

HISTORY SHOWS TARIFFS ARE ANTI-PROSPERITY

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Something surprising and significant is happening among the Democratic Party's rank-and-file progressives. After decades of drifting toward protectionism, President Donald Trump's [taste for tariffs](#) is doing more than prompting mainstream Democrats (a group that tends to support free trade) to see the merits of low tariffs. Even many independent socialists — a group that has often been vocally skeptical of “free trade” policies — are similarly denouncing high tariffs.

Senator Bernie Sanders of Vermont, an independent who caucuses with the Democrats and often speaks for the party's left wing, [declared](#) that Trump's proposed tariffs on Canada and Mexico are “most likely illegal and most definitely harmful” to ordinary families. The independent socialist *Jacobin Magazine* bluntly [predicted](#) tariffs would lower ordinary Americans' standard of living. Even though [some powerful unions](#) are lining up to back tariffs when they can aid their specific industry, a pair of aviation unions, the [International Association of Machinists and Aerospace Workers](#) and the [National Business Aviation Association](#), are pointing out that these tariffs will hurt their workers at the office and in their pocketbooks.

The concerns about Trump's tariffs are not mere predictions. Now that Trump is actually implementing some of his steep tariffs (albeit erratically), key trading partners like China, Canada, and Mexico are either retaliating or threatening to retaliate with punitive tariffs against us; products from agricultural goods to aluminum and steel will be impacted. American business leaders report feeling [“frozen”](#) and [suffering significant setbacks](#) because of price increases and the overall climate of uncertainty. North of the border, Canadians are protesting American tariffs by venting their ire in both traditional and creative ways, from [assembling before the US consulate in Vancouver](#) to renaming [Americanos as “Canadianos.”](#)

At a time when Democratic and non-Democratic liberal leaders are regularly blasted for lacking courage, speaking up for pro-trade policies at a time when Trump wants tariffs to be chic is not just brave; it puts the party on the same policy trajectory as millions of North Americans. More important, though, it is consistent with an idealistic, politically successful, and deep

Democratic party tradition of supporting trade, and doing so in a way that resonates with the voters Democrats need to win elections.

Indeed, if Trump's pro-tariff trend continues, history suggests only good things for the Democratic Party. As Trump attempts to revive isolationism, Democrats are returning to their internationalist, export-enthusiastic, anti-tariff roots. Throughout the 20th century, Democrats stimulated prosperity and won elections (and liberal hearts) by advocating lower tariffs, export-based growth, and economic integration coupled with social safety nets. Though the party has sometimes wobbled in its commitment in recent decades, its history repeatedly shows that this approach is often the path to both political success and substantial policy achievement.

As I argued in my [master's thesis](#) as a Rutgers-Newark history student, the Democrats moved from being split between fierce pro-tariff factions and anti-tariff factions to being unified as a low tariff policy during the 19th century. The first Democratic president, Andrew Jackson, supported compromise on tariff policies and, in the process, nearly provoked South Carolina into seceding in the 1830s. Two of Jackson's successors as Democrats in the White House, James K. Polk and James Buchanan, only passed their respective tariff reform bills after overcoming fierce opposition within their own party. The Democratic Party did not officially associate its political brand with being exclusively pro-low tariffs until the first presidency of Grover Cleveland, who dedicated his entire reelection campaign in 1888 "to one subject only" — tariff cuts — and whipped the rest of the party into backing him as a political litmus test. Modern-era trade policy itself can be traced to the Democrat who followed Cleveland in the White House, Woodrow Wilson, who, at the very start of his first term, oversaw the passage of the Revenue Act of 1913. That landmark bill substantially lowered tariff rates and compensated for the lost revenue with an income tax. As Laura Duffy noted last fall in ["It's Not 1789 Anymore: Why Trump's Backwards Tariff Agenda Would Hurt America,"](#) taxing incomes rather than the much smaller flows of imports made tax policy fairer by ensuring that wealthy families paid their share. In this way, low-tariff policies increased revenue, and made international trade liberalization agreements feasible.

Wilson's low tariffs, combined with the accelerated industrialization brought on by World War I, led to record prosperity during his two terms. Unfortunately, once Wilson's two terms ended, he was replaced by a trio of Republican presidents — Warren Harding, Calvin Coolidge, and Herbert Hoover — whose fierce protectionism ultimately helped grind that prosperity to a screeching halt.

They started with a [measure](#) ostensibly intended to help farmers, the Emergency Tariff Act of 1921. One year later, that law was made permanent, thanks to the Fordney-McCumber Tariff Act. Prices on a wide range of goods then rose to levels even higher than prior to Wilson's 1913 bill; one result was that European nations struggled to export their goods to the United States and repay their war debts. Thus, the policies Trump looks back fondly on today helped lay the foundations for the Great Depression and World War II.

Meanwhile, income inequality continued to be a problem in the United States, with ordinary 1920s families struggling to fully capitalize on that decade's economic growth because so many goods were too expensive. This was not only predictable; it had been specifically predicted. When Wilson advocated for his tariff reform measures in 1913 — doing so by delivering the [first in-person address to Congress](#) since George Washington's presidency — he urged low tariffs because they would ease inequality by encouraging competition. Barring that, an economic elite would create permanent inequality through high prices — what Cleveland once dubbed a “communism of pelf.”

“We have built up a set of privileges and exemptions from competition behind which it was easy by any, even the crudest, forms of combination to organize monopoly; until at last nothing is normal, nothing is obliged to stand the tests of efficiency and economy, in our world of big business, but everything thrives by concerted arrangement,” Wilson explained. Instead of allowing American enterprise to be crystallized into monopolies, Wilson urged Congress to “abolish everything that bears even the semblance of privilege or of any kind of artificial advantage,” concluding that “the object of the tariff duties henceforth laid must be effective competition, the whetting of American wits by contest with the wits of the rest of the world.”

Instead of zigging a la Wilson and lowering tariffs, Hoover zagged. The newly-elected Republican president matched the onset of the Great Depression in 1929 with another tariff hike with the [Smoot-Hawley Act of 1930](#). As the economist Douglas A. Irwin has [written](#) in his classic book on that bill, “Peddling Protectionism,” the Smoot-Hawley tariff caused American businesses and their workers to suffer harm beyond what the Great Depression would have inflicted on its own.

“While the volume of imports fell 12 percent between 1930 and 1931, the volume of exports fell 19 percent,” Irwin writes. “While the volume of imports fell 40 percent between 1929 and 1932, the volume of exports fell 49 percent.” When it came to imports, “higher tariffs

account for about a third of the observed 40 percent reduction in U.S. imports during the 1929-32 period.”

When Franklin D. Roosevelt was elected president in 1932 to fix the Great Depression, tariff reform was at the top of his economic agenda. Indeed, as he indicated in a [landmark campaign speech in Seattle](#), Roosevelt believed that lowering tariff rates was essential to creating an economy that empowered low-income and middle-class Americans as well as the wealthy.

“To remedy this I have advocated and continue to advocate a tariff policy based on reason, on the same good old-fashioned horse sense that you and I would use in dealing in our own business with our own neighbor,” Roosevelt explained. Instead of sweeping across-the-board rate hikes, Roosevelt argued that America should negotiate individually with each nation concerned “on a basis of fair barter,” with the goal being to simultaneously promote mutual prosperity and peace through economic interdependence.

“My friends, it is the way of fairness and justice too — fairness to our customers abroad, justice to our own citizens who have suffered so bitterly because of the loss of this export trade,” Roosevelt said. “This measure of justice can come only through a revival of industry and employment not charity, but a chance for us to earn our own living.”

Within this speech, Roosevelt included the two essential rhetorical ingredients that the Democrats repeatedly reused over the next six decades: He clearly explained how low tariffs help American consumers and businesses, and he did so in language that empowered voters (“a chance to earn our own living”) by tapping into classic American ideals of opportunity, community, and hard work.

Roosevelt did [more than talk about unshackling trade](#). As president he created the Export-Import Bank, which existed to aid the government in financing and facilitating exports and imports between the United States and other nations. Initially, it directed its efforts to trade with Latin America, but over time, expanded its purview to the entire globe. Just as importantly, Roosevelt passed the Reciprocal Trade Agreements Act (RTAA), which allowed the president to temporarily decrease or increase tariffs by up to 50% of the levels set by the 1930 Smoot-Hawley tariff. In addition to empowering Roosevelt to undo the economic damage caused by a dozen years of Republican protectionism, the RTAA program laid the groundwork for the General Agreement on Tariffs and Trade (GATT), an agreement signed by 23 countries under President Harry Truman in 1947.

The next Democratic president, John F. Kennedy, [furthered his predecessors' trade liberalization policies](#), most notably passing [the Trade Expansion Act of 1962](#). This bill empowered Kennedy to negotiate for trade reductions of up to 80% and kicked off what became known as the Kennedy Round of the General Agreement on Tariffs and Trade (GATT) — still the largest tariff cut in American history. Explaining his support for free trade in his 1962 State of the Union address, Kennedy described his proposed law as the “most important international piece of legislation, I think, affecting economics since the passage of the Marshall Plan.” Echoing the ideas of influential British political economists from Adam Smith to Richard Cobden, Kennedy argued that multilateral trade agreements led to lasting economic growth and discouraged violent conflict.

“It marks a decisive point for the future of our economy, for our relations with our friends and allies, and for the prospects of free institutions and free societies everywhere,” Kennedy explained, adding that “we cannot protect our economy by stagnating behind tariff walls” because the best way to protect jobs “is a mutual lowering of tariff barriers among friendly nations so that all may benefit from a free flow of goods.”

Kennedy’s presidency marked the end of an era in American tariff policy. Between the 1960s and the 1990s, a trifecta of factors worked together to weaken the Democrats’ post-Cleveland/Wilson/Roosevelt consensus on tariffs. Trade unions, which had strongly supported the internationalist strategy toward trade implemented under Wilson and Roosevelt, began to waver as their members felt increasing competition from resurgent economies in Germany and Japan. Environmentalist groups, which argued that global trade agreements did little to discourage polluters (and sometimes argued they might actually encourage pollution or erode domestic environmental law), began to unify around protectionist causes and candidates. By contrast, free traders had yet to build viable organizations like the New Democrat Coalition, Democratic Leadership Council, and Progressive Policy Institute that could regularly counter anti-trade arguments with facts.

By the time Bill Clinton finally snapped the Democrats’ presidential losing streak in 1992 (they had won only a single election, with Jimmy Carter in 1976, since losing to Richard Nixon in 1968), the party’s internationalist consensus was badly frayed. Clinton inherited the proposed North American Free Trade Treaty negotiated by the man he defeated, President George Bush. This posed a dilemma: Clinton could either ask Congress to ratify the agreement over labor’s objections, or scuttle it and affront America’s neighbors, Canada and Mexico. In the end, he

chose to embrace the Democrats' historic advocacy of fair and reciprocal trade, as well as his own oft-avowed principles as a New Democrat.

Clinton even spoke uncomfortable truths to groups like the AFL-CIO, [telling them during the 1992 campaign](#) that “with Europe becoming more integrated, and maybe more closed, with Asia becoming more integrated, and maybe more closed, we have to have some markets. And that's why I hope we can get the right kind of agreement with Mexico.” When right-wing populists like Republican presidential candidate Pat Buchanan and third-party candidate Ross Perot whipped up resentment against NAFTA, Clinton and his vice president, Al Gore (who often appeared as Clinton's public surrogate on trade issues), refused to become defensive or apologetic. They stood by the facts, and despite opposition from both left and right, ultimately prevailed in passing NAFTA.

Unlike President Trump, Clinton really did preside over the [greatest economy](#) in modern U.S. history, and for two terms. For every single month of his tenure, opportunity and widespread prosperity alike grew. The Clinton economy created 22.5 million jobs in a country that by 2001 contained [roughly 285 million people](#), bringing unemployment to below 4 %.

Strikingly, Clinton did so without the bane that often afflicts low-unemployment economies, including President Joe Biden's — high inflation. Median family income rose by roughly \$6,000 (which, adjusting for inflation, would be over \$10,000 in 2025) during Clinton's two terms while purchasing power remained constant. Thanks in part to trade liberalizing deals like the North American Free Trade Agreement (NAFTA) and the creation of the World Trade Organization (WTO), as well as a general policy of reducing trade barriers abroad to create new opportunities for American farmers and manufacturers, and helping to design the first digital trade policies, Clinton left office with a high approval rating earned by the strength of the economy he helped build.

Despite these achievements, the protectionist elements in the party grew stronger over the following decade. Clinton's Democratic successor, President Barack Obama, continued Clintonian trade policies but, at least in his first term, downplayed them rhetorically. As a former moderate Republican congressman, Bill Frenzel, noted in an [editorial](#) for The Brookings Institute near the end of Obama's first term, the 44th president treated free trade as “not quite” a “neglected stepchild,” focusing on improvements in enforcement of trade law rather than expanding trade. President Obama's turn to trade liberalization came in his second term, most ambitiously through the Trans-Pacific Partnership Agreement (TPP), and set high goals but

perhaps too late in his presidency to achieve the most aspirational of them. TPP, of course, did not pass in our country — though it is, quite successfully, in effect for Japan, Australia, and the other members apart from the U.S. — in part because of Republican overreach on some specific issues and in part because, despite its unprecedented labor and environmental features, many liberal Democrats had become reflexively hostile to free trade agreements regardless of their actual content.

By the [close of his administration](#), Obama needed to promote his legacy in terms of “trade enforcement” rather than new achievements. The following Democratic president, Biden, made no effort at all — a choice no doubt exacerbated by the fact that President Donald Trump, a Republican, had imposed Hoover-esque protectionist tariffs in 2018 and 2019 — and left office the only Democratic president since Jackson’s one-term successor Martin van Buren to cut no tariffs at all.

As the Progressive Policy Institute’s Ed Gresser [pointed out in January](#), Biden erred both economically and politically by not waging a full-frontal attack on Trump’s protectionism during his four years in office. By making this choice, Biden “missed an opportunity to cut prices for families — obviously, the working-class public’s single largest concern last year — and make sure the first Trump administration bore its appropriate share of blame for inflation.” Even worse, he left Democrats with a “grave political weakness in 2024, leaving Vice President Harris’ valiant campaign without a positive alternative to Trump’s tariff increases.”

Donald Trump is now trying something more brazen, and much more dangerous, than the tariff hikes of his first term. [At the time of this writing](#), he says he will impose new tariffs on Canada and Mexico, and double the 10% universal tariff charged on imports from China. Trump often threatens to impose tariffs only to back away, and perhaps his current threats are mere posturing. Even so, however, global markets, American consumer confidence, and businesses suffer because of the uncertainty his actions stimulate. Should he actually impose these tariffs, American consumers will face higher prices — despite Trump winning the 2024 election largely by promising to reduce inflation — and key industries from agriculture to automobiles will see markets lost and production costs rise. On a foreign policy level, there will be great strategic harm arising from alienating America’s allies, from Canada and Mexico to the European Union.

The silver lining in this dark cloud is the perfect opportunity Democrats now have to reclaim their historic leadership and optimistic messages by condemning Trump’s protectionism. As Roosevelt demonstrated in the 1930s, Democrats can build a durable political coalition based

on the prosperity and international stability facilitated through trade liberalization. As Kennedy showed in the 1960s, economic integration with neighbors and allies can remain a vital and successful policy even when the world isn't bogged down in a literal war and depression. As Clinton proved in the 1990s, a Democrat can win his party's nomination despite the opposition of protectionists within their own ranks — and, indeed, by leaning into the party's low-tariff, pro-exporter, pro-consumer heritage.

This does not mean Democrats should completely disregard the complaints made by those who veer toward protectionism for valid reasons. Unions are correct to advocate for their members, so that the global economy does not cost them their jobs or incomes (though this shouldn't mean a veto over government policies in the broad national interest); environmentalist groups are right to insist that trade agreements do their best to address ecological crises like climate change and plastic pollution; and President Biden was at least right to ask his Treasury Secretary Janet Yellen to design a policy for China that would de-risk trade in security-sensitive products and insulate the global economy from a second "China shock." Biden was also right to ask Yellen to use tariffs to give American electric vehicle manufacturers space to become competitive with China's heavily subsidized auto firms, and to work with allies to fight back against attempts to penalize countries for having a pro-Taiwan policy, supporting democracy in Hong Kong or criticizing China's controversial human rights record.

But the larger point is clear. The blueprint for the 2020s is right there in the Democratic Party's history. High tariffs and protectionism are a formula for inflation, economic rent-seeking, and stagnation. Democratic presidents from the pre-modern Grover Cleveland and Woodrow Wilson and the transformative Franklin Roosevelt and John Kennedy to the boldly pro-trade Bill Clinton all demonstrated the road to future great achievements: Remembering that low tariffs bring prosperity to Americans and political success to the Democratic Party.

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