

What Worked In 1896 Isn't What Works In 2024

By Peter Coy Opinion Columnist
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As The Republican Party Repositions Itself As The Party Of Working Men And Women, William McKinley Is Having A Moment. (I'm Surprised, Too.) McKinley, Who Served As President From 1897 To 1901, Was Such A Champion Of Tariffs That He Was Happy To Be Called The Napoleon Of Protection.

For Years, **Donald Trump** Has Cited McKinley As A Role Model On Tariffs — Taxes On Imports — Which He Sees As A Means Of Protecting The Jobs Of American Workers From Foreign Competition. He Did It Again Recently In An Interview With Bloomberg Businessweek, Saying “McKinley Made This Country Rich,” And Calling Him The Most Underrated President. “I Can't Believe How Many People Are Negative On Tariffs That Are Actually Smart,” Trump Said.

Before Trump Picked Him As His Running Mate, Senator JD Vance Of Ohio Told My Colleague Ross Douthat That “The Economics Profession Is Fundamentally Wrong About Both Immigration And About Tariffs.” Restricting Immigration And Imports Has The

Effect Of Forcing American Companies To “Do More With Your Domestic Labor Force,” Which Has “Positive Dynamic Effects,” Vance Said.

I Get What Trump And Vance Are Trying To Do As They Emerge From The Republican National Convention Into The General Election, And I Get Why McKinley Is Getting A Second Look From From Their Party. A Lot Of Society's Ill's Relate To The Disappearance Of Good Jobs In Vast Swaths Of The Country, And It's Tempting To Think That Cutting Off Cheap Imports Would Bring Some Manufacturing Jobs Back.

Karl Rove, Who Was President George W Bush's Top Political Strategist, Burnished McKinley's Image With His 2015 Book, “The Triumph Of William McKinley: Why The Election Of 1896 Still Matters.” Rove Observed That McKinley Served In Congress And The White House When The United States Was Fast Becoming A World Power Because Of Its Growing Industrial Strength. Tariffs Allowed American Companies To Gain Strength Until They Could Compete On An Equal Footing With British And German Industry.

But What Worked In 1896 Isn't What Works In 2024.

The United States Is No Longer An Up-And-Comer That Can Hide Behind A Tariff Wall. As A Commercial Superpower, It Has Special Obligations To Preserve And Expand The

Rules-Based International Trading System. If The United States Raises Barriers To Trade, It's Harder For It To Argue That Others — China, In Particular — Should Lower Theirs.

Trade Between Willing Partners Is A Good Thing, For The Most Part Anyway. It Encourages Specialization And Increases Global Prosperity. A Country That Limits Trade With Others Ends Up Poorer, Saddled With Inefficient And Corrupt Domestic Producers That Have No Incentive To Improve.

In McKinley's Day, Tariffs Still Accounted For About Half Of The Federal Government's Revenue. McKinley, A Republican, Favored High Tariffs Partly To Fund An Activist, Energetic Government (As Rove Pointed Out). It Was The Democrats Who Wanted Low Taxes And Small Government.

Clearly, Funding An Activist Government Is No Longer A Republican Rationale For High Tariffs. One Of **Trump's** Wilder Ideas Is To Wind Back The Clock And Once Again Rely On Tariffs In Place Of Taxes To Fund The Government. Could That Work? "Simply Put, No," The Peterson Institute For International Economics Concluded Last Month. The Federal Government Was Much Smaller In 1896. There Was No Social Security, Medicare Or Medicaid, And The Military Was Smaller (Although Big Enough For The United States To Defeat Spain In The "Splendid Little War" Of 1898).

There Are, To Be Sure, Some Good Reasons To Restrict Trade. One Easy Case Is National Security. The United States Obviously Shouldn't Ship Advanced Weaponry To China Or Russia. A Trickier Case Is Raising Barriers As A Negotiating Tactic To Get Other Countries To Lower Theirs. Trickier Because Temporary Measures Can End Up Becoming Permanent Or, Worse, Provoking Targeted Trading Partners To Raise Rather Than Lower Their Barriers.

The Biden Administration Has Kept Some Of The Tariffs That **Trump** Put In Place When He Was President, And It Has Imposed Some Domestic-Purchasing Rules That Rankle Trading Partners. But Its Main Strategy For Rebuilding America's Productive Capacity Has Been More Positive: Investment In Green Energy Projects, Infrastructure, Chip Making And Other Key Sectors.

Reciprocity In Trade Has Been A Tradition Since The Earliest Days Of The Republic, Douglas Irwin, An Economist At Dartmouth College, Told Me. The Difference Is That Some Presidents Use It In A Positive Way: If You Cut Your Barriers, We'll Cut Ours. Others Use It In A Negative Way: If You Don't Lower Your Barriers, We'll Raise Ours. *He Said **Trump** Is The Latter Type.*

I Asked Irwin What He Would Tell Trump If He Had The Chance. He Said That McKinley's Life " Was Tragically Cut Short Just As He Was Thinking About Reciprocity In

In A Very Different Way.” He No Longer Seemed To View High Tariffs As Good In Themselves, Irwin Said. One Reason Is That The U.S. Economy Had Gotten So Strong That It Benefited From Getting Other Countries To Open Up Their Markets, So It Had To Open Up Its Own As Well.

I Looked Up A Speech That Irwin Referred To That McKinley Gave In Buffalo On Sept. 5, 1901, Early In His Second Term. He Didn’t Sound Much Like The Author Of The McKinley Tariff Act Of 1890, Which Raised Taxes On Imports To The Highest They Had Ever Been.

“God And Man Have Linked The Nations Together,” McKinley Said, According To A Transcript. He Added, “We Must Not Repose In Fancied Security That We Can Forever Sell Everything And Buy Little Or Nothing. If Such A Thing Were Possible, It Would Not Be Best For Us Or For Those With Whom We Deal.

“Commercial Wars Are Unprofitable,” McKinley Said. “If Perchance Some Of Our Tariffs Are No Longer Needed,” He Continued, “For Revenue Or To Encourage And Protect Our Industries At Home, Why Should They Not Be Employed To Extend And Promote Our Markets Abroad? In Other Words, He Was Saying The Country Should Raise Tariffs Temporarily As Bargaining Chips In Trade Negotiations, Not For Revenue Or Protection.

McKinley Was Shot By An Anarchist The Next Day And Died On Sept. 14, So We'll Never Know How Serious He Was About That Pivot. What We Can Say Is That His Final Public Utterance Was Correct. Tariffs And Other Barriers To Trade May Be Necessary In Certain Times And Places, But They Should Be Regarded As Marks Of Failure, Not Of Success.

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Quote Of The Day

“What Starts Out Here As A Mass Movement Ends Up As A Racket, A Cult Or A Corporation.”

— Eric Hoffer, “The Temper Of Our Time” (1967)