

Trade, Globalism, and the American System

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Introduction

American trade policy in the Post-Cold War era has been grounded in a larger embrace of globalism by the establishments of both political parties. The modern embrace of globalism is a sharp departure from the Founding Fathers' ideas. The United States needs to move away from globalist ideology and managed trade agreements and move to a modernized American System, making the national interest the cornerstone of trade policy.

In the Post-Cold War era, the United States engaged in a managed trade policy that systematically increased imports and exported manufacturing production and jobs to increase interdependency between nations. The ideological assumption is that interdependency prevents war; thus, the loss of manufacturing jobs and the reduction in the middle-class wages of Americans is worth global peace. The ideological assumptions are wrong and dangerous. The Founding Fathers warned against public policy being driven by ideology and wanted American policy to be grounded and guided by proven principles.

The United States' traditional trade policy was rooted in the American System that President George Washington and Secretary Hamilton established. The American System promoted free enterprise at home and national self-interest-guided trade policy. Tariffs were established not to encourage certain businesses' interests but to promote the general welfare and self-sufficiency of the United States. The United States needed to protect native manufacturing and other new enterprises from being undercut by the subsidized exports of major economic powers. The American System worked and led to the rise of the United States as the world's leading economic power in the early 20th Century.

President Woodrow Wilson laid the ideological foundations for the departure from the American System with his globalist ideology and belief that the interdependency of nations promoted peace. His ideas took root in the elite circles of higher academia, media, business, and the political establishment. President Franklin Roosevelt embraced Wilson's vision and set the stage for a globalist trade and foreign policy at the Bretton Woods Conference.

President George H.W. Bush moved America's foreign and trade policy into a complete globalist ideology. Manufacturing jobs were moved to other nations, and imports were increased to further interdependency between nations. The establishments of both parties embrace the globalist agenda.

America needs a modernized American System trade policy that rejects ideology and globalism and roots trade policy in the promotion of Free Enterprise domestically and the national interest in trade policy. Trade policy should focus on bilateral treaties which maximize American bargaining advantages. The United States should not secede from any sovereignty to international bodies. Trade policy should be upheld through good faith with the mediation of disputes and no arbitration by international bodies.

Modern Trade Policy and Globalism

The 1991 National Security Strategy set President Bush's vision for the New World Order. Bush envisioned a world peace maintained primarily by interdependency, international

organizations, and a focus on globalism over nationalism. America would move manufacturing jobs to other nations to use America's enormous market to lock other countries, especially China, in a state of co-dependency to prevent future conflicts.¹

The Globalism ideology claims that first is that globalization is the natural outworking of market forces and history. Further, globalism is in the best interests of all nations and classes and furthers the growth of democracy. Engagement through Trade inevitably brings about democracy in the long run.²

The Civil War in the United States was fought even though the states were all democracies and tightly interdependent. The highest interdependency and world trade period before the 21st Century was before World War 1. Not only did the interdependency not avoid the war, but it contributed to the elites of every major power's decisions to take part in a senseless war that each nation would have been better off staying neutral.³

The modern age of globalism has not brought peace. Instead, the world is threatened by a backlash against globalism. Radical Islam continues to grow within the Islamic world. A nationalistic backlash led to the war between Russia and Ukraine. China has become the greatest polluter of any nation in history. China is increasingly pursuing an aggressive foreign policy and aids dictators worldwide. China is undergoing a massive strategic military buildup. Yet again, globalist ideology prevents Western power from clearly understanding and dealing with the rising threat from China.⁴

The current managed free trade policies helped enable the high debts needed to finance the large governments of the major economic powers. The exportation of blue-collar jobs helps to keep down inflation. The Global Agreement on Tariffs and Trade (GATT) was the first step in creating managed free Trade.⁵

President Obama negotiated the Trans-Pacific Partnership (TPP), which included all the major economic powers of the Pacific region except for China. TPP would create a Pacific trade pact that included a transnational bureaucracy with sweeping economic authority and the ability even to override domestic policy decisions. President Trump's withdrawal from TPP was the first major blow against globalism.⁶

¹ United States National Security Strategy (Aug 1991) (<http://nssarchive.us/national-security-strategy-1991>).

² Id, at 21-26.

³ Niall Ferguson, "Sinking Globalization," *Foreign Affairs*, 3-6, (2005).

⁴ Joe Fallows, "China's Great Leap Backward," *The Atlantic*, 7-15 (December 2016).

⁵ Roberto Batemarco, "Why Managed Trade is Not Free Trade," *Foundation of Economic Freedom* (August 1997). <https://fee.org/articles/why-managed-trade-is-not-free-trade/> (last accessed December 17, 2022).

⁶ Mireya Solis, "Trump Withdrawing from the Trans-Pacific Partnership," *Brookings Foundation*. <https://www.brookings.edu/blog/unpacked/2017/03/24/trump-withdrawing-from-the-trans-pacific-partnership/> (last accessed January 10, 2023).

Trump was elected on a platform to dismantle globalist foreign and Trade policies and move toward national interest-driven agenda. However, Trump largely populated his administration with globalists from previous administrations who succeeded in preventing reform. Such as, his renegotiate of NAFTA did little more than repackage as USMCA but left the managed trade bureaucracy and rules in place. Other than the withdrawal from TPP, no fundamental, lasting changes occurred.⁷ Biden was elected and continues to believe in a globalist but is increasingly facing problems from a globalist system, which breaks down. Biden has not adopted any major new trade policies and tries to deny the growing problems.⁸

The American System and the Traditional Trade Policy of the United States

President George Washington and Secretary Alexander Hamilton established the traditional American trade policy. Hamilton authored the policy in his *Report on Manufacturers*, which he submitted to Congress in 1790. Hamilton supported free enterprise domestically coupled with tariffs to protect infant manufacturing. The goal of America's trade policy would be to promote the national interests of the United States and national self-sufficiency and reject ideological trade policies and policies designed to help one section or special interests. The American System was rooted in economic nationalism, free enterprise, and natural law.⁹

The first and most important principle of the American System was imposing tariffs on imported manufacturing goods to allow the development of American industries. The American economy is the world's largest and most developed in the modern era. Therefore, the principle of tariffs would translate into preventing foreign powers from undermining the United States through unfair trade practices.¹⁰

Hamilton wanted to combine protection from foreign Trade with solid domestic competition, remove internal trade barriers, and allow market forces to govern business rather than government regulation. The modern globalist agenda has been matched by increases in government regulation, increasing the domestic costs for businesses. The American system also includes strong patent protection and intellectual rights. Likewise, tariffs were to be used to bar the import of goods infringing American innovators' patents and intellectual rights.¹¹

⁷ Geoffrey Gertz, “5 Things to Know About USMCA, the New NAFTA,” *Brookings Foundation*.
<https://www.brookings.edu/blog/up-front/2018/10/02/5-things-to-know-about-usmca-the-new-nafta/> (last accessed January 10, 2023).

⁸ Simon Schropp, “Biden and Trade: No Trade Policy, No-Trade Policy or Both?,” *Intercomics* Vol 57, (2022).
<https://www.intereconomics.eu/contents/year/2022/number/6/article/biden-and-trade-no-trade-policy-no-trade-policy-or-both.html> (last accessed January 10, 2023).

⁹ Jeff Sessions, “Top Five Concerns with Trade Promotion Authority,”
<http://www.tppbadforus.info/index.php/jeff-sessions> (last accessed February 28, 2018).

¹⁰ Thom Hartmann, “Alexander Hamilton Argues Against Free Trade,” <http://www.tayenlane.com/tlp-news/2015/8/22/alexander-hamilton-argues-against-free-trade-a-must-read>. (last accessed January 11, 2012).

¹¹ Id.

Hamilton was not advocating a European-style mercantilist system. Mercantilism focused on the interests of the state. The American System focused on the interests of the American people as a whole, both their economic and security interests. Therefore, self-sufficiency was needed but not protection from competition from imports from nations with market forces determined comparative action. Hamilton embraced the ideas of Adam Smith in a pragmatic manner. He understood that economic efficiency was not the only factor to be considered in trade policy.¹²

Washington added to the American System that trade agreements should be upheld by mutual good faith between nations. Washington warned against expecting disinterested special favors from other countries, having a habitual fondness or hate in general, and specifically against Trade. Thus, Washington would have rejected the globalist idea that engagement with China through Trade would alter the regime's nature.¹³

Hamilton also wanted strong consumer protection laws against fraud. He understood it was vital that American businesses operate ethically. Hamilton heeded the warning from Adam Smith that businesses would tend to try to undermine market competition through undue influence on government.¹⁴ Washington strongly warned against giving up any part of independence, including sovereignty and ties that hinder America's independent decision-making. Washington cautioned against economic dependence on other nations. Trade was not to be forced but done freely to the extent other countries mutually desired the Trade.¹⁵

The Founding Fathers understood that the government's purpose was to serve the people of that nation and to protect the liberty and interests of that people. Globalism calls on countries' leaders to serve the ideology of globalism and govern according to the global interest. The call to serve global interests and ideology goes against the fundamental duties of a sovereign as understood by the Founding Fathers.¹⁶

The American System served as the cornerstone for the United States' economic and Trade policy throughout the 19th Century and the first third of the 20th Century. The approach allowed America to develop into the leading economic power in the world and both the supreme industrial and agricultural power. Defenders of the current globalist trade policy defend the loss of manufacturing industries as the natural displacement of manufacturing by high tech. However, in the 19th Century, the manufacturing industries did not displace the agricultural sector but

¹² Edward G. Bourne, "Alexander Hamilton and Adam Smith," *The Quarterly Journal of Economics*, Vol 8 (April 1894): 332-334 and 337-339.

¹³ George Washington's Farwell Address, 28-29, (1797), <https://www.gpo.gov/fdsys/pkg/GPO-CDOC-106sdoc21/pdf/GPO-CDOC-106sdoc21.pdf>.

¹⁴ W. Ver Eecke, "Adam Smith and Free Market," 8-10, (2013) 1-18 (2013) <http://www.springer.com/cda/DownloadDocument/9783642350900-c2.pdf?SGWID+0-0-45-1373636-p174726073> (last accessed January 11, 23).

¹⁵ Washington Farwell Address, 19-21.

¹⁶ Herbert W. Titus, *God, Man, and Law: The Biblical Principles*, (Chicago, IL: Institute in Basic Life Principles 1994), 75-78

rather supplemented and transformed the agricultural sector.¹⁷

The manufacturing industries enhanced the agricultural sector in the 19th and 20th centuries. Manufacturing provided new tools and inventions which increased the productivity of the agricultural sector and led to the United States becoming the leading agricultural power in the world by the end of the 19th Century. High-tech jobs should enhance the manufacturing and agricultural sectors, not displace them. The more efficient use of resources allows more research and development and increases the market for all goods. Therefore, technologies may displace at the microeconomic level, but higher technology increases the workforce and living standards at the macroeconomic level.¹⁸

The principles of the American System are well-suited to guide the nation in the modern world. The American System was not dominated by ideology but rather by the simple principles of putting American interests first and upholding the Constitution. All decisions should be based on the national interest. The American System allowed for pragmatic shifts to changing circumstances. The United States was allowed to deal with each nation flexibly. American policy was rooted in realism and avoided ideology fantasies and habitual hate and loves of other countries.¹⁹

The Rise of Globalism and Internationalist Legal Positivism

Economic and Trade debates took place throughout the 19th Century. However, the general political consensus embraced the ideas of the American System. No major party questioned that trade policy should focus on American self-sufficiency and national self-interest. Nor did any central party question that America should have a domestic free enterprise system. The debates were over the best tariffs, and no significant political fraction argued that free Trade should be embraced without other nations making concessions to the United States.²⁰

Woodrow Wilson was the first President to reject the American System. Wilson created a tremendous modern regulatory state, which reduced domestic free enterprise. He pushed through the creation of the Federal Trade Commission to regulate business trade practices. He created the Federal Reserve, which erroneously has been depicted as a return to the National Bank.²¹ The Federal Reserve was designed to allow manipulation of the economy by central planners. The

¹⁷ Id., at 18-22.

¹⁸ Ben Miller and Robert Atkinson, “Are Robots taking our jobs or making them?” *The Information and Technology Forum*, 8-12, 18-22 (September 2013) <http://www2.itif.org/2013-are-robots-taking-jobs.pdf>. (last accessed January 12, 2023).

¹⁹ Washington’s Farwell Address, 23-29.

²⁰ Patrick J. Buchanan, *The Great Betrayal: How American Sovereignty and Social Justice Are Being Sacrificed to the Gods of the Global Economy* (McLean, VA: PJB Enterprises, 1995) 111-115, 136-138, 156-160).

²¹ Earl Latham, *The Philosophy and Policies of Woodrow Wilson* (Chicago, IL: University of Chicago Press 1958) 122-132.

Federal Reserve can buy government bonds and manages the nation's money supply, neither of which was true of the National Bank. Hamilton would have vehemently opposed empowering the federal government to manipulate the national economy.²²

Wilson held an ideological view regarding trade policy. He wanted managed free Trade regardless of the actions of other powers and viewed all nations as having a duty to place global *interests before national interests*. Wilson pushed through the Underwood Tariff, which reduced the basic tariff from 40% to 25%, the lowest in decades for the United States. Most importantly, the reduction was made unilaterally without any concessions from other powers, making America's tariffs well below those of most other major economic powers for the first time.²³

Wilson also believed in a legal positivist view of Trade and foreign policy. He wanted to create international organizations to restrain the behavior of nations, and that international organizations would be guided by experts who would contribute to more intelligent and victorious policies. He fathered the League of Nations, an early preview of the United Nations, but the Senate rejected the United States' membership. Wilson wanted trade agreements that created enforcement of international organizations to settle disputes.²⁴

Wilson's grand project was the International Trade Tribunal (ITT) which was to be part of the League of Nations. Wilson saw the ITT as a centerpiece of the League of Nations. Wilson envisioned a new, expanded globalist trade era, which the ITT would manage. The ITT was to have sweeping powers to regulate commerce, settle disputes, approve the appropriate tariffs, and even adjudicate on national policies which affected Trade.²⁵ Senator Henry Cabot Lodge blocked ITT in the same fight, which stopped the League of Nations.²⁶

President Franklin Roosevelt embraced the globalist ideology and sought to implement it in Trade. In 1934, Congress passed the Reciprocal Trade Act, which allowed the President to reach binding agreements to reduce tariffs with other nations.²⁷ The act was unconstitutional as Article 1 Section VIII reserved to Congress the sole authority to set tariffs and control trade policy.²⁸ Congress turned over legislative authority to the Executive Branch in violation of the Separation of Powers and abdication of its Article 1 duty. Globalism has accompanied rising executive power and declining Congressional authority. Globalism has furthered the rise of big government and undermined the foundations of the American Republic.

²² Id.

²³ Buchanan, *The Great Betrayal*, 18 and 22-26.

²⁴ Jonah Goldberg, *Liberal Fascism*, (New York, NY: Broadway Books, 2007), 266-270.

²⁵ Huston Thompson, "An International Trade Tribunal," *World Affairs* Vol 110 (1947) 12-14.

²⁶ Goldberg, *Liberal Fascism*, at 266-270.

²⁷ Michael Bailey, Judith Goldstein, and Barry Weingast, "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade Economy," *World Politics* Vol 69 (1997) 316-318.

²⁸ U.S. Const. art. I, § 8.

President Roosevelt wanted even greater authority but was denied by Congress. He wanted Fast Track Authority. Fast Track Authority allowed the President to negotiate trade Treaties which would not require a two-thirds majority of the Senate for confirmation. Instead, the House and Senate would vote on the treaty but would not be allowed to amend or filibuster the treaty. The treaty would only require a simple majority for passage. Fast Track Authority would first pass in 1974.²⁹

The issue of fast-track authority is a critical point in the debate over trade policy. Fast track allows narrow elite interests to be pursued over national interests. The Founding Fathers put in the two-thirds requirements for Senate ratification to ensure that only treaties with broad cross-sectional support could pass. The Founding Fathers wanted to make sure the national welfare was being promoted.³⁰

Managed Trade, WTO, TPP, and China

The WTO is the principal agent of managed Trade. It was created in 1995 by the Marrakesh Agreement, replacing GATT with 132 signing the agreement. The WTO is a modern realization of Wilson's vision for the ITT. The WTO has the power to arbitrate trade disputes and overturn domestic legislation of sovereign. It's the most significant realization of the globalist transnational power of an international organization.³¹

Advocates of WTO and TPP claimed that the dispute settlement provisions were not mandatory and that the United States was giving up no sovereignty.³² Since the WTO agreements were extended and passed without debates or amendments, most Congressmen needed to read the treaty and understand the pact's details. However, once the WTO came into effect, it became clear very quickly that Congress considered the dispute settlement provisions legally binding.³³

Nothing in the United States Constitution permits Congress or the President to cede national sovereignty to a transnational organization or any other nation. Further, the WTO operates through councils and committees which make decisions that impact American Trade and domestic policy. Any treaty which overrides American domestic policymaking authority is

²⁹ William H. Cooper, "Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy," *Congressional Research Service* (2014), 4-5.

³⁰ Alexander Hamilton, *Federalist* 75, 1-3 (1788).

³¹ Joshua Meltzer, "The Future of Trade," *Foreign Policy* (April 2011) <http://foreignpolicy.com/2011/04/18/the-future-of-trade/> (last accessed January 20, 2023).

³² Paul Ryan and Ted Cruz, "Putting Congress in Charge of Trade," *Wall Street Journal* (April 2015) <https://www.wsj.com/articles/putting-congress-in-charge-on-trade-1429659409> (last accessed January 4, 2023).

³³ Lori Fisler Damrosch and Sean D. Murphy, *International Law Case and Materials 6th Edition* (Minneapolis, MN: West Publishing Company, 2014), 610-611.

unconstitutional.³⁴

The Obama administration brought 20 WTO lawsuits over dumping and a few cases raised over labor violations. Eleven suits were made against China and then India, with three lawsuits brought against it.³⁵ Notably, the Obama administration neglected the vital area of intellectual property and patent violations, of which China is a notorious violator.³⁶ Obama trumped up the prospect that the fourteen wins in the lawsuits would reduce the Trade by billions saving thousands of jobs. Naturally, it did not cite an actual reduction because none occurred.³⁷

The trade deficit increased throughout the Obama administration, primarily the imports from China. Most steel imported from China is routed through other nations such as South Korea, Turkey, and Brazil. American production of steel is now less than one-eighth the amount of China. China's percentage of the steel trade went from 15% of the world's production to 49% at the end of 2016, with a majority of the increase occurring during the Obama administration and the United States being the primary importer of Chinese steel.³⁸

The Obama administration WTO's wins against China produced no real-world trade results. The Obama administration's failure to be honest about this reality has only aided China's cheating. One of China's effective tactics was to route the steel through other countries to avoid the impact of the WTO rulings. China also failed to follow most of the rulings. In other cases, they repackaged the subsidies. The United States must be willing to impose tariffs on China to fight China's illegal trade practices truly.³⁹

In any case, China has not allowed a WTO ruling to slow down its subsidizing of steel, aluminum, and other exports. China uses WTO as a weapon against other nations fighting its trade abuses and does not allow it to hinder its trade aggression. However, China has only been able to do so due to the failure of American leadership, which is handicapped by globalist ideology and the undue influence of major corporations on the government.⁴⁰

³⁴ Titus, *God, Man, and Law*, 73-79.

³⁵ *Id.*

³⁶ Larry M. Wortzel. "Cyber Espionage and the Theft of U.S. Intellectual Property and Technology" Testimony before the United States House of Representatives Committee on Energy and Commerce Subcommittee on Oversight and Investigations, 4-9 (July 9, 2013).

³⁷ Office of the United States Trade Representative, 63 (March 11, 2018)

³⁸ Jacob M. Schlesinger, Emre Perker, and Bob Tita, "China Glut Tests Trade Alliances," *The Wall Street Journal*, A2 (March 2, 2018).

³⁹ Stuart S. Malawer, "Obama, WTO Enforcement, and China," *China and WTO Review* Vol 2 (September 2016) 361-365. http://cwr.yiil.org/home/archives_v2n2_09 (last accessed March 13, 2018).

⁴⁰ Timothy Webster, "Paper Compliance: How China Implements WTO Decisions," *Michigan Journal of International Law* Vol 35 (2014); 535-538, and 542-544.

The Need for a Modernized American System of Trade

The United States needs to reject globalism and managed Trade and return to the principles of the Founding Fathers. The most important reason is that globalism represents a rejection of the Founding Fathers' principles and a dangerous embrace of the Wilsonian tenets, which ultimately endanger the American Republic. Globalism is built on a Neo-Wilsonian ideology that rejects nationalism. Instead, globalism calls on governments to serve the global elites. Globalist ideology is incompatible with the American Republic's values but represents an Empire's values.

The United States needs to move to a modernized vision of the American System. American Trade policy should reject ideology and globalism and pursue national self-interest. The priority for the United States must be to uphold the Constitution and preserve the Republic. Globalist Trade has permitted national sovereignty to be seeded to transitional institutions and contributed to the unconstitutional expansion of Presidential power.⁴¹

A modernized American System would require a different level of high tariffs than in the Founding Fathers' day. The American economy is the strongest in the world. America can negotiate bilateral treaties with nations that maximize the nation's bargaining position. The United States has the largest market in the world. Thus, each country in the world needs Trade with America more than America needs Trade with that nation. Therefore, America can use bilateral treaties to advance actual free Trade far more effectively than the globalism of managed Trade.⁴²

A modernized American System would accept a true comparative advantage over another nation. America's economy is so large and diverse that market forces alone would likely eliminate any domestic industry. The competition would add to market forces to keep industries lean and innovative. However, whole industries like textiles have been virtually destroyed during the age of managed Trade.⁴³

The real driving force behind the dogmatism of the globalist elites is the belief in big government. The current size of governments of the major economic powers can only be maintained with huge deficits. The globalist trade policies, currency manipulations, and central bank manipulations of the bond markets operate to allow the financing of massive deficits.⁴⁴

The timeless values of the American System of Washington and Hamilton are domestic free enterprise, the advancement of national interest in Trade and foreign policy, and the shunning of ideology in all policies. Thus, the first change in American policy must be the abandonment of globalist ideology and a commitment to deal with the realities of the world and the difficult

⁴¹ Batemarco, "Why Managed Trade."

⁴² Eecke. "Adam Smith and the Free Market," 12-14.

⁴³ Id.

⁴⁴ Naill Ferguson, *The Ascent of Money: A Financial History of the World* (New York, NY: Penguin Books, 2008), 378-84, 388-392.

choices that reality demands.⁴⁵

Washington understood the most important reason for the American System, and the rejection of ideologies such as globalism was the protection of the American Republic, national sovereignty, and liberty of the American people.⁴⁶ American policymakers of both parties have advanced globalism regardless of the interests and opinions of the American people. Trade is managed by international bodies like the WTO, which do not answer to the American people. Foreign lobbies, including those of hostile powers like China and Saudi Arabia, increasingly shape American foreign policy.⁴⁷

The globalist elites continue to push globalism despite its failure. The world has become less safe since the end of the Cold War. Radical Islam has spread across the Islamic world, and China is undergoing a massive military buildup. China is increasingly aggressive in its illegal claims to the South China Sea. The American middle and working classes have lost ground, and the benefits of the trade treaties have gone primarily to the wealthiest one percent. Throughout American history, macro-economic growth benefited middle and working-class workers. The Post-Cold War era was the only time the middle and working classes lost ground while the economy grew.⁴⁸

The top one percent earned about 14% of total incomes in the United States in 1991. In 2017, the top one percent earned about 25% of total revenue in the United States. The average worker saw their real income drop by about 2% from 1991 to 2017. The top one percent owned only about 28% of the wealth in the United States in 1991. Now the top one percent holds over half the wealth in the United States. The concentration of wealth is the highest in American history. The Post-Cold War period was the most extended period of income stagnation for the middle and working classes in American history.⁴⁹

The NAFTA treaty terms were primarily written by big American businesses seeking to exploit the cheap labor in Mexico. Before NAFTA was ratified in 1993, the United States had a trade surplus with Mexico for two centuries. Since NAFTA was passed, the United States has

⁴⁵ Clyde Prestowitz, "Globalization Doesn't Make as Much Sense as it Used To," *The Atlantic* (Dec 2016) <https://www.theatlantic.com/business/archive/2016/12/globalization-trade-history/510380/> (last accessed January 22, 2012).

⁴⁶ George Washington's Farwell Address, 26-32.

⁴⁷ Daniel Greenfield, "The Global Failure of Globalization – Can We Survive Its Collapse?" (October 2017) <https://www.frontpagemag.com/fpm/268175/global-failure-globalization-daniel-greenfield> (last accessed January 22, 2023).

⁴⁸ Jeffrey Dorfman, "Trump Is Right; Globalization Has Slowed Middle-Class Income Growth," *Forbes* (November 2016) <https://www.forbes.com/sites/jeffreydorfman/2016/11/30/trump-is-right-globalization-has-slowed-middle-class-income-growth/#1dd76d432183> (last accessed January 3, 2023).

⁴⁹ "Income and Wealth Inequality in the United States." <https://inequality.org/facts/income-inequality/> (last accessed January 3, 2023).

accumulated over a Trillion in trade deficits with Mexico.⁵⁰ The NAFTA treaty included tax breaks for factories relocating from the United States to Mexico. The tariff on cars imported from Mexico was lifted while the VAT tax on goods from the United States to Mexico remained in place.⁵¹

In 2016, the United States imports were valued 2,188,940,000, while exports were only 1,454,624,000.⁵² The United States' trade deficit with China was 347,030,000, accounting for nearly half the trade deficit. China has trading deficits with most of its trading partners, and its trade surplus is almost entirely due to its exports to the United States. No other major trading partner tolerates China's one-sided trading policies.⁵³

China's total Trade was 2.119 trillion, and its net surplus was 427.92. Trade with the United States is about a third of China's Trade, and most of the trade surplus is due to exports to the United States. The concentration of the trade surplus with the United States demonstrates the steep inequality of the trading practiced between the two powers. China's economy was just over 11 trillion GNP in 2016, while the United States GNP was just under 19 trillion. The United States has allowed China to dump subsidized manufactured goods into the United States while keeping step barriers to most American exports for thirty years.⁵⁴

Thus, China is far more dependent on Trade and exports to the United States than America is on China. Thus, the United States should be able to negotiate the best trade terms with China of China's major trading partners. Instead, America operates under the most disadvantageous terms of any of China's major trading partners. The combination of globalist ideology and undue influence of the China lobby made of the Chinese government and American businesses with strong ties to China prevents America from negotiating favorable terms.⁵⁵

A modernized American System rooted in reciprocity would produce a more stable world economy. The United States would be able to move back to free enterprise and end corny capitalism and the manipulation of the economy by the Federal Reserve. The United States could

⁵⁰ Terence P. Jeffrey, "After NAFTA: \$1.66B Merchandise Trade Surplus with Mexico Became \$60.66B Deficit," *CNS NEWS* (August 2017) <https://www.cnsnews.com/news/article/terence-p-jeffrey/after-nafta-166b-merchandise-trade-surplus-mexico-became-6066b> (last accessed January 5, 2023).

⁵¹ Kimberly Amaded, "The Key Points of NAFTA Renegotiations," *The Balance* (March 2018). <https://www.thebalance.com/donald-trump-nafta-4111368> (last accessed January 5, 2023).

⁵² "United States Trading Partners," trade.gov https://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_003364.pdf (last accessed January 2, 2023).

⁵³ Daniel Workman, "China's Top Trading Partners," (Nov 2017) <http://www.worldstopexports.com/chinas-top-import-partners/> (last accessed January 2, 2023).

⁵⁴ Id.

⁵⁵ Thom Hartmann, "Alexander Hamilton Argues." 19.

lead a rebirth of pragmatic trade policies in which each nation looks after the welfare of its people rather than the interests of elites and multinational corporations. Washington and Hamilton envisioned such a world and saw how all peoples could economically advance.⁵⁶

Conclusion

American trade policy in the Post-Cold War era has been grounded in a larger embrace of globalism by the establishments of both political parties. The modern embrace of globalism is a sharp departure from the Founding Fathers' ideas. The United States needs to move away from globalist ideology and managed trade agreements and move to a modernized American System, making the national interest the cornerstone of trade policy.

Managed Trade has resulted in the middle class and working poor in the United States and much of the world losing economic ground. The foundations of the American Republic have been undercutting American interests' subservience to globalism. The American elites increasingly govern against the will of the American people and, in a dishonest manner, lack faithfulness to the people.

Increasingly the United States has given trade authority over to international bodies like the World Trade Organization and international trade bureaucracies created by treaties like NAFTA. Trade negotiators were guided by a globalist ideology and not American interests. The treaties serve the interest of multinational corporations and special interests at the expense of the genuine national interest.

America needs to adopt a modernized American System trade policy that rejects ideology and globalism and roots trade policy in promoting Free Enterprise domestically and the national interest in trade policy. Managed Trade should be dismissed, and all trade treaties should be straightforward reductions of trade barriers that increase free Trade. America needs bilateral treaties which maximize American bargaining advantages with no surrender or sovereignty. Trade policy should be upheld through the good faith of the partnering nations with the mediation of disputes while rejecting arbitration and regulation by international institutions.

⁵⁶ Samuel Wagreich, "Lobbying By Proxy: A Study Of China's Lobbying Practices In The United States 1979-2010 and The Implications For FARA" *Journal of Politics and Society* (October 2013), 142-149.

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