The H-Diplo/ISSF Policy Series asks, among other questions, what diplomatic history and international relations theory tell us about the future of the U.S. in the world. I attempt to answer from the historian’s side, by focusing on economic nationalism in the 1930s. The Smoot-Hawley Tariff of 1930 represents the most famous case of trade protectionism in American history, and President Franklin Roosevelt’s rejection of the World Economic Conference three years later added to the U.S. economic nationalist response to world affairs. Both issues inform us of the possible consequences of Donald Trump’s approach to the global economy. I think history offers some dismal lessons.

Recently in this series, Randall Schweller argued for Trump the realist, in which America under his direction will pick its battles carefully rather than engage in disastrous fits of interventionism, idealistic missions, or globalized economic policies that hand over the farm to foreigners at the expense of American workers. Trump will respond to “American citizens,” who will “demand a more narrowly self-interested foreign policy.”¹ Wise, realistic citizens – some 63 million of them (though a minority of the voter total) – hope to overcome the oppression of globalization. This argument against global engagement is curious, especially because it feigns interest in the electorate, as if the average person should be asked to run United States’ foreign policy. Actually, the pandering to the crowd through the sort of tough-guy boasting that appeared in the 2016 election campaign belied the fact that only a small percentage of Trump backers hailed from a struggling, post-industrial, and uneducated population. As Gallup Poll research concluded, most Trump supporters were blue-collar workers but had relatively high household incomes and were not hurt by import

competition. Why is that group more qualified than educated elites to set the broad parameters of United States foreign policy, in any case? To be sure, the “best and the brightest” made their mistakes, and still do. But such nationalist thinking, disguised as realism, threatens to trash our institutions and sources of power—the very last thing realists should desire.

Schweller’s argument also neglects the fact that one can criticize globalization without abandoning the entire ship; certainly, major reform, even an overhaul, of the economic system is in order. Perhaps one answer arises from the possibility that there are domestic economic remedies to the plight of workers—tax and fiscal policies, infrastructure programs, meaningful adjustment assistance for those affected by imports, and the like. Why blame trade with America’s foreign trade partners for ills the United States has brought on itself by Reaganomic, free-market policies at home that crushed the working class (and caused labor unions to turn away from their historic embrace of free trade)? As Edward Alden has noted, neo-liberalism led to “the broken promise” of generous assistance to workers and has made the transition to a global economy difficult; failures to help American workers “is one of the great tragedies in America’s efforts to build a more competitive economy with widely shared benefits.” It may be, as Schweller argues, that “selfishness is not always a shameful thing, as Adam Smith pointed out in The Wealth of Nations (1776),” as if the economist-philosopher were assessing the working class today.

But selfishness is shameful when remedies to those harmed by the free market are lacking, and, above all, when trumpeted by the leader responsible for historic global stability, order, and peace (all, presumably, cardinal objectives of realism). In an election that featured a remarkable emphasis on foreign policy—immigration, trade, climate change, terrorism, WikiLeaks, Russia, China, Iran, etc.—and an inaugural address dominated by international relations (and this when foreign policy is not in the public conscious because the country is not at war or under attack), we need to take stock of what is happening by looking at where we have been. Vote totals do not tell the entire story. History has proven that an ‘America First’ strategy can run us off the tracks, and dangerously so. Admittedly, there are never exact parallels in history to current affairs. Still, because history intersects with larger geopolitical, economic, and social forces, as well as the personalities that shape or receive them, there are lessons, and at least warnings, to be had. So let me try to make sense of history. When it comes to Donald Trump’s (supposed) populism and chauvinistic nationalism, the old adage holds: been there, done that—and with bad consequences.

The upsurges of chauvinistic or nativist nationalism that burst from populism are an obvious danger to democracy and civil, rational discourse and decision-making. The nationalistic turn inward in recent decades, especially after the September 11, 2001 attacks, notes historian Michael Hunt, has also prompted a turn from confidence to self-doubt about the nation’s mission, and with it, deepening divides along cultural and

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4 Schweller, “A Third Image.”
political lines that have undermined faith in internationalism (free trade included). For electoral purposes, Trump’s nationalism reflected this transformation. His is less an ideology, and more an ‘America First’ protectionist add-on, to his larger agenda of winning the presidency by playing to his targeted base of average Americans easily riled up by supposed inroads in their livelihoods made by imports, immigrants, and other foreign elements.

The notion that Trump brings out the worst in Americans with his apocalyptic utterances may lead to the kind of isolationist policies that are inimical to America’s role in the world, and ultimately, its real interests. Simply, ‘America First’ protectionism is hostile to international engagement. This type of nationalism, minus the anti-Semitism of the past (for now), has stymied rational policy-making, as the isolationist era of the 1930s demonstrated. Trade populism/nationalism, wrapped up in such inward-looking, anti-foreign thinking, was certainly detrimental to peace and U.S. interests in the global arena. It could be today as well.

Take the ill-fated Trans-Pacific Trade Partnership. The TPP promised a U.S. pivot to Asia by promoting order, growth, innovation, and, ultimately, the democracy demanded by a rising middle class. Ending corruption, child and forced labor, protecting workers’ fundamental rights, and curbing poverty play into the larger American human rights policy objectives of preventing war by anti-democratic actors, as well as avoiding the brutish history of the twentieth century. There is also a distinct realism in the TPP. As Secretary of Defense Ash Carter said last year, the TPP is trade’s version of an aircraft carrier—an economic sentinel watching over American values and interests in the Asian-Pacific arena. The TPP is all but dead, at least in terms of U.S. participation, mainly because of ‘America First’ outbursts by Trump, as well as from the left (the socialist protectionist Senator Bernie Sanders).

In late January, some 1,000 foreign-service officers and civil servants in the Department of State dissented in a cable to President Donald Trump’s temporary travel ban on the U.S. refugee program and immigration from seven Muslim countries in late January. The letter arose from opposition to protectionism of any sort, whether regarding the flow of trade or people. Could so many of these experts be wrong?

After all, confronted with populist-nationalist fervor, elites have been correct before. Nearly ninety years ago, 1,028 economists from universities and the private sector sent President Herbert Hoover a letter protesting the pending Smoot-Hawley Tariff. Designed to raise tariffs, Smoot-Hawley has gone down in history as a law that catered supposedly to the average American in order to make ‘America First’ in trade relations. In their 4 May 1930 letter, the economists countered that the rise in tariff rates would be disastrous to a “majority of our citizens” by raising prices to account for higher production costs in a protected market, and thus punish consumers (while big, established firms, with lower production costs, would still enjoy higher profits). Those

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6 Michael Freeden, “Is Nationalism a Distinct Ideology?,” Political Studies 46:4 (September 1998): 748-765, DOI: https://doi.org/10.1111/1467-9248.00165, makes this case that nationalism is a “thin” ideology that embellishes larger ideologies (and social and political agendas).

employed in mines, food and agriculture, construction, transportation, tourism, public utilities, as well as professionals in finance, media, wholesale, and retail trades, would “clearly lose.” That is, the little guy and gal would continue to suffer, especially because protectionism would not “give work to the idle.” Nations would retaliate by raising duties against U.S. exports, and American industry would adjust by laying off workers to minimize costs.8 This was plain economics, and if it sounded like theory back then, the reality played out over the next decade.

Yet Smoot-Hawley proponents, Democrats and Republicans, endorsed protectionism. Some predicted a quick return to “happy times” while co-sponsor Congressman Willis Hawley exulted about full coverage for all Americans because “the protection in this bill is nation-wide.” Senator William Pine of Oklahoma simplified the nationalist argument to its bare essential: “The government cannot deny the equal protection of the law to any of its citizens.”9 Trump has said the same thing.

Many analysts downplay the impact of the Smoot-Hawley Tariff, arguing instead that trade occupied such a minor part of the overall economy that tariff hikes were not critical to the downturn. The Tariff Act of 1930 actually did not raise tariffs to their highest average level in history (nowhere close, actually, as tariffs were pegged at about 16%, well under most previous laws and just a few percentages higher than the more recent Underwood and Fordney-McCumber acts). Smoot-Hawley did not, by itself, cause the Great Depression, nor did it necessarily worsen it—but it certainly did not improve the economy either. As trade historian Alfred Eckes, Jr. has diligently argued, American trade partners did not issue formal protests about the law and did not proclaim that they would retaliate (though Pastor asserts the opposite). Even more, claims that nations retaliated against U.S. exports in 1931 have little basis in fact; there was no massive backlash against American goods, whether they were commodities or auto exports.

So, were those 1,028 economists simply engaging in scare tactics and hyperbole? Was their letter to Hoover a stunt to defend their doctrinaire beliefs in free trade? Did Smoot-Hawley serve Franklin Roosevelt’s political purposes in the 1932 election campaign against Hoover, as a form of political theater to denounce Republican protectionism as a cause of the Depression? Did economists plot with internationalists after World War II to prevent a resurgence of isolationism in American foreign policy?10

Perhaps, but timing is everything. The last eight months of the legislative process of Smoot-Hawley in 1929 and 1930 added to market and financial insecurities, which resulted in two stock market crashes. Europe’s World War I debts could not be repaid, as trade revenue abroad dried up. Monetary stability, especially in the farm sector (a key to most states at the time), lay in ruins; the agricultural sector was devastated by Smoot-Hawley. And as Trump nationalists well know, a focus on the aggregate impact misses essential details; the forest does not account for all the trees. Only a fraction of the world’s trade might be affected, but

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protectionism would deal quite a blow, overall, to trade doctrine, relations, and policies.\textsuperscript{11} That is, the message was clear to the markets. In the midst of the Great Depression, Smoot-Hawley was a nationalistic outlash designed to protect the American market from foreigners. We see such sentiment again after the second worst downturn in American history that began in 2008 and persists, to varying degrees today, among the working class.

Diplomats also understood Smoot-Hawley’s dangers, and nationalists certainly grasped its import. Within months of Smoot-Hawley’s passage, Canada, France, Mexico, Italy, Spain, Cuba, Australia, and New Zealand raised tariffs. Twenty-six countries imposed quantitative restrictions and exchange controls, and the British adopted the protectionist Ottawa Imperial System of Preferences, abandoning nearly a century of free trade policy.\textsuperscript{12} These measures were a reaction to Smoot-Hawley, even if they did not represent massive retaliation. The economists had also warned that to “inject into our international relations” higher tariffs that would sour relations among friendly nations “does not furnish good soil for the growth of world peace.”\textsuperscript{13} They had their evidence, not in 1931 or 1932, but in a buildup, over time, of fascism and militarism.

Of course, it would be simplistic to argue that trade policy begat Nazi conquest, Japanese militarism, and the tragedy of World War II’s 65 million deaths. But it certainly played a role in undermining the capabilities of the democracies. Amidst the economic distress and lack of international cooperation, Adolf Hitler, Benito Mussolini, Hideki Tojo, and Joseph Stalin took note of the feeble, disunified, and selfish democratic response of creating closed economies, giving them space to prop up their totalitarian governments and military spending. Some principles and guidelines—namely, liberal internationalism (not neoconservatism or one-world univeralism, but hard-headed multilateral liberalism)—are worth keeping in mind. Nations should try to act in the interests of all, and not view the world with a win-only, mercantilist attitude. The key lesson from history, however distant, is that the upswell of protectionism signaled the triumph of economic nationalism; tariffs, like trade policy today, were a convenient whipping boy for populist politicians, struggling job-seekers, and, demagogues.

Hoover himself acknowledged that tariff policy had been hijacked by domestic politics, which naturally meant a turn inward. He announced after Smoot-Hawley’s passage in both houses that the legislation “was undertaken as the result of pledges given by the Republican Party at Kansas City” which included promises to protect farmers and workers alike. Hoover swore “the next Republican Congress to an examination and where necessary a revision of these schedules to the end that the American labor in these industries may again command the home market, may maintain its standard of living, and may count upon steady employment in


\textsuperscript{12} Pastor, \textit{Congress}, 79.

\textsuperscript{13} “1,028 Economists,” 1.
its accustomed field.” The parallels to today are evident; Trump would agree with Hoover that “platform promises must not be empty gestures.”

Thus, in his inaugural address, Trump pugnaciously asserted the sort of trade nationalist outrage, and an ‘America First’ solution to U.S. problems, that had not been heard by a political leader since the early twentieth century (excepting GOP candidate Patrick Buchanan in 1992). Trump played to his struggling, and myopic, base just as Hoover did, promising that “every decision on trade on taxes, on immigration, on foreign affairs, will be made to benefit American workers and American families.” But Trump also personalized the nationalist campaign in his typically man-on-horseback rhetoric. Countries had stolen American products, companies, and jobs, so “protection will lead to great prosperity and strength. I will fight for you with every breath in my body, and I will never, ever let you down. We will follow two simple rules: Buy American and hire American.” Trump went Hoover (who, to be fair, cherished his party) one further by declaring war on internationalist thinking, including in trade: “We will seek friendship and good will with the nations of the world, but we do so with the understanding that it is the right of all nations to put their own interests first.” So much for three-quarters of a century of American leadership over a liberal world order, a responsibility that Hoover, despite his turn to protectionism, generally embraced.

The Smoot-Hawley debacle reveals that ‘America First’ demagoguery can lead the country down a dangerous path. It is not just dry, irrelevant history. Such trade nationalism begot nationalism in other arenas, as it might today, with dictators taking heart from Trump’s example and pushing their own local, selfish, and dangerous issues. Experts issued their warnings, as they have on current immigration policy, but self-styled populist-nationalists have taken a different course. History teaches us that they err in such thinking: we’ve been there, and done that, with dire results. Smoot-Hawley is a fundamental historic argument against nationalism, particularly by a country that many in the world hoped would provide a beacon of sanity to a Europe and Asia slipping into fascist terror. It is a familiar story that bears repeating today, as Trump rather cavalierly issues protectionist threats and looks on trade as a zero-sum game. President Franklin D. Roosevelt recognized the dangers of the Smoot-Hawley nationalism that he inherited, even though he, too, turned his administration inward upon coming into office with the New Deal to bring the country out of the Great Depression.

Breaking with the outgoing Hoover approach, Roosevelt prioritized the domestic economy over stabilizing prices and finances internationally during the transition period to his first term. This move was part politics (he did not want to be tied to Hoover), part a strategy to de-link trade and finance from European debt repayment, part his intention to persuade nations to raise prices at home rather than change currency prices by international bankers, and mostly due to his campaign promise to take care of Americans. It also spoke to his personality and decision-making style; Roosevelt famously shunned the sort of dogma and abstraction of his Secretary of State, Cordell Hull, who believed in the linkage between trade liberalism and peace (or conversely, protectionism, and political strife). The President held only basic convictions that cherished


America’s free-enterprise system, American capitalist exceptionalism, and the like. In their inch-deep knowledge but keen ability, through nationalistic statements that struck a responsive chord with elements of the electorate, Roosevelt and Trump had much in common, although the jury is still out on the latter’s decision-making style. Yet they do not share many personality traits beyond being unstructured. Commentators like Walter Lippmann believed Roosevelt to be a pleasantly optimistic and vague philanthropist upon assuming the presidency, while Trump tends to be a pessimist who sees enemies everywhere.

Focusing on the domestic economy also smacked of anti-globalization or, anti-liberalism. That is, Roosevelt temporarily returned to (or continued) the nineteenth century’s American economic nationalist doctrine in trade that, as historian Marc-William Palen has noted, associated protectionism with political nationalism at home and realism in foreign policy. That agenda had also split the Republican Party between cosmopolitan free-traders in support of peaceful market integration and protectionist imperialists who opted for a coercive, expansionist foreign policy while shutting out imports from the domestic market. Famously, Roosevelt junked the World Economic Conference, which met in London in 1933, and thus dashed Franco-British attempts to maintain a high dollar to improve their trade positions. He favored instead the national economy over international currency stabilization, though he did not resort to protectionism (offering a reciprocal lowering of tariff barriers as the means to end the trade war) and he insisted, repeatedly, that his decision did not suggest a turn toward ultra-nationalism.

Yet Roosevelt was wrong. He ridiculed “the fetishes of international bankers” who sought multilateral cooperation, and his view that recovery would come only by each nation adopting a “sound internal economic system” proved incorrect. After all, he never solved the Great Depression. To be sure, while trade partners worried that his stance (coupled with Smoot-Hawley) meant a permanent turn to economic unilateralism and nationalism, Roosevelt had nothing of the sort in mind. In fact, he did not really have any course in mind, save one that would play well in Peoria. “In pure theory, you and I think alike,” he told the confirmed free-trader Cordell Hull, “but every once in a while we have to modify a principle to meet a hard and disagreeable fact.” That meant that the Secretary of State’s principles would be set aside for policies that demonstrated quick and firm action on the part of Roosevelt, that is, as historian Robert Hathaway notes, “a national habit of policy formulation that gave little sustained thought to the impact American programs might have on other

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nations.” That stance looked decisive by appearing to honor campaign promises. Roosevelt, however, sounded off in a defense of American interests that certainly seemed like a forceful and politically strategic way to get foreign nations to pay back their debts to the United States. It was also uninformed.

So, a trade war emerged, as American policies prompted the British to discourage outsiders to trade with their empire, and diplomatic relations in the international arena unraveled into a confused jumble of policies that gave aggressors big advantages. Roosevelt understood his mistake, although his considerable talents at spinning his policies in a favorable light did not overcome the immediate injury caused by the aborted economic conference. Three years later, as dictators began their march across continents, he connected democracy, peace, and trade to set the country on a course toward freeing trade by reducing tariffs on imports from abroad. Just months after Hitler forcibly reoccupied the Rhineland, Italian fascists seized Ethiopia, and the Spanish Civil War launched the Franco dictatorship, Roosevelt admitted that liberal trade might not stop war. But as he noted in a famous address at Chautauqua, New York in August 1936, the chances for dire consequences were exacerbated by trade nationalism. “We do not maintain that a more liberal international trade will stop war,” he announced, “but we fear that without a more liberal international trade, war is a natural sequence.” In hindsight, this rhetoric nonetheless acknowledged the pitfalls of nationalism and the crying need for international cooperation.

There were, of course, other elements of nationalism besides trade and tariffs that plagued the democracies on the road to World War II, and they related to economic nationalism. The infamous America First Committee of 1940-1941 questioned whether foreign trade was important to the life of the nation, and deeming it not so when compared to production and selling in the home market, these isolationists argued that a withdrawal from the trade system would not be catastrophic. Preceding by seventy years the notion of Russian President Vladimir Putin as a friend, ‘America First’ adherents also noted that America could live side-by-side dictators while running no risk to its democracy or security. After all, the United States had been a close trade partner with Mussolini’s Italy and Hitler’s Germany during the 1930s, but the country had not turned to fascism. Such thinking did not consider that America helped the very nations that it would have to fight in World War II. Likewise, the United States abandoned the Jews, shutting down the immigration of refugees fleeing tyranny in Europe. Such policy played well with constituencies in the heartland even as it turned a blind eye to the fact that America could benefit, economically, from an influx of skilled and unskilled labor. It also expressed the extremes of chauvinism, and cruelty, of economic nationalism that stemmed from protecting the home market from imports of competitive products and people.


One threat of such nationalistic approaches is that the messenger can overwhelm the message; demagoguery oftentimes walks hand-in-hand with chauvinistic nationalism. Using the bully pulpit, Roosevelt attained hero status among millions of ‘ordinary’ Americans, who deemed him their savior. He could reach them directly by radio, and thereby bypass traditional print media and spin his version of events. At least Roosevelt faced real threats (the Great Depression and looming war in Europe and Asia), while there was no indication of a sociopathic personality. Trump is a different type, though he shares Roosevelt’s skill in marketing. He has concocted crises (politically capitalizing on the calamitous 2008-2009 Great Recession) and places himself squarely as the hero-rescuer through trade nationalism. He uses Twitter to relate directly to his audience and amplify his message through the “attention economy” of mass media (TV shows and newspapers).24 In this milieu, a dramatic, ‘America First’ message thrives, especially in the economic arena.

Trump threatens seventy years of liberal internationalism that countered the high tariffs and protectionism of Smoot-Hawley and non-participation in world conferences, as well as the prejudicial barriers to immigration of the National Origins Act of 1924 and head-in-the-sand ‘America First’ isolationism. Adherence to liberal values truly made America great, as the guardian of a global economy that, despite its faults and inequalities, muffled nationalism for the mutual benefit of many nations.25 This democratic capitalist peace theory posits that trade and finance are tools of foreign policy that provide security and promote amicable, cooperative relations among nations. It is not a new concept; the theory stretches back centuries.26 On occasion, capitalist peace doctrine promoted unity through global institutions, themselves in need of constant reform and responsiveness. It also achieved American interests; the United States was its primary beneficiary in terms of profits and security. Now, as historian Jeremi Suri argues, Trump threatens to make America a reviled and counter-productive international pariah that risks upsetting global order, stability, and, ultimately, peace.27

To lift the message on a Women’s March of January 21 sign into the trade context, we might protest, “not this shit again.”28 The United States fought for stability and a liberal, open system after World War II but it


need not return to nationalism/protectionism for the sake of popular politics. Nationalism is a powerful tool but it can end in disaster. We should learn from that history. Nor is trade simply a case of national winners and losers, like a game show. Everyone can win, and oftentimes, everyone does. Contrary to Trump’s views, America is not getting “ripped off all the time,” as he proclaimed while standing alongside a visiting prime minister.29 Localism has always been present as a compelling shaper of politics and culture, but we should not bring it to the international level. Globalization has its discontents but there can be change within the system rather than a revolutionary trade war. America got a second chance after World War II to abandon nationalistic isolationism. A third chance might not be in the offing.

Perhaps Donald Trump is just spouting rhetoric to appeal to his base, as Hoover and Roosevelt did in the 1930s. After all, Roosevelt eventually turned to trade liberalization. Still, his new trade law was not the powerful antidote to the Great Depression it might have been had he engaged trade partners on a multilateral basis from the start; the trade regime was too devastated to recover through bilateral commercial agreements. Maybe Trump will tone down his protectionism (possibly making side deals to assist certain beleaguered industries, as all presidents have done). If he does not, he risks, once again, retaliation against U.S. exports, higher priced imports, rising costs for consumers who shop at Walmart or Amazon, and intensified (and needless) diplomatic tensions with key allies and powerhouses in Europe, Asia, and Latin America. That would be bad for Peoria as well as Paris.


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