Tariffs and Trade 1947 (GATT)
 - Set of multilateral trade agreements aimed at the abolition of quotas and the reduction of tariff duties among contracting nations
 - Enlarged at several succeeding negotiations
 - Played major role in expansion of world trade in second half of 20th century
 - o World Trade Organization 1995
 - Successor to GATT
 - International organization established to supervise and liberalize world trade
- Rules Based trade: allows balance between protectionism and efforts to open markets; allows system to respond flexibly as protectionism changed over time from tariffs and quotas to differences among nations regarding regulatory policies (Aaronson)
 - o Imperfect system further threatened by little success at WTO, trade liberalization, inability to govern new sectors like digital trade and investment