

A Long View of US Trade Policy

Douglas Irwin

Dartmouth College and NBER

CLASHING OVER COMMERCE

★ A History of US Trade Policy ★

DOUGLAS A. IRWIN



The three “R’s” of trade policy

1. Revenue

2. Restriction

3. Reciprocity

Revenue, restriction, and reciprocity!



Donald J. Trump ✓

@realDonaldTrump

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....Tariffs will make our country much richer than it is today. Only fools would disagree. We are using them to negotiate fair trade deals and, if countries are still unwilling to negotiate, they will pay us vast sums of money in the form of Tariffs. We win either way.....

12:58 PM - 4 Aug 2018

14,598 Retweets **63,816** Likes



Revenue, restriction, and reciprocity!



Donald J. Trump ✓

@realDonaldTrump

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Tariffs are working big time. Every country on earth wants to take wealth out of the U.S., always to our detriment. I say, as they come, Tax them. If they don't want to be taxed, let them make or build the product in the U.S. In either event, it means jobs and great wealth.....

4:59 AM - 5 Aug 2018

15,931 Retweets 71,032 Likes



9.1K 16K 71K



Donald J. Trump ✓

@realDonaldTrump

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..Because of Tariffs we will be able to start paying down large amounts of the \$21 Trillion in debt that has been accumulated, much by the Obama Administration, while at the same time reducing taxes for our people. At minimum, we will make much better Trade Deals for our country!

5:06 AM - 5 Aug 2018

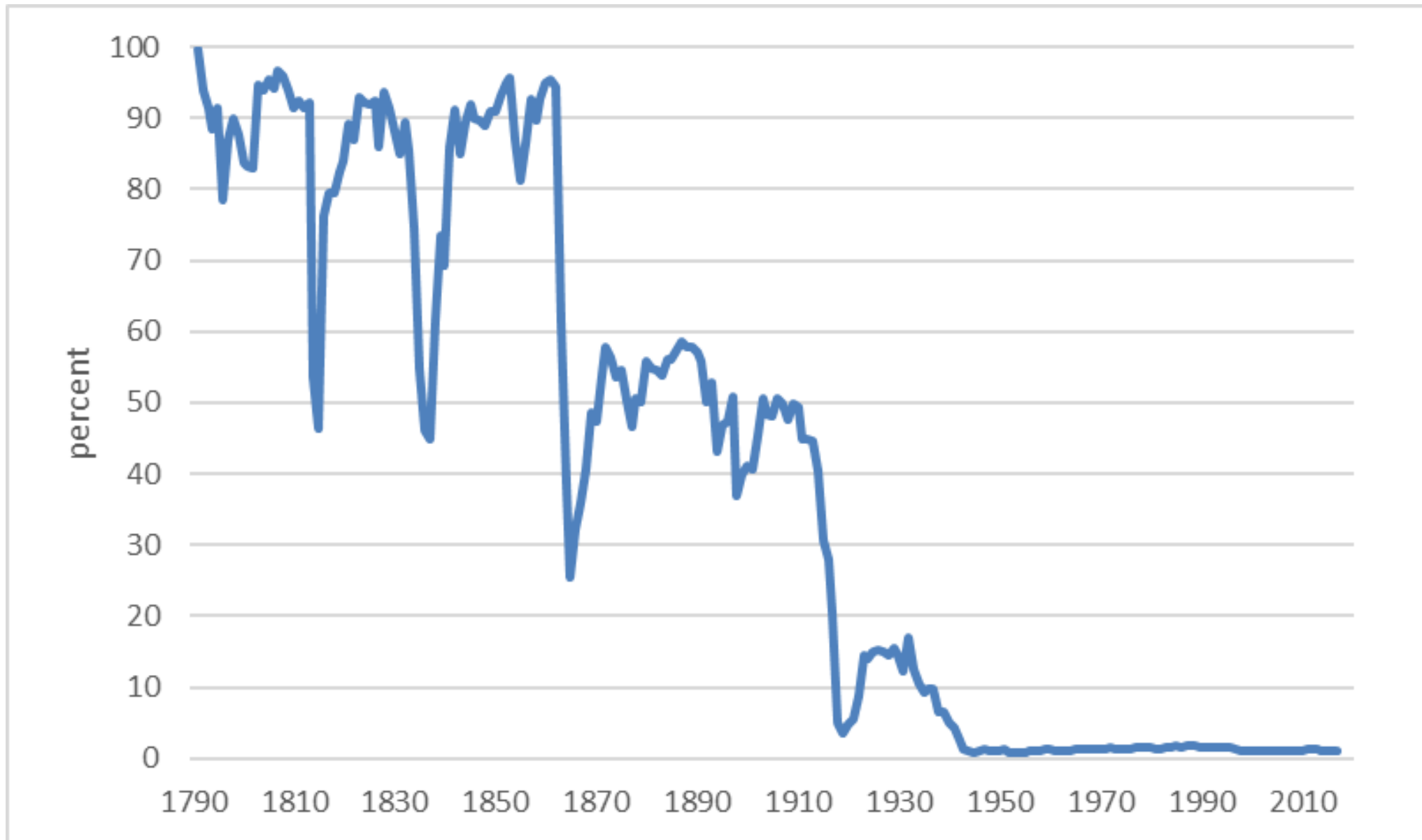
18,992 Retweets 77,334 Likes



17K 19K 77K



Share of federal revenue from customs, 1790-2017



Jefferson & Hamilton





R E P O R T
OF THE
SECRETARY OF THE TREASURY
OF THE
UNITED STATES,
ON THE SUBJECT OF
M A N U F A C T U R E S.

PRESENTED TO THE
HOUSE OF REPRESENTATIVES,
December 5, 1791.

PRINTED BY CHILDS AND SWAINE.

COMMERCIAL PRIVILEGES AND RESTRICTIONS.

Report of the Secretary of State on the Privileges and Restrictions on the Commerce of the United States in Foreign Countries.

PHILADELPHIA, Dec. 16, 1793.

SIR:

According to the pleasure of the House of Representatives, expressed in their resolution of February 23, 1791, I now lay before them a report on the privileges and restrictions on the commerce of the United States in foreign countries. In order to keep the subject within those bounds which I supposed to be under the contemplation of the House, I have restrained my statements to those countries only, with which we carry on a commerce of some importance, and to those articles also of our produce, which are of sensible weight in the scale of our exports; and even these articles are sometimes grouped together, according to the degree of favor or restriction with which they are received in each country, and that degree expressed in general terms, without detailing the exact duty levied on each article. To have gone fully into these minutiae, would have been to copy tariffs and books of rates of the different countries, and to have hidden, under a mass of detail, those general and important truths, the extraction of which, in a simple form, I conceived would best answer the inquiries of the House, by condensing material information within those limits of time and attention, which this portion of their duties may justly claim. The plan, indeed, of minute details, would have been impracticable with some countries, for want of information.

Since preparing this report, which was put into its present form in time to have been given in to the last session of Congress, alterations of the conditions of our commerce with some foreign nations have taken place—some of them independent of the war, some arising out of it.

France has proposed to enter into a new treaty of commerce with us, on liberal principles; and has, in the mean time, relaxed some of the restraints mentioned in the report. Spain has, by an ordinance of June last, established New Orleans, Pensacola, and St. Augustine, into free ports, for the vessels of friendly nations *having treaties of commerce* with her, provided they touch for a permit at Corcubion, in Galicia, or at Alicante; and our rice is, by the same ordinance, excluded from that country. The circumstances of the war have necessarily given us freer access to the West Indian Islands, whilst they have also drawn on our navigation, vexations and depredations of the most serious nature.

To have endeavored to describe all these, would have been as impracticable as useless, since the scenes would have been shifting while under description. I therefore think it best to leave the report as it was formed, being adapted to a particular point of time, when things were in their settled order, that is to say, to the summer of 1792.

I have the honor to be, &c.

TH: JEFFERSON.

To the SPEAKER of the House of Representatives of the United States of America.

The Secretary of State, to whom was referred, by the House of Representatives, the report of a committee on the written message of the President of the United States, of the 14th of February, 1791, with instruction to report to Congress the nature and extent of the privileges and restrictions of the commercial intercourse of the United States with Foreign nations, and the measures which he should think proper to be adopted for the improvement of the commerce and navigation of the same, has had the same under consideration, and thereupon makes the following report:

The countries with which the United States have their chief commercial intercourse, are Spain, Portugal, France, Great Britain, the United Netherlands, Denmark, and Sweden, and their American possessions; and the articles of export, which constitute the basis of that commerce, with their respective amounts, are,

Bread stuff, that is to say, bread grains, meals, and bread,	to the annual amount of	\$7,649,887
Tobacco,	- - - - -	4,349,567
Rice,	- - - - -	1,753,796
Wood,	- - - - -	1,263,534
Salted Fish,	- - - - -	941,696

2018 National Trade Estimate Report on

FOREIGN TRADE BARRIERS



Ambassador Robert E. Lighthizer

Office of the United States Trade Representative

2018 National Trade Estimate Report on

FOREIGN TRADE BARRIERS



Ambassador Robert E. Lighthizer

Office of the United States Trade Representative



C1807, Feb. 2 J

Mr Jefferson

Sir

Boston

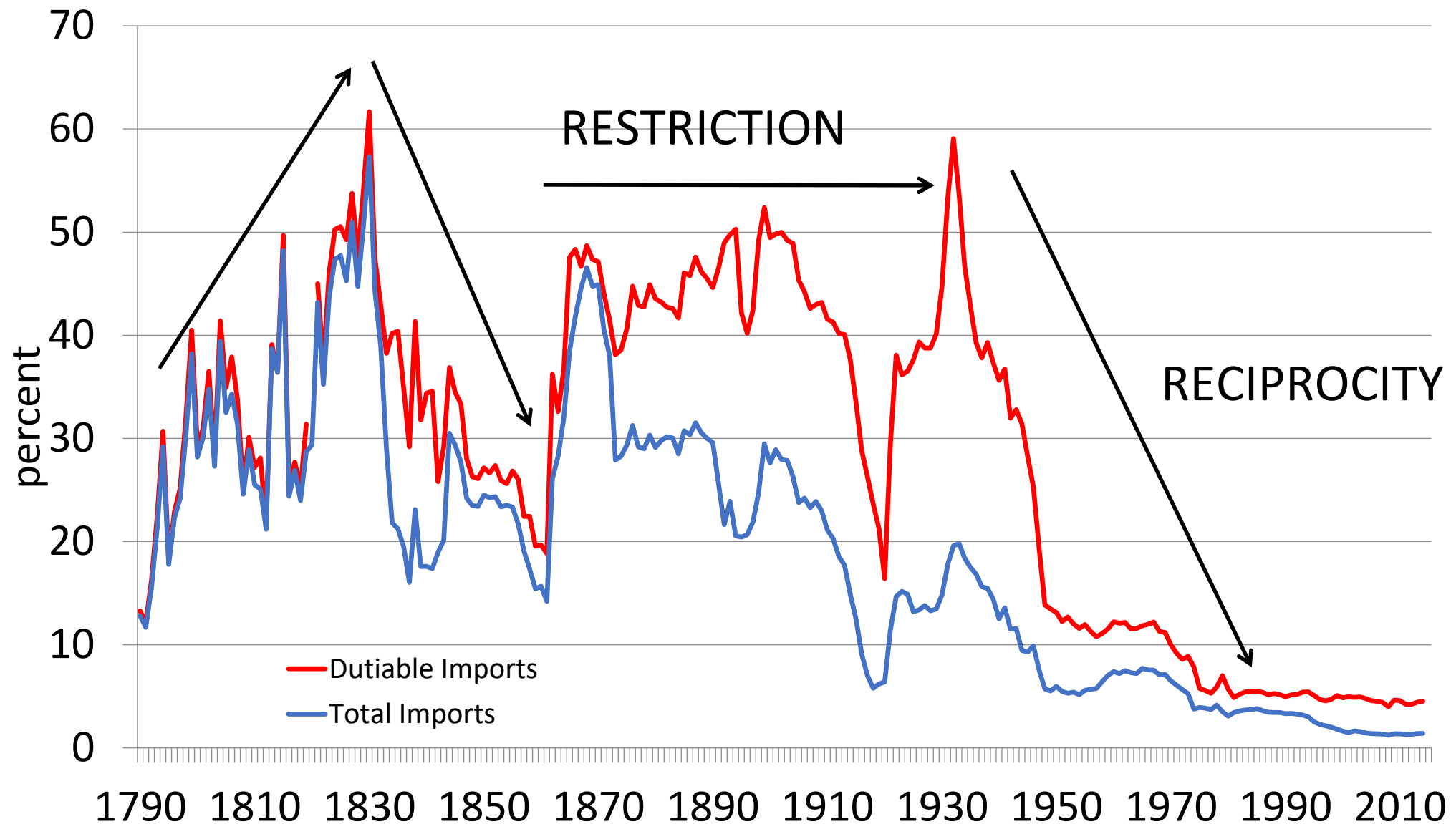
2 Feb^y 1808

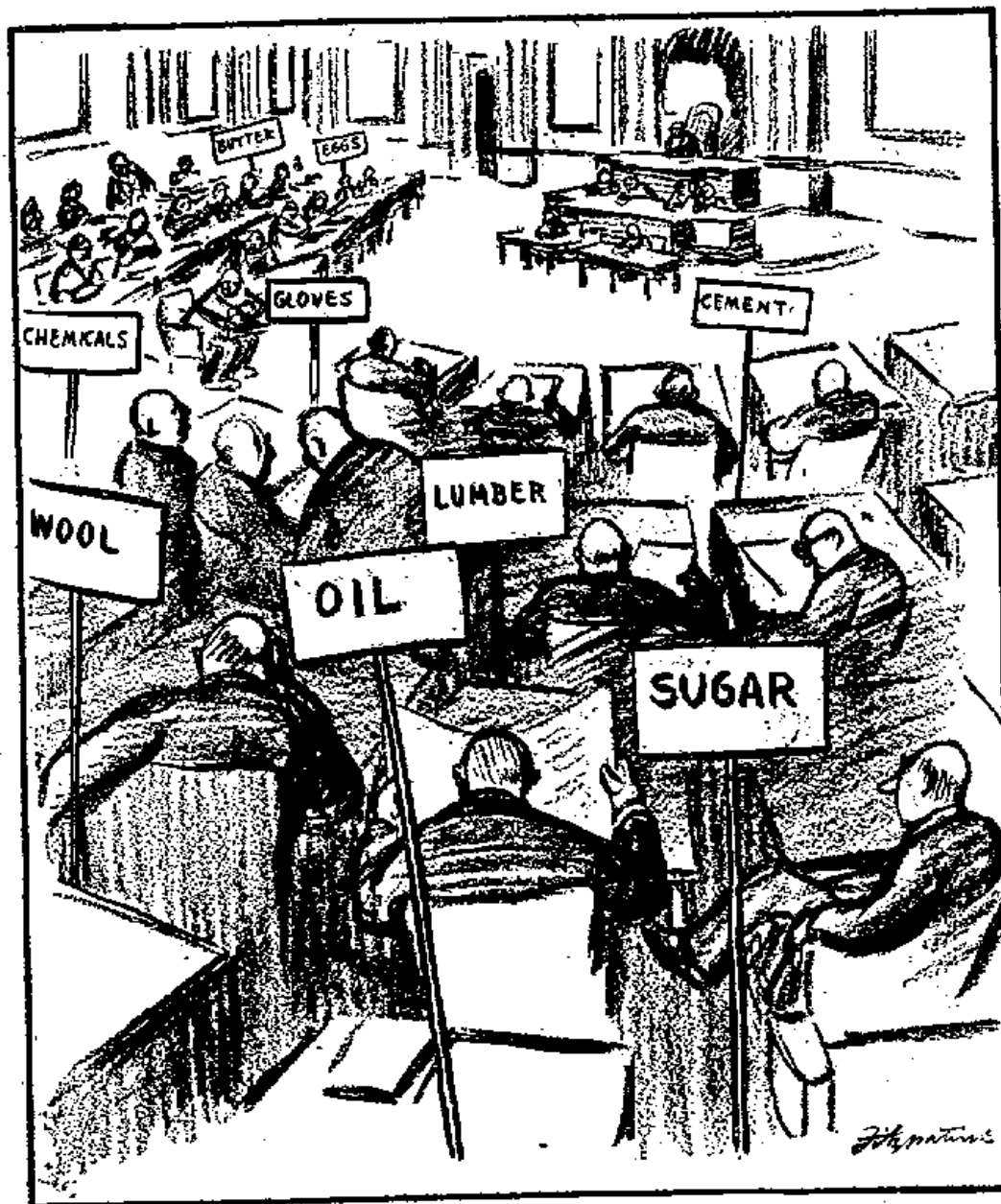
You are a friend to the disturber
 of the peace, & greatest enemy of the whole
 world. Your Secretary, Madison, is
 with you. When Britain has been so
 generous & condescending as to send
 an Envoy extraordinary to settle the
 case of the Chesapeake - if you will go to war
 with Britain, you will be denounced,
 as the greatest traitor that history has
 exhibited. We, who live in the seaports
 shall be ruined. Two or 3 Ships
 will destroy our whole coast, left
 defenseless by Mr Jefferson -
 Awake! - arouse! Foreign
 Philosophers will not do for us Re-

Republicans. We are for liberty; but we will
 not be destroyed. We are waiting. Take
 care of the Republic. Take care of yourself.
 You are in a critical state. Traitors
 abound in our country. You defend one
 class, but oppose another. A friend to his
 country, would oppose all traitors.
 Be not the traitor yourself. Be not
 the philosophic fool. You are on
 the ~~very~~ brink of ruin. Oh that our
 country may soon experience the
 fate of the day when if the ruin of the
 Country, or of Mr Jefferson may come
 into competition (as it seems now to be)
 Mr Jefferson may sink into the
 completest contempt. May Mr
 Jefferson live by saving his
 country. So says
 A true Republican -
 W. H. Burdett

From Boston, Feb. 2, 1808, 10.10.10.

Average tariff on imports, 1790-2017



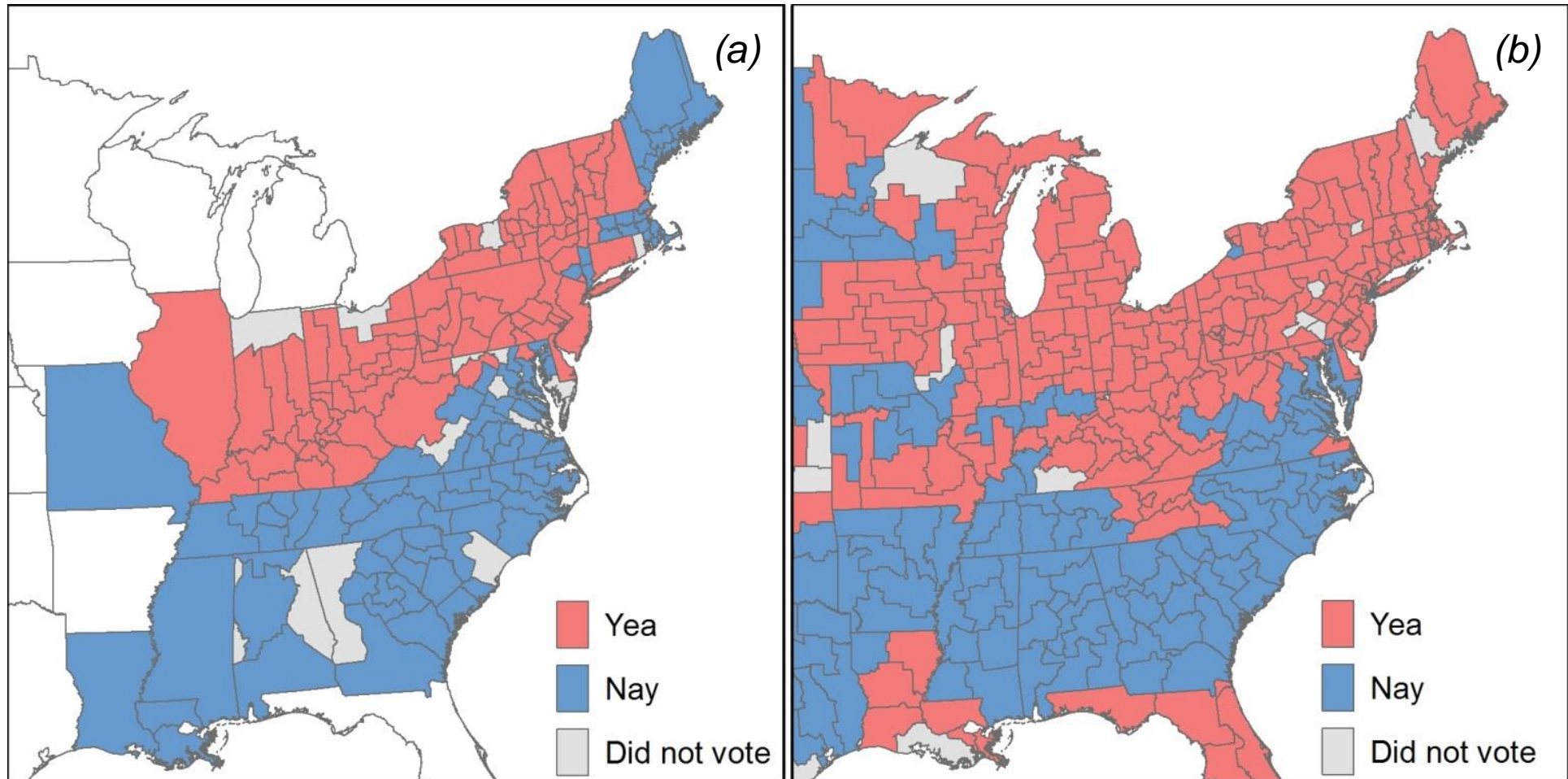


GRUNDY'S MAP OF THE SENATE?

By Fitzpatrick, in the *Post-Dispatch* (St. Louis).

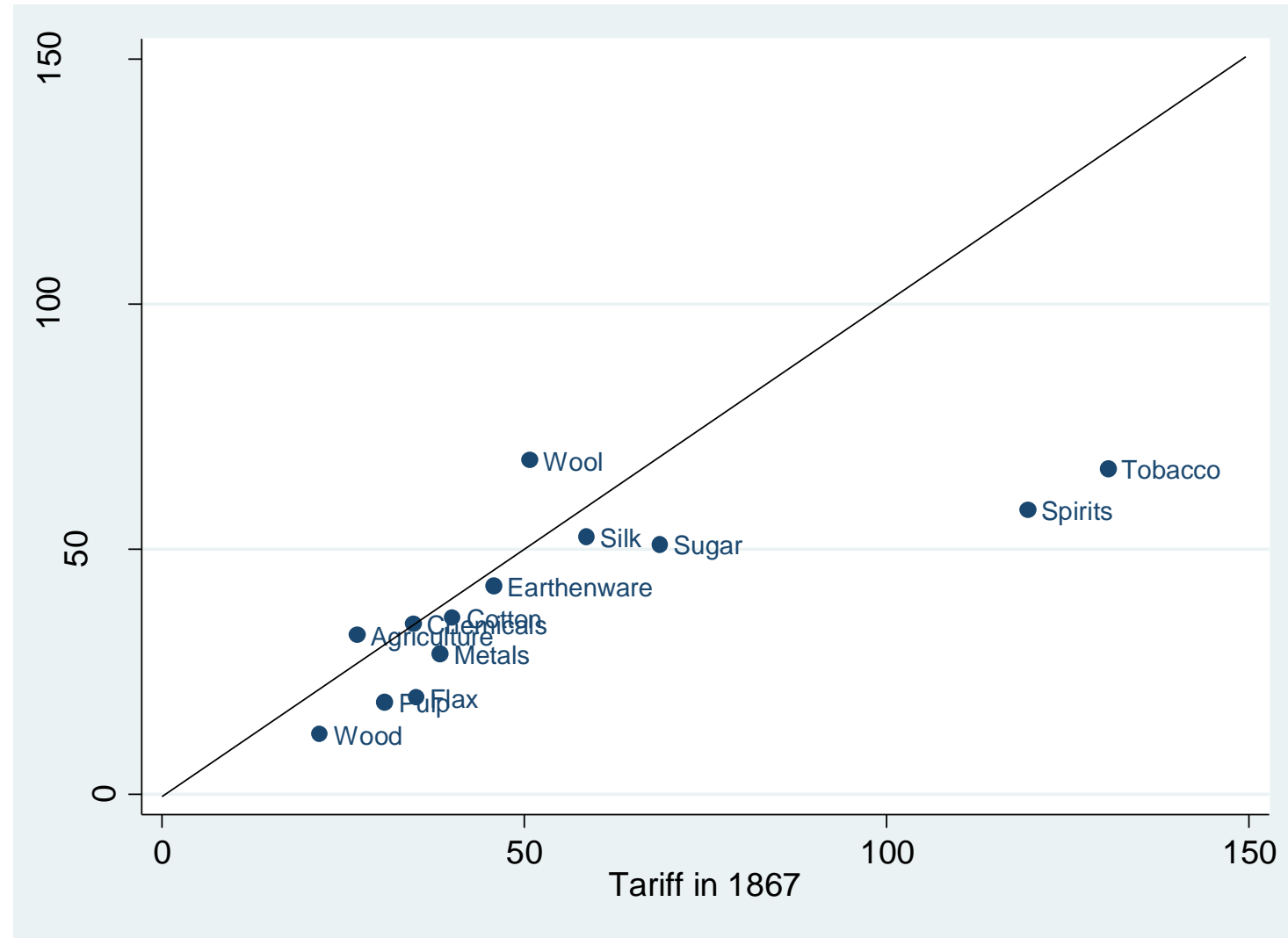
Stable political geography

House of Representatives votes on the 1828 Tariff (a) and 1929 Smoot-Hawley Act (b)



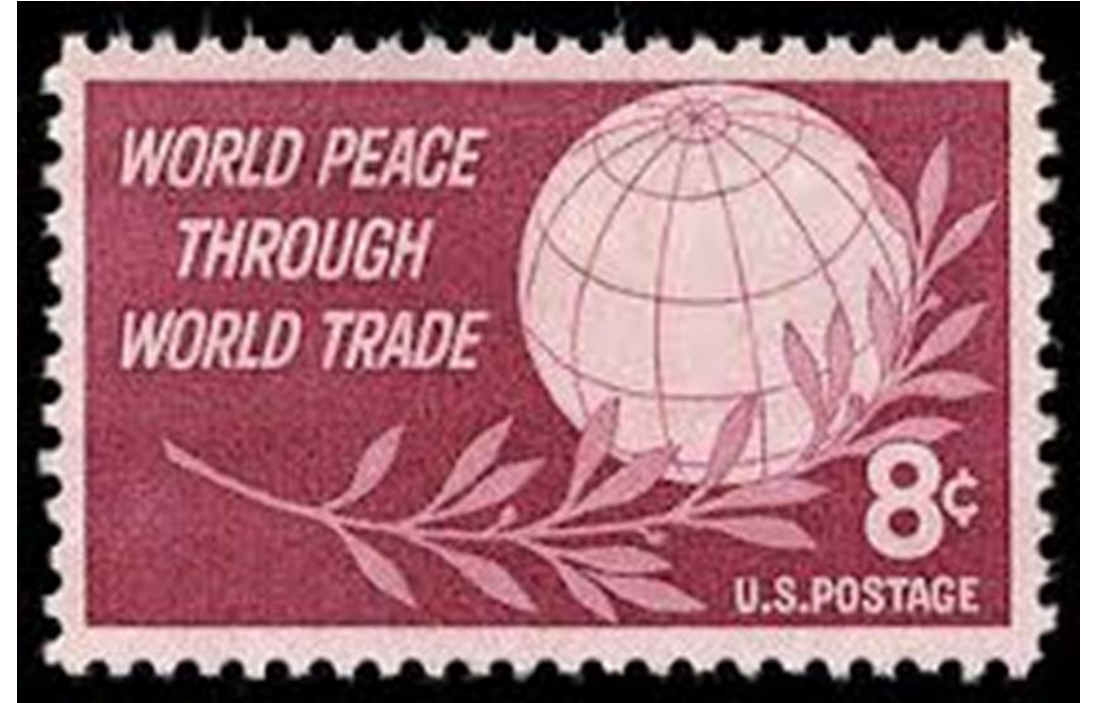
Map courtesy Citrin GIS/Applied Spatial Analysis Lab, Dartmouth College

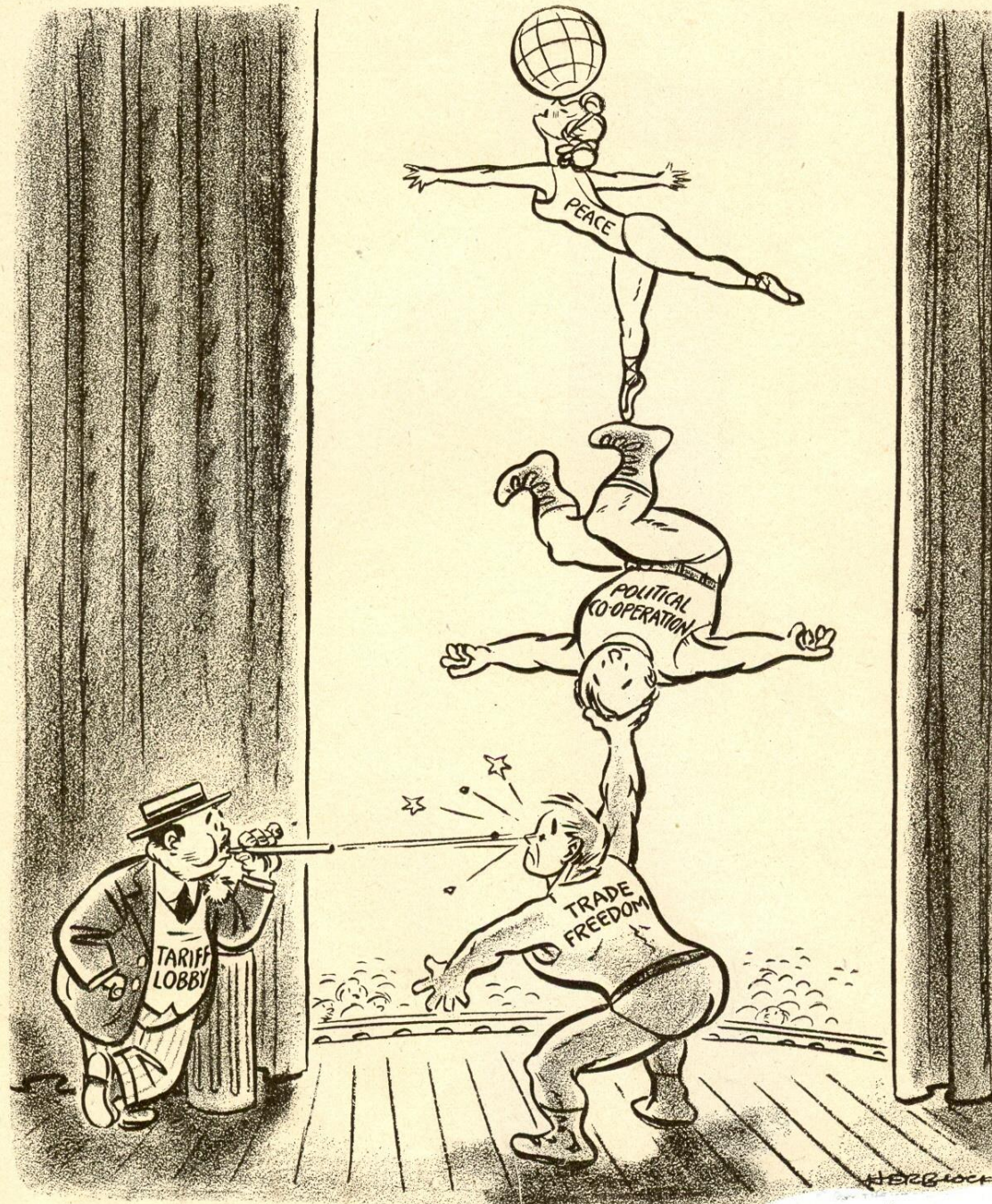
Persistent tariff structure, 1867 - 1939



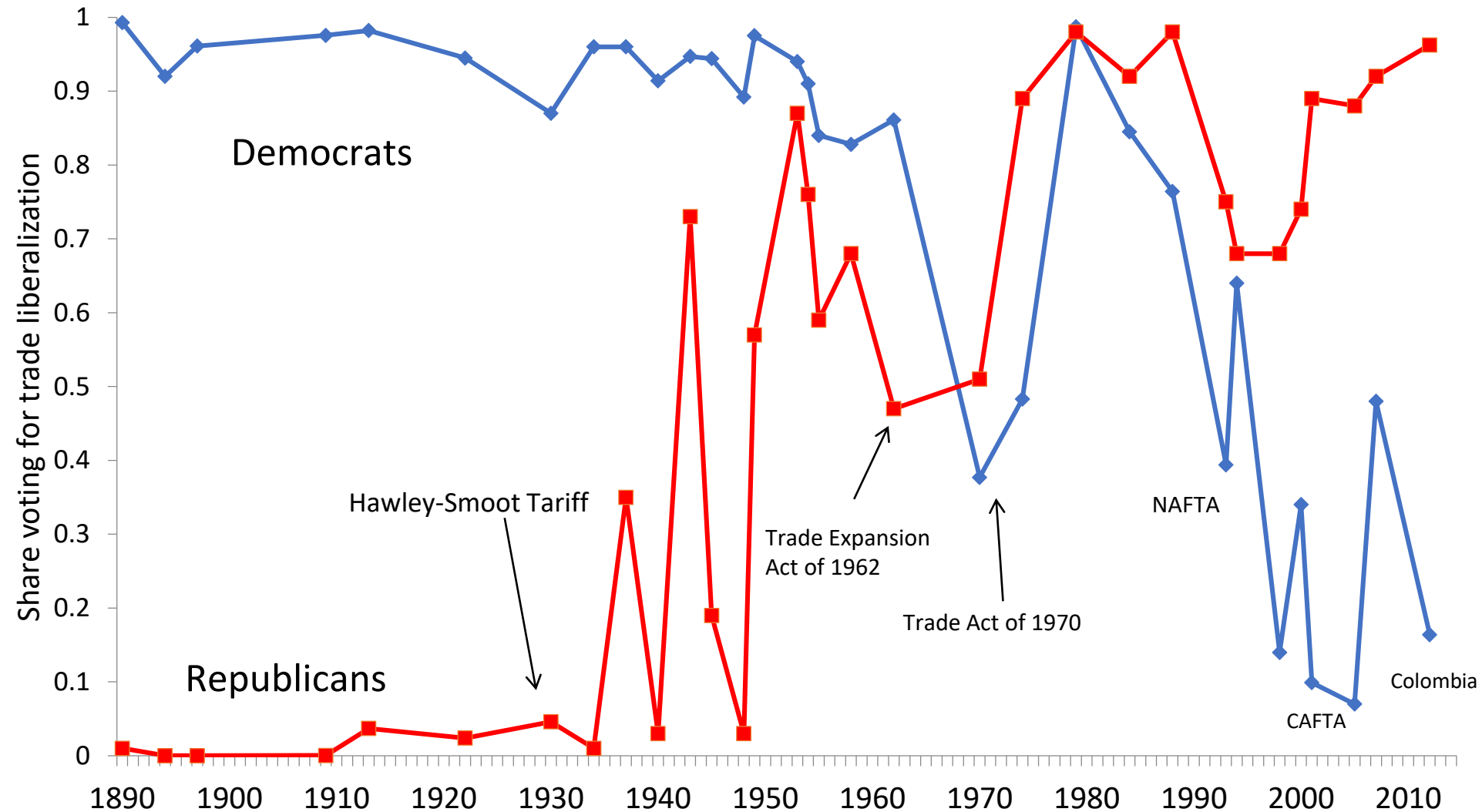


Cordell Hull
Secretary of State
1933-44





Partisan switch



How different is the Trump administration?



Daniel Dale ✓

@ddale8

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Trump at a campaign fundraiser: "China is ripping us off. Japan's ripping us off. Mexico's ripping us off. Canada's ripping us off. The whole world is ripping us off. There's nobody that's not ripping us off."

"China is ripping us off. Japan's ripping us off. Mexico's ripping us off. Canada's ripping us off. The whole world is ripping us off. There's nobody that's not ripping us off. Fact, I thought I found a country, very small, located in South America and I said, 'You know, I think we made actually a better deal with that country' - turned out I was wrong it wasn't. Because I was going to talk to the president, I was going to say, 'What's wrong with you, you're the only one.' But turned out they made a very good deal too. No, the whole world is ripping us off."

5:27 AM - 2 Sep 2018

1,551 Retweets **2,794** Likes



1.4K

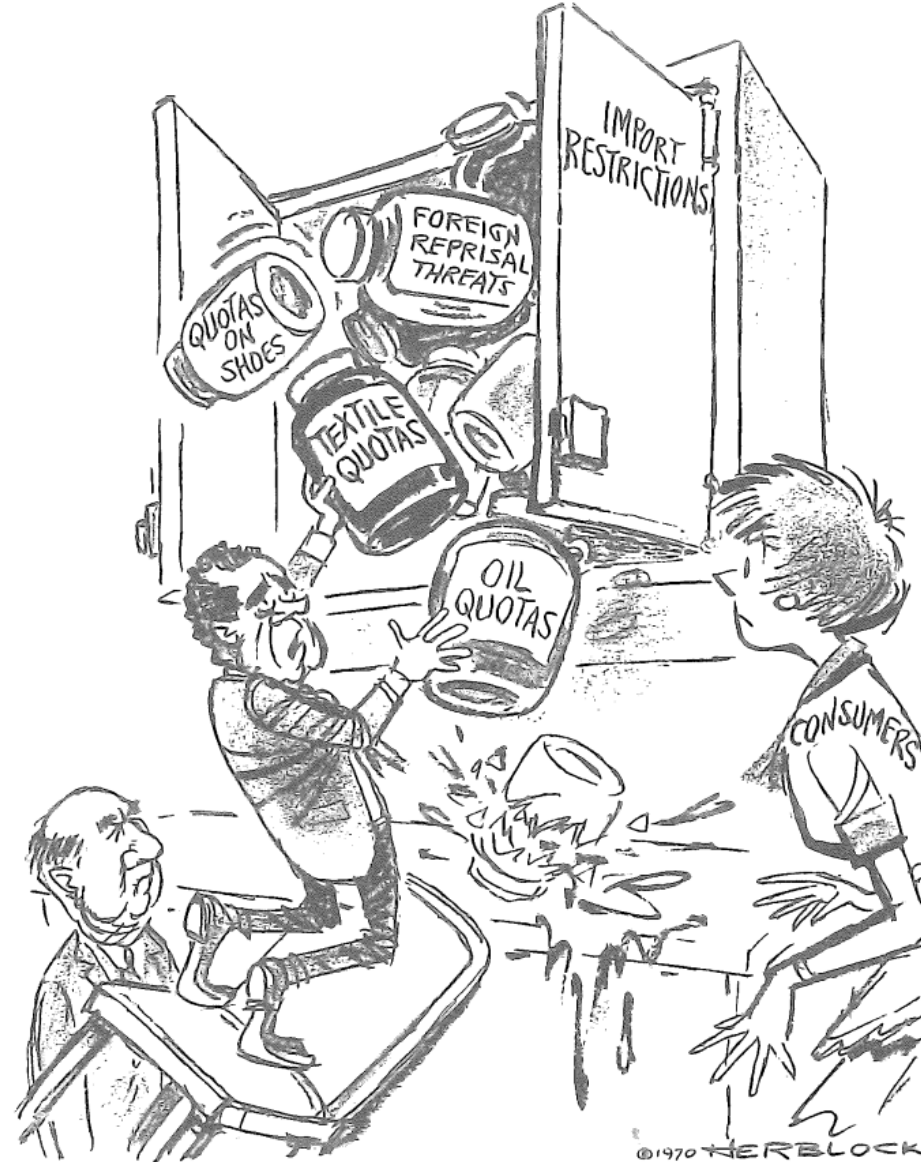


1.6K



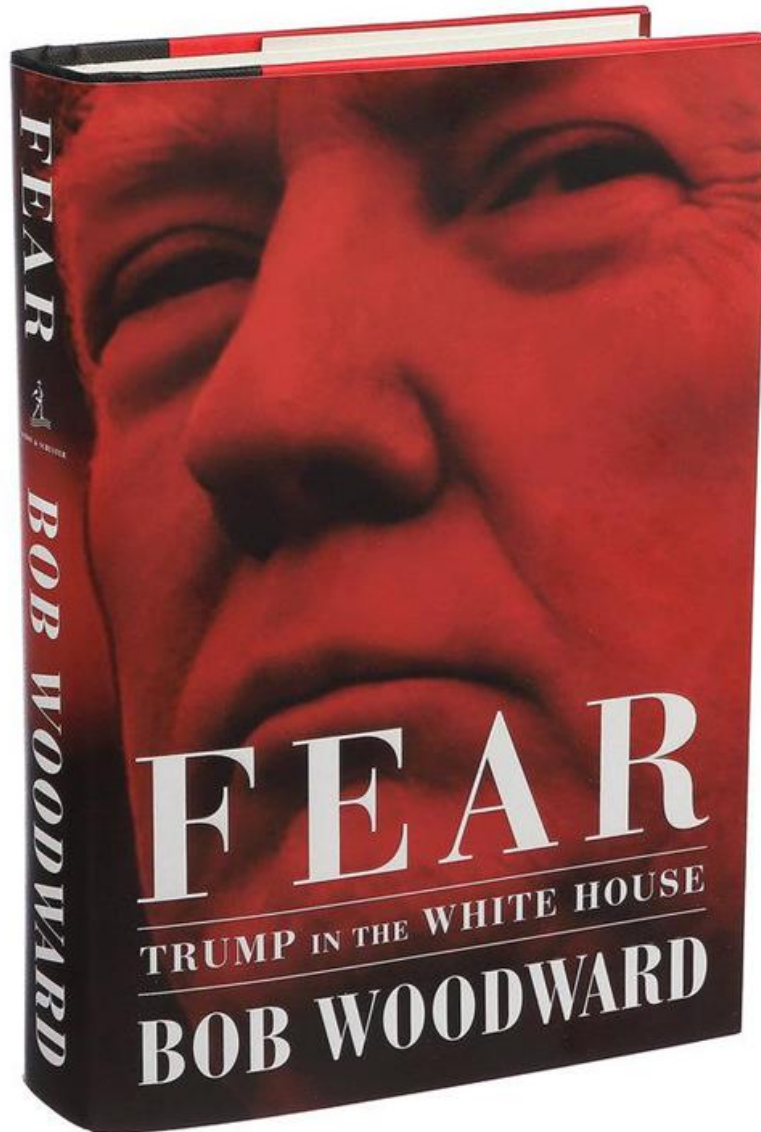
2.8K





“I JUST OPENED IT TO GET
SOME JAM FOR MY
FRIEND STROM.”

7/29/70



You've got a \$40 billion trade surplus with us. We're military allies with you. We're in every battle with you."

"Of course," Trump said, "we'll let you out. That makes total sense. You guys are great. We've got a big surplus with you guys"—the holy grail.

Gary Cohn, who was in the meeting, was pleased. Turnbull had previously been a partner at Goldman Sachs and had worked for Cohn when he was Goldman president.

Coming back from the G20 summit, Trump was editing an upcoming speech with Porter. Scribbling his thoughts in neat, clean penmanship, the president wrote, "TRADE IS BAD."

TRADE IS BAD

Though he never said it in a speech, he had finally found the summarizing phrase and truest expression of his protectionism, isolationism and fervent American nationalism.

Nearly eight months later, on February 23, 2018, Turnbull arrived at the White House to see the president.

In the prep session in the Oval Office for the meeting, Cohn reminded Trump of his pledge.

"Mr. President," Cohn said, "the first thing he's going to bring up is the steel tariffs. And he's going to remind you that you let him out."

"I don't remember," Trump said, sitting behind the Resolute Desk.

"Well, sir," Cohn said, "you had the conversation with him . . ."

"I'm going to deny it," Trump replied. "I never had that conversation with him."

Axios,
June 2018

Scoop: Trump's private threat to upend global trade



Photo illustration: Axios Visuals

President Trump has repeatedly told top White House officials he wants to withdraw the United States from the World Trade Organization, a move that would throw global trade into wild disarray, people involved in the talks tell Axios.

What we're hearing: "He's [threatened to withdraw] 100 times. It would totally [screw] us as a country," said a source who's discussed the subject with Trump. The source added that Trump has frequently told advisers, "We always get fucked by them [the WTO]. I don't know why we're in it. The WTO is designed by the rest of the world to screw the United States."

Exclusive

Trump Threatens to Pull U.S. Out of WTO If It Doesn't 'Shape Up'

By [John Micklethwait](#), [Margaret Talev](#), and [Jennifer Jacobs](#)

August 30, 2018, 4:23 PM EDT Updated on August 31, 2018, 3:52 AM EDT

- ▶ Step would undermine cornerstone of international trade system
- ▶ Says agreement creating WTO 'single worst trade deal ever'



Trump Threatens to Pull Out of WTO

WATCH THE VIDEO

▶ 3:22

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President Donald Trump said he would pull out of the World Trade Organization if it doesn't treat the U.S. better, targeting a cornerstone of the international trading system.

"If they don't shape up, I would withdraw from the WTO," Trump said Thursday in an Oval Office interview with Bloomberg News. Trump said the agreement establishing the body "was the single worst trade deal ever made."

A U.S. withdrawal from the WTO potentially would be far more significant for the global economy than even Trump's growing trade war with China, undermining the post-World War II system that the U.S. helped build.

Trump said last month that the U.S. is at a big disadvantage from being treated "as a supplicant" by the WTO for membership and that the Geneva-based

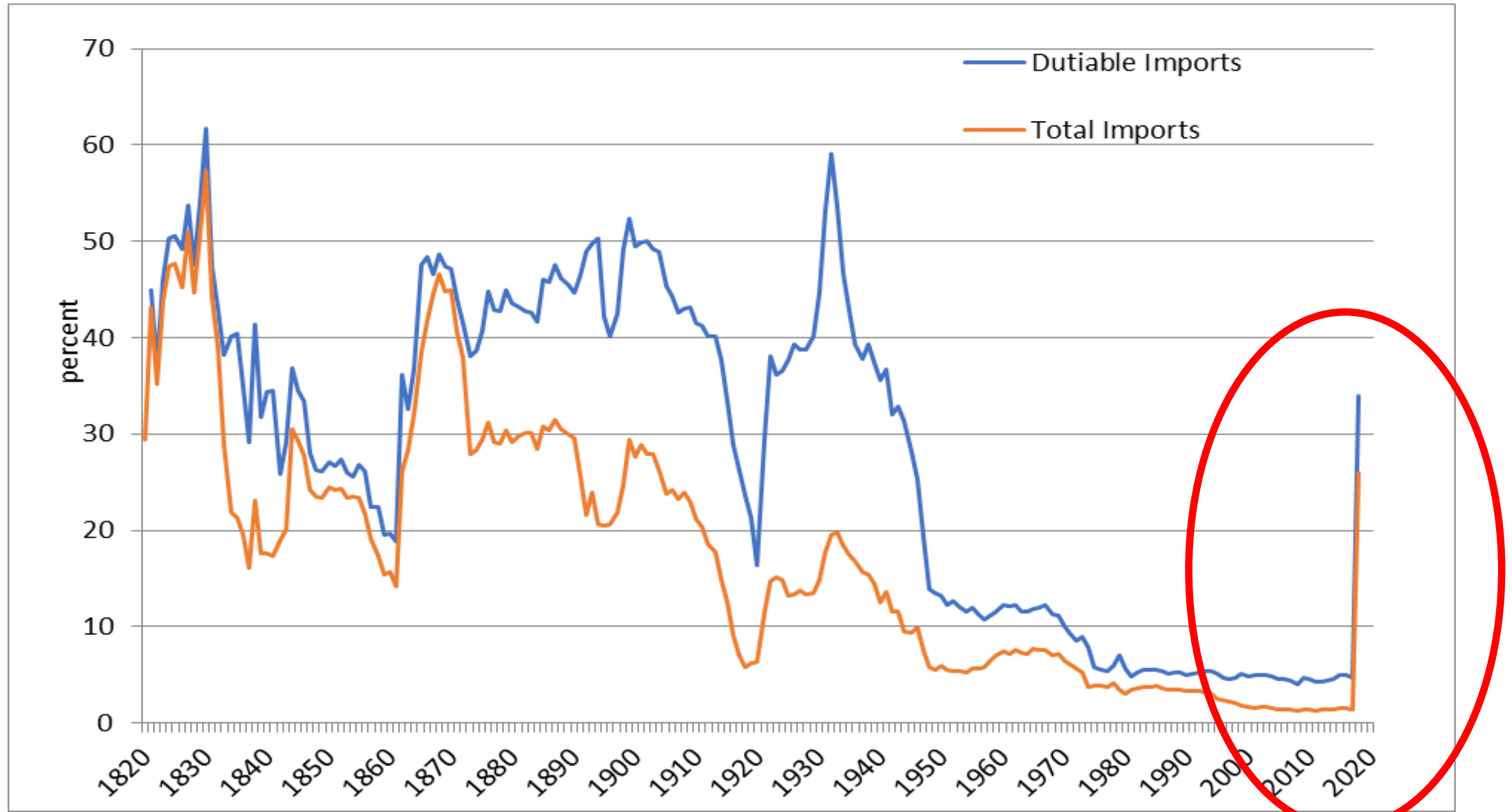
Harmonized Tariff Schedule of the United States (2018) Revision 11

Annotated for Statistical Reporting Purposes

XV
80-3

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
8001		Unwrought tin:				
8001.10.00	00	Tin, not alloyed.....	kg.....	Free		Free
8001.20.00		Tin alloys.....		Free		Free
	10	Containing, by weight, 5 percent or less of lead.....	kg			
	50	Containing, by weight, more than 5 percent but not more than 25 percent of lead.....	kg Pb kg			
	90	Containing, by weight, more than 25 percent of lead...	kg Pb kg			
8002.00.00	00	Tin waste and scrap.....	kg.....	Free		Free
8003.00.00	00	Tin bars, rods, profiles and wire.....	kg.....	3%	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	45%
8007.00		Other articles of tin:				
8007.00.10		Articles not elsewhere specified or included of a type used for household, table or kitchen use; toilet and sanitary wares; all the foregoing not coated or plated with precious metal.....		2.1%	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	40%
	10	Suitable for food or beverage service.....	No.			
	50	Other.....	X			
8007.00.20	00	Tin plates, sheets and strip, of a thickness exceeding 0.2 mm.....	kg.....	2.4%	Free (A, AU, BH, CA, CL, CO, D, E,	45%

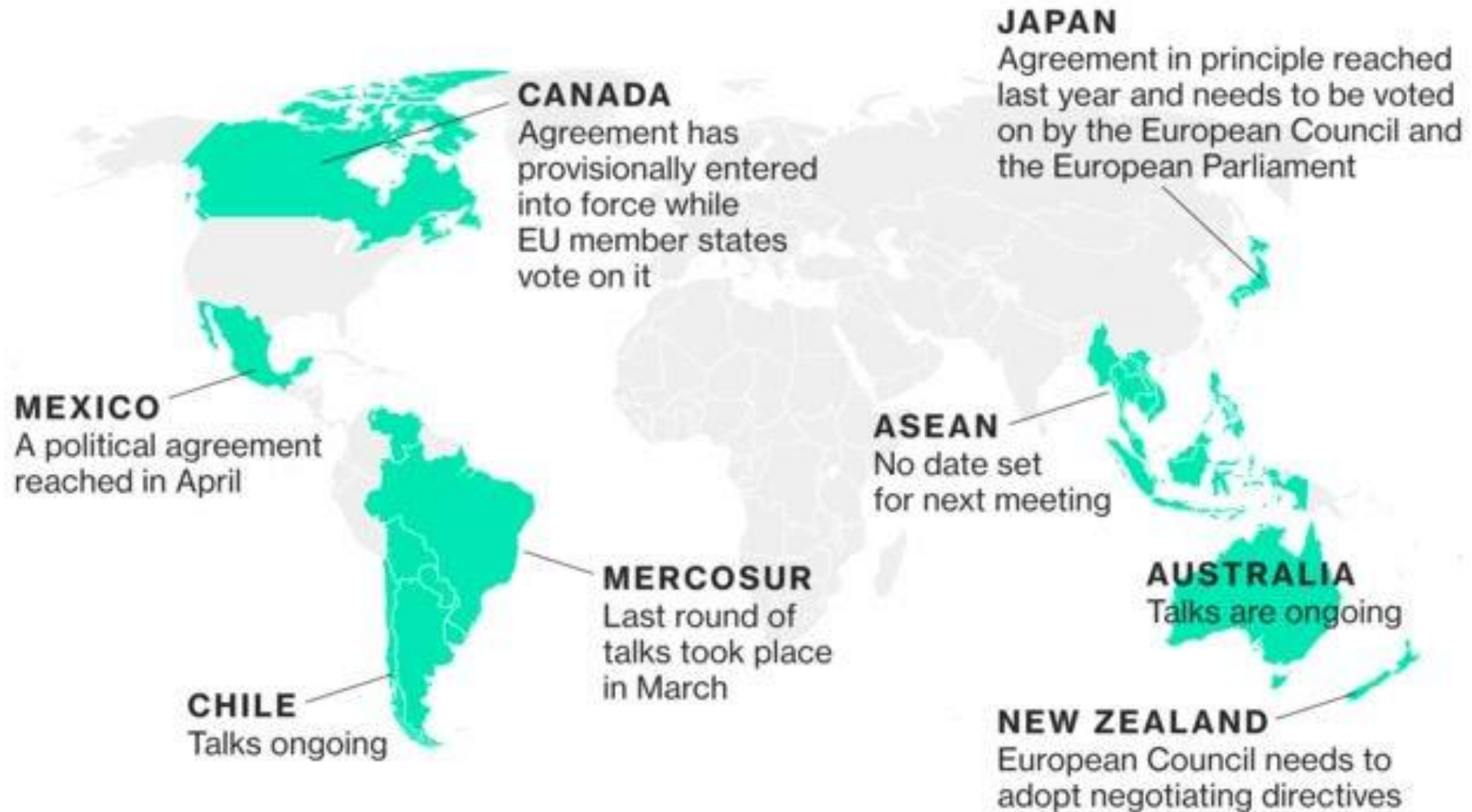
Shift to column 2?





EU Trade Talks

The European Union has more than a dozen discussions ongoing



Source: European Commission

Bloomberg



AN INTERESTED LISTENER-IN
From the *Montreal Star*

This Canadian newspaper calls the Dominion Conference a business gathering, with Uncle Sam perhaps a little worried.

Discrimination against US a motivating force

- Imperial preferences (1932) → GATT (1947)
- Formation of EEC (1958) → Kennedy Round (1964-67)
- Expansion of EC, ag subsidies (1980s) → Uruguay Round (1986-94)