Trumping Protectionism

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The goal of our study on protectionism throughout the 20^{th} and 21^{st} centuries is to understand the possible effects of the protectionist economic policies promised by President Trump during his campaign for President in 2016 and proposed through the Presidential office such as the 20% tariff on Mexican imports. To do this, our team analyzed a variety of case studies regarding tariffs imposed by the United States in the past, with emphasis on each case study's political circumstances, economic impact, and the general public reaction. Our team analyzed overarching histories, specific trade policies, and international trade agreements and organizations. Overall, we observed a trend of immense trade liberalization through the creation of intergovernmental organizations and agreements, such as GATT, which sought to reduce tariffs overall, beginning after the implementation of the Smoot-Hawley Tariff. Moreover, the employment of such tariffs have not resulted in broad economic benefits, with the average consumer being the ultimate victim, although they may have succeeded in providing some relief to a particular industry.

Introduction

The election of Donald Trump came to pass through a storm of populism, carried to fruition by rust belt states that have seen their local industries diminished as a result of increased globalization and the implementation of numerous free trade agreements in recent years. Now, with a president in the White House who champions a policy of "America First," who promises the revitalization of industry and return of lost jobs, and whose administration has already floated a 20% tariff on Mexican goods, it is almost a certainty that we will see protectionist economic policies in place within next four years. Such policies, whether in the form of tariffs, import quotas, or domestic subsidies, are sure to have an effect on American industry and the working class Americans who populate it. The question remains - can such policies bring about the change Donald Trump has promised his supporters? In a world as internationally connected as ours, how might directly resisting the encouragement of future globalization and actively counteracting its forces affect our economic growth and the economic welfare of our most vulnerable citizens? Through a case study analysis of several major trade agreements and tariffs imposed on foreign imports since the Smoot-Hawley Tariff Act of 1930, we will be investigating the likely effects of possible future protectionist trade policies on national economic and industrial welfare as they would be perceived by the American public. We hypothesize that future economic protectionism, by raising domestic prices and diminishing consumer buying power, while also failing to significantly impact American production and employment, will lead experts and the public to classify it as a failure.

Literature Review

Tariffs have been a question of national economic policy since before the United States' founding. While their presence in history is certain, the effect they have on economic welfare and industry is debated to this day. The United States relies heavily on imports - if the U.S. maintains the same level of imports as it had in January 2017, it will amass over 2.8 trillion dollars worth of imports in the current calendar year (US Census) - and tariffs are, most often, the tool used to dramatically limit the flow of such imports, particularly in domestic industries that are at risk of faltering due to low import costs from overseas.

While tariffs are designed to foster domestic industry, thereby benefiting domestic workers, a study by Rutgers professors Vlad Manole and Mariana Spatareanu, "Trade openness and income — A re-examination," suggests otherwise. Using the index of trade restrictiveness, an aggregate of a country's import tariffs and welfare level, they find that countries that are less trade protective tend to have a higher GDP per capita (Manole and Spatareanu, 2010). This suggests that even though they may protect certain ailing domestic industries, perhaps tariffs are an inadequate solution to the problem of improving economic welfare per capita. However, while Manole and Spatareanu address current trade restrictive nations and their GDP, they do not analyze potential changes in overall GDP per capita, particularly in a span of only a few short years, due to newly implemented trade protectionism and restriction. This paper seeks to analyze possible short-term future growth levels due to such policies, reflecting immediate relief for Americans in sensitive economic situations.

There is even evidence against the claim that tariffs protect domestic industry. In a paper for The

Economic Journal entitled "Rent Seeking, Protectionism and Innovation in the American Steel Industry," researchers Stefanie Lenway, Randall Morck and Bernard Yeung conclude that protectionism effectively coddled the American steel industry, causing them to become less apt at participating in international markets. This disrupts the natural innovation that comes with vulnerability to global competitiveness. They also found that the primary benefactors of protectionism in a particular industry were senior officials and shareholders, as opposed to wage-earning workers (Lenway et al. 1996). While Lenway, Morck and Yeung do not address it, their findings suggest that an increase in protectionist trade policies would not directly benefit Americans in economically vulnerable situations, particularly in its initial phase. Based on historical evidence, our research seeks to analyze whether this will be case, and the likely effects on such a policy's public and academic support.

But even as introducing new barriers to trade such as tariffs may not directly benefit the lowest paid workers, a reduction in such barriers can prove to leave those same sectors of labor worse off. In an article published in The Canadian Journal of Economics, James Townsend analyzes the effects of tariff reduction on wages and employment in the affected industries. In studying the reduction in tariffs on various Canadian industries as a part of the CUSTFA in 1988, Townsend found that as tariffs were reduced, wages in the previously protected industries fell and unemployment of those in the previously protected industries rose (Townsend, 2007). This suggests that as protectionist trade policies are repealed, the most vulnerable workers in such industries are negatively affected. When combined with those of Lenway, Morck and Yeung, theses findings suggest that in both the institution of protectionism and in its reduction, those in wage-earning and sub-managerial positions are negatively affected. While such findings suggest that a decrease in protectionism will not only not benefit those who are economically vulnerable, but also benefit those in managerial and administrative positions, they do not address whether such policies will, in the short term, be deemed failures to accomplish popular economic recovery and reinforcement. This paper attempts to accomplish the latter.

In January 2017, author Gregory Daco published an article in the journal Economic Outlook predicting strong future consumer spending and a solid future labor market on the basis of likely business deregulation and tax cuts, though he acknowledges the unpredictably of the newly inaugurated Trump administration (Draco, 2017). Daco also predicts that U.S. exports will be subdued due to a strong USD and global headwinds. Faltering U.S. exports and a strong U.S. dollar are both strong impetuses for protectionist trade policy. These are the trade measures this paper seeks to predict the effects of, both in actuality and in public opinion.

Public opinion surrounding United States' trade policy has fluctuated from generally negative to generally positive, with variance depending on the manner in which the questions regarding favorability are posed. In "Free-Trade Opposition Unites Political Parties in Bloomberg Poll," authors John McCormick and Terrence Dopp find that 44%, of Americans believe that NAFTA has been harmful to the U.S. economy, and 82% of Americans say they would pay for consumer goods that were manufactured in the United States, a possible indicator of support for protectionist trade policies, such as tariffs that raise costs on consumers while putting pressure on industries to bring back domestic production (McCormick and Dopp, 2016). This is in contrast to Frank Newport's analysis of a Gallup poll in "American Public Opinion on Foreign Trade" that shows that 58% of Americans view foreign trade as an opportunity for American economic growth on the basis of increased export, while less than 40% see it as a threat on the basis of increased imports. These discrepancies mark the error associated with the ways in which the questions regarding public opinion on trade are formed; Newport estimates that the disdain for foreign trade shown in the Bloomberg poll could have been turned into support had it been phrased so that it addressed U.S. economic growth (Newport, 2016). Thus, any overarching analysis of public opinion on the subject of trade is not only skewed in its origin, but also lacking an educated understanding of the effects en masse.

According to Daniel Kono's paper "Does Public Opinion Affect Trade Policy?," while public support for free trade often leads to lower tariffs and increased liberalized trade, it alone does govern a nation's likely policy on trade (Kono, 2008). What Kono's research fails to discern is the effect of a departure from free trade in nations, as the United States may be, whereby free trade is not only the standard, but also supported by the majority, on public opinion. This paper seeks to make an accurate prediction of that effect should such a departure take place in the near future.

Methodology

We selected our case studies from policies implemented within the United States in order to grasp the economic and political impacts salient to the country. To ensure similarity and consistency, primary emphasis was placed on acts that were implemented within the last century. The design of our research is a combination of both historical data and predictive statistical analysis. Each of the case studies that we completed falls into the topic of descriptive research. The correlational research includes the predictive studies that were analyzed, and the way in which they predicted the possible effects that protectionist policies would have on the United States. This combination of methodologies is used because, in order to study the possible effects, it is important to both analyze what has resulted from protectionist policies throughout U.S. history as well as the important role that statistical data analysis is able to play in predicting future outcomes. Ultimately, this combination ensures that the research covers as many different variables as possible, while still observing and acknowledging what history tells us.

We first collect and analyze research from a wide database of texts focused on protectionist policies. To narrow down the number of results, particular keywords like 'United States', 'protectionism,' and Trump are used to filter the results to be more specific. To ensure a holistic analysis, we also conduct research on protectionist trade policies throughout the world. The U.S. has seen a limited number of protectionist policies in the last century, so analyzing the impact these policies have had on countries other than the U.S. was critical in coming to a conclusion on the research. Lastly, studies focusing on predicting both policy and impact of certain policies implemented by the Trump Administration are examined. In addition, important statistical analysis, graphs, charts or economic data are compiled. For each research paper analyzed, a brief description is written highlighting important findings. We are then able to separate the articles into different categories depending on what the focus of their research to allow for organization and fluidity. These categories included historical U.S. tariffs, trade organization and predictive research that looked at trade in the future. Through the combination of historical data and predictive statistical analysis, we are able to draw comprehensive conclusions.

The most important, and most common, measure used in our research is the economic impact of specific case studies on tariffs through United States history. This monetary measure is used in a number of the studies we analyze, particularly when a tariff was placed on a specific good, as well as the overall impact that tariff reduction has on wages. Outside of monetary and fiscal economic measures, the second most important measure used in our research is an analysis of public opinion following the implementation of certain tariffs. This can be seen in a number of different ways through public opinion polls, and perhaps most importantly, elections that followed tariff implementation. Similarly, the reaction of economic and political experts to tariffs is an important measure in our research, bearing in mind that we are using scholarly to support our conclusions.

In his quantitative assessment, James Irwin looked at the economic impact that the Smoot-Hawley Tariff had on the U.S. economy, the role that it played in the Great Depression, and the political implications to those who supported the tariff. Kevin Ho analyzed the implications of the 2002 steel tariff implemented under the Bush administration in his 2003 paper. This paper looks at the motivations, overall economic impact, international reaction, and reasoning behind the administration's decision to end the tariff prior to the planned end date. In an article by Daniel Klein, a case study is completed analyzing both the economic and political motivations for the motorcycle tariff implemented under the Reagan administration in the 1980's. Other trade policies that were focused on in our research include the Reciprocal Tariff Act of 1934, the Chicken Tax of 1963, the 1987 and 2002 Tariffs on Canadian Lumber, the 1987 Tariff on Japanese Electronics, the Omnibus Foreign Trade and Competitiveness Act of 1988 and the Trade Act of 2002.

Certainly, while data and statistics from past tariffs and protectionist policies were important to reach a conclusion, a full history of protectionism in the U.S. is important to look at as well. Bruce Bartlett's comprehensive analysis of trade policy in the U.S. focuses on the changes in trade from the United States' origins as a colony until the 21st Century. Matthieu Bussière, Emilia Pérez-Barreiro, Roland Straub, Daria Taglioni focus their study on the increasing calls for protectionism in the 21st Century and the implications these calls could have on economic growth throughout the world.

There are overarching trends concerning tariffs and protectionist policies that emerge when one looks at these policies throughout history and the world. Christina Davis asserts in her published piece that protectionist policies implemented during financial crises will often elicit a reciprocal response from other nations throughout the world. James Townsend's study delves into the effect tariff reductions have on the wages and employment of workers in the affected industries. Since the primary focus of the research is to predict the impact of isolationist policy on protectionism, we conduct research on case studies that focus on the future. Oxford Economics released their world economic prospects in January 2017. It predicts that world trade will benefit from the current economic growth seen in the U.S., but points to the Trump administration's stance on trade as creating an uncertain global forecast. Derek Scissors paper looks to analyzes the campaign promises made by President Trump in terms of trade and focuses on how he could improve upon the work made by President Obama. They also suggest possible steps President Trump could take in terms of avoiding trade policies that would not be beneficial to U.S. workers or the economy.

Finally, to analyze the impact that possible protectionist policies could have on the U.S., we conduct research on various trade agreements and organizations around the globe involving the United States. We also consider legislation enacted in the U.S., and the impact it could have on the Trump administration's enactment of protectionist trade policies and tariffs. Esmaeli Kiani's 2014 study analyzed the overall impact that GATT (General Agreement on Tariffs and Trade) had on the countries involved as well as the overall world economy, and the impact that came from its dissolution. Thomas Dillon and William Cline both analyze GATT's successor, the World Trade Organization in their studies. Margaret Kelly's research looks at the ways in which the Trade and Tariff Act of 1984 gave Congress much broader powers when it came to American negotiations in trade agreements. Jeffrey Nieznanski's paper looked at the impact the Trade Act of 2002 had on the President's power when it comes to negotiating treaties.

Results & Findings

Smoot-Hawley Tariff of 1930

While debate continues over the role that the Smoot-Hawley Tariff played in creating the Great Depression, Douglas Irwin contends in his quantitative assessment that the tariff bears some of the responsibility for the collapse of trade seen in 1930. The tariff's original goal was to combat the emergence of the great depression. It aimed to protect American jobs from foreign competition, a campaign promise that Herbert Hoover had run on in 1928 and that ultimately helped him win the election. This tariff took a year and a half to pass through Congress, with some bipartisan support in both the House and Senate, yet within two years of its passage, U.S. trade had collapsed entirely. To analyze the role the tariff played in this collapse, Irwin et al. (1998) pointed to a few different statistics in his conclusion. First, the tariff led to a 5-6% overall price increase for imports. Second, imports declined 40% from 1930 to 1932. Of this 40%, 22% can be directly attributed to the Smoot-Hawley Tariff. While there were extraneous factors involved in the decrease of imports during this time period, the "small, direct shock" that the Smoot-Hawley Tariff had on the economy was enough to lead to a large impact.

There was negative reaction around the world immediately following the passage of the Smoot-Hawley Tariff, as President Hoover's administration received notes of protests from 23 foreign governments. Canada responded with tariffs on 30% of all American imports, and France and Britain reached out to new trade partners (Eichengreen 1986). Ultimately, the political impact was significant, as Representative Hawley and Senator Smoot both lost their bids for reelection, and Herbert Hoover lost the presidential election to Franklin Delano Roosevelt.

Reciprocal Trade Agreements Act of 1934

The Reciprocal Trade Agreements Act of 1934 provides the framework for and allows the president to enter into reciprocal treaties, meaning that he can make trade agreements with another nation in order to expand trade between the two. Its passing reflects a feeling of discontent stemming from the economic nationalism represented by previous trade legislation such as the Smoot-Hawley Act of 1930. The Reciprocal Trade Agreements Act's passage and implementation gave way to a dramatic reduction in tariff rates and boosted economic performance. Tariffs fell from avg. of 60% in 1930 to 5.7% in 1980, as mentioned in I.M. Destler's paper in the Harvard Business Review. The GDP more than tripled (FRED) from 1947 and 1980, and Net Exports remained relatively constant at 0, dropping in the late 1970's and rebounding only slightly in the early 80's before plunging once more. The Reciprocal Trade Agreements Act made 19 trade agreements possible between 1934 and 1939, and has been attributed by the US Trade Representative as being a serious contributor to strong economic growth and recovery in the post-depression era (USTR, 2014). Thus, while the Smoot-Hawley Act was incredibly unpopular, RTAA has been heralded as the introduction to modern and economically liberal trade policy.

The "Chicken Tax"

The demand for American Chicken in Europe was strong, particularly in West Germany in the post-World War II years. However, the European Economic Community, realizing that domestic producers within its own member nations could not compete with American prices, imposed a tax on chicken imports, causing demand for American chickens in Europe to fall dramatically. American President Lyndon B. Johnson promptly countered this move by imposing a 25% tariff on imported pickup trucks, potato starch, brandy, and dextrin (Ikenson, 2003). Due to the tax on pickups, the American auto industry benefitted due to the absence of foreign competitors in the light truck sector, namely competitors from Europe and Asia (Bradsher, 1997). Regardless, U.S. sales of chickens in Europe continued to fall through 1969 (Lowenfeld, 1972). Moreover, Lowenfeld makes an important distinction when discussing the effect of the tax on truck and brandy imports. Lowenfeld states that the German truck industry directly competed with the American truck industry, while France's brandy was relatively unique and had no significant or viable competitors. Thus, truck imports from Germany saw a significant reduction, while there was relatively no effect on imports of French brandy -- imports of French brandy even saw an upswing towards the end of the decade (Lowenfeld, 1972). Therefore, the Chicken Tax could be deemed a qualified success, effectively casting aside foreign competition only in industries where suitable U.S. substitutes were found.

Trade Act of 1974

The Trade Act of 1974 was designed to give the President of the United States special authority that would enable a more efficient negotiation of international trade agreements. The most significant provision of the Trade Act of 1974 is Section 301, a portion of the legislation that carried over into the Omnibus Foreign Trade and Competitiveness Act of 1988 and was the subject of much debate. Section 301 (labeled Super 301 in the Omnibus Act) authorized the President of the United States to act however he or she may see fit in order to force the elimination of any foreign trade policy deemed unfair or discriminatory against the United States (Bayard, 1994). While its implementation proved mildly successful in the late 1980's, it stands today as the precursor to the modern call for hostile trade policy intended to retaliate against nations with trade policies that appear unfair to the United States' economy (Hansen, 1987).

1983 Tariff on Motorcycles

The recession in the early 1980s had severely affected the market for motorcycles in the United States and had a huge detrimental effect on the performance of famed motorcycle company Harley Davidson. Harley Davidson blamed part of their lackluster performance on Japanese imports of motorcycles, which were taking up an increasingly large market share (Kitano, 2009). The plan that was designed by the ITC to aid Harley Davidson (which according to CATO made up 75% of the US Market for motorcycles at the time) was to "raise the current tariff of 4.4 percent to 49.4 percent and keep it there for a year; lower the rate to 39.4 percent in the second year, to 24.4 percent in the third year, to 19.4 percent in the fourth year, and to 14.4 percent in the fifth year. After the fifth year the tariff is to return to 4.4 percent" (Klein, 1984). CATO predicted that there would be economic losses and the Reagan Administration understood that such would ensue. The tariff lasted for five years, and Harley Davidson saw its sales rise significantly. In Taiju Kitano's and Hiroshi Ohashi's paper, titled "Did US safeguards resuscitate Harley-Davidson in the 1980s?" it is shown that 13% of the sales that Harley Davidson procured during its recovery were the result of the tariffs (2009). Yet, overall the economy did not benefit, as consumer loss remained high (Kitano, 2009). Therefore, the Reagan Administration's goal of safeguarding Harley Davidson and the domestic motorcycle industry succeeded with the implementation of the tariff, despite the harm it inflicted in the average American consumer through higher prices.

Trade and Tariff Act of 1984

Legislation in the United States that requires the president of the United States to inform the House Ways and Means Committee, and the Senate Finance Committee, before opening free trade negotiations. Each committee then has 60 legislative days to permit or deny the negotiations (Kelly, 1988). The Act increased congressional influence over American trade agreements.

15% Tariff on Canadian Lumber

Canada's lumber exports expanded massively from 1950 through to 1985, by the end of that period rising to 32.4% of the softwood lumber consumed in the United States (Chen, 1987). This massive market share of the softwood that Canadian companies possessed threatened U.S. lumber companies, and many began to pine for increased tariffs on Canadian lumber imports to safeguard their own companies. Due to these demands from U.S. lumber companies, the United States and Canada agreed to impose a 15% export tax on Canadian lumber (taxes which Canada would collect), taking effect in January of 1987. In David Wear's and Karen Lee's 1993 analysis of the tariff's effects titled "U.S. Policy and Canadian Lumber: Effects of the 1986 Memorandum of Understanding," they find that Canada's share of the

U.S. Lumber market decreased during the period in which the tariff was imposed. Additionally, the market share Canada held decreased in the immediate period before the tariff was imposed, which Wear and Lee assert coincided with the formulation of the trade policy. Moreover, Wear and Lee state that domestic production did rise by 1.8 bbf/yr while there was a decline in imports that accounted to 2.6 bbf/yr, therefore deeming the tariff a success (Wear, Lee 1993).

Omnibus Foreign Trade and Competitiveness Act (1988)

In response to the U.S. economy that waned significantly in the 1970's, and that was met with increased international competition in the early 1980's, the Reagan administration, under pressure from American industry and workers' unions, passed this act in an effort to reduce trade surpluses with the United States enjoyed by countries it believed to have unfair advantages (Dale, 1993). It accomplished this by prompting the President to act on Section 301 of the Trade Act of 1974, a provision many academics and foreign governments initially saw as a form of intimidation and an abuse of the United States' superpower status (Cass, 1991).

The Omnibus Act, while seen by some as a hostile way of forcing international trade agreements to bend in the United States' favor, actually came to be seen by experts as a successful addition to the ways in which multilateral free trade agreements were reached. The Omnibus Act was passed with overwhelming support in both Houses of Congress (Hughes, 2003).

30% Tariff on Canadian Lumber (2002)

According to Peter Berg, analyst for the Canadian parliament, this tariff arose from fears that the Canadian government had been subsidizing the Canadian lumber industry by charging lower "stumpage" prices, thus allowing the companies to export softwood to the United States at prices lower than what many US companies consider market price (Berg, 2004).

A similar report released by the United States International Trade Commission detailed the conflict began as a result of a difference in harvesting methods. While the US lumber industry harvested from private lands, Canadian companies harvested timber from government owned-lands. The US based Coalition for Fair Lumber Imports alleged that private industry prices should be the market value prices (USITC, 2002).

The 30% tariff consisted of two parts: one to combat the subsidizing of Canadian lumber companies and the other to combat dumping efforts by Canadian companies. The first was a countervailing duty based on preliminary evidence proposed by the US Department of Commerce in 2001 that determined the existence of a subsidy of Canadian softwood lumber exports to the United States at a rate of 19.31 percent (Foster, 2008). Final investigation by Department of Commerce found a subsidy rate of 17.18%. This was combined with an anti-dumping review, in which Canadian companies were determined to have dumping margins ranging from 0.92 to 10.59 percent (Garrett, 2002).

The tariff ended on April 26, 2006 when Canada and the United States reached a new framework agreement after a NAFTA panel ruled in February 2006 that Canadian softwood lumber exports were not being subsidized. By this time, the US had collected 5.2 billion dollars in duties. Under the new agreement, the US would return 4 billion dollars of those duties. The new trade agreement also made it harder for the US to enact new trade actions or pull out of the lumber agreement as well as restrictions on Canadian exports dependent on price. The new agreement was based on establishing long term stability for the entire industry.

In effect, due to miscalculation and misinterpretation of international law, the United States had placed a tariff on Canadian lumber that was ruled unjust, resulting in the loss of U.S. ability to readily impose such measures in the future, and without significant economic gain.

Trade Act of 2002

The Trade Act of 2002 gave the President authority to negotiate and introduce trade agreements, only giving Congress the ability to pass or reject the agreements rather not amend it. This authority began in 1974 with the Trade Act of 1974 under President Gerald Ford, but has not been renewed since it expired in 1994. This Act sought to mitigate some of the effects of increased globalization, particularly environmental damage due to investment protection provisions contained within NAFTA (Nieznanski, 2006).

U.S. Steel Tariff Act of 2002

In his second year as President, George Bush sought to take steps to protect the U.S. steel industry after it had seen more than 30 domestic manufacturers declare bankruptcy. To accomplish this, he decided to impose a tariff of up to 30% on imported steel, with the goal of providing "workers, communities and steel producers purported relief from surges of imported steel," (Ho, 2003). Immediately following its passage, the EU announced retaliatory tariffs against the U.S. and a case was filed at the WTO.

When the ruling came back, the Bush Administration faced $2 billion in sanctions, as well as retaliatory tariffs that ultimately succeeded in pressuring the Administration into repealing the Act in December of 2003. The U.S. Steel Tariff Act of 2002 would prove to be far more costly than effective, resulting in higher costs and reduced production of steel in the United States, and an increase in unemployment in industries related to steel manufacturing.

The legality of the decision to implement this tariff was questionable. It failed to provide relief to the industry it was designed to protect, and cost the Bush Administration political capital. In academic circles, some regarded it as ploy to repay Republican voters within the Steel Industry, and failed to find any economic justification for its passage (Wharton Journal, 2002).

Discussion

Across all of the trade legislation, both agreements and restrictions examined in our research, a distinct trend appears, one that arcs towards trade liberalization. In the scope of this paper, since the Smoot-Hawley Act of 1930, trade protectionism has slowly been decreasing. Beginning with the Reciprocal Trade Agreements Act of 1934, further power has been granted the President so that he or she might be better equipped to introduce and pass trade agreements, a power that has, in almost all cases, resulted in increasing reductions in trade protectionism and tariffs with each renewal and updated iteration of the framework put in place in 1934 to negotiate such agreements. Thus, it can be concluded that the natural progression of trade policy points towards free trade. Any deviation from such a progression is not without hurdles or without reciprocity.

As further trade liberalizing legislation is passed both on the domestic and international front, such as GATT and the formation of the World Trade Organization, further barriers to trade protectionism arise. This makes it increasingly difficult for the President of the United States to use the power vested in him or her, and in the U.S. Trade Representative, to impose trade restrictions without threat of retaliation in the form of similar reciprocal trade restrictions and sanctions imposed by an international governing body such as the WTO. Attempts at overcoming such barriers have cost the U.S. political capital and reparations, as in the case of the Tariff on Canadian Lumber in 2002, and increased unemployment, rising costs, and stifled production in industries they were meant to protect, as in the case of the U.S. Steel Tariff Act of 2002.

The effects of tariffs on industry are not to be ignored, however. In the case that a tariff is applied legally, as were the 1983 Harley Davidson Motorcycle Tax and the 1987 Tariff on Canadian Lumber, the barriers to foreign imports can indeed prove to prop up an ailing industry, but only for a limited time.
The economic effects of such policies are that consumer costs rise dramatically and that no economic benefit is gained outside of the protected industry.

Regardless of their negligible effects on overall public economic welfare, public support for tariffs has increased since the Trade Act of 1974, and the Omnibus Trade Act of 1988. The latter marked the first time that it became American policy to examine the "fairness" of other countries' trade policies, as opposed to their overall effects on the economy and consumers. It provides the ideological framework that may allow the aversion towards the United States' trade deficit with Mexico to become future protectionist trade policy.

Limitations

While we believe that we have made a strong case to evaluate the validity of our hypothesis, there were still some limitations that hindered some of our understanding on the issue. During this process, we refrained from conducting statistical inquiries of our own, instead using data from a variety of scholars and their publications pertaining to each case study. While we would have preferred to conduct our own quantitative analyses, time constraints and our own collective inexperience with statistical software deemed such a desire unfeasible. Therefore, we relied on our literary sources for any quantitative data that may have been cited in this paper. Our dependency on outside sources limited our paper in several ways. Among these limitations were a lack of information, the quality of our literary resources, and inherent biases within those resources that hindered a prospective independent quantitative analysis.

One of the primary obstacles we faced in our analyses of these case studies was the relative lack of data concerning specific industries in the United States. For example, the U.S. Bureau of Labor Statistics and the Federal Reserve Economic Data databases did not contain data pertaining to the automotive industry's labor rates prior to the 1990s. This proved problematic in our analyses of cases such as the "Chicken Tax" that was imposed in the early 1960s. Considering the Chicken Tax's effect on the automotive industry, we believed it would prove valuable to analyze the tariff's effect on the automotive industry in the United States as a whole, and within specific states that are heavily reliant on the auto-industry, such as Michigan and other states in the Midwest. The same issue arose with the labor numbers (or lack thereof) for tariffs affecting the auto industry that President Reagan imposed in the early 1980s and tariffs concerning Canadian softwood imports from August 2001 to January 2007. Hence, we were limited in terms of the specificity with which we could analyze certain industries who may have been most affected by a particular tariff, due to a lack of data on the employment or performances of those industries or companies.

The selection of literary sources may also prove to be a limitation of our paper. Due to the more qualitative nature of our study and reliance on other sources, we are of course privy to our literary source's own biases in terms of each respective author's own attitude and opinion towards a certain policy. For example, it has been significantly more difficult for our team to access more pro-tariff resources, which would be necessary to maintain a sense of neutrality for our paper.

Moreover, it is important to keep in mind that each case study is the result of a different set of economic and political circumstances, circumstances that are massive in scope. This research team conducted our understanding and interpretation of these circumstances at face value and did not attempt to make value judgements of each case study in circumstances that weren't applicable to their time and setting. Therefore, our conclusion is based off of our own interpretations and inferences of the case studies at hand.

Conclusion

Throughout Donald Trump's campaign, he railed against the departure of domestic industry due to increased globalization and increasingly free trade. Since his inauguration, he has publicized possible plans to diminish the United States' trade deficit with Mexico by imposing a tariff on Mexican imports. We do not mean to assume that such a tariff will be levied.

If, however, we were to see a similar tariff or trade policy enacted by the Trump administration in the coming years, several factors will contribute to its branding as a success in the eyes of the American public.

As recorded by Bloomberg, 82% of Americans would pay higher consumer prices on goods they knew were produced in the United States. A tariff levied on imports would indeed raise consumer prices.

If a protectionist trade policy enacted within the next four years is to be considered a success for the current administration, it must do three things: the policy must, in no uncertain terms, provide significant economic relief for the industries it is designed to protect, it must not raise consumer prices too drastically, and it must appear to bring 'fairness' to the trade deals between the U.S. and the country it is levied on.

Due to the fact that a tariff imposed on a country such as Mexico or Canada in an effort to bolster specific American industries would almost certainly be illegal, resulting in the payment of reparations, the loss of political capital, and negative economic effects such as retaliatory tariffs and rising consumer prices not likely mitigated by the positive effects on the designated industries, we believe that any protectionist trade policy levied within the next few years will not be deemed a total success in the courts of public and academic opinion.

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