

## WHY ARE WE STILL DEBATING FREE(ER) TRADE?

The current brand of modern economic nationalism is willing to sacrifice overall prosperity for relative, and unlikely, global supremacy.

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### PREFACE

*Recently, the current, U.S. Administration has imposed a series of new tariff policies quite different than the international trade regulations of the past.<sup>1</sup> Historically, the United States has used tariffs as a transitory instrument to help emerging economies,<sup>2</sup> or as a temporary punitive measure to prevent human rights violations.<sup>3</sup> Modern tariffs are designed to be a carrot or stick. However, recent tariffs seem to have a different goal in mind: global supremacy. To respond, I felt a need to type up and annotate the notes I use to teach basic economic trade policy to the students, who enroll in my Antitrust and Trade Regulation course, so they can have somewhat of a rudimentary foundation to understand better the more complicated economics we eventually cover in the course. Here, I present*

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1. See, e.g., Ana Swanson & Brad Plumer, *President Imposes Steep Tariffs on Washers and Solar Products*, N.Y. TIMES, Jan. 23, 2018, at A1 (reporting on the United States imposing tariffs on imports of washing machines and solar energy cells and panels in January 2018, in an effort to protect manufacturers in the United States); Jeremy Diamond, *Trump hits China with tariffs, heightening concerns of global trade war*, CNN (Mar. 22, 2018), <https://www.cnn.com/2018/03/22/politics/donald-trump-china-tariffs-trade-war/index.html> [<https://perma.cc/ZUK7-A9NX>] (reporting on the United States imposing tariffs on about \$50 billion worth of Chinese imports); Jim Tankersley & Keith Bradsher, *Trump Hits China With New Tariffs*, N.Y. TIMES, Sept. 17, 2018, at A1 (reporting on the United States imposing tariffs on another \$200 billion worth of Chinese goods and was prepared to tax all imports).

2. See Claudia Calich, *How Tariffs Can Stir Emerging Markets*, THE TELEGRAPH (Sept. 21, 2018, 12:45 pm), <https://www.telegraph.co.uk/money/investment-management/import-tariffs/> [<https://perma.cc/9JA4-YPG4>] (explaining how long, drawn out trade disputes can disrupt and alter global supply chains, and discussing how a trade war between the United States and China could create pockets of opportunity for emerging economies). For example, import tariffs on Chinese goods may help Mexican exports to the United States, and Chinese tariffs on U.S. products could benefit alternative exporters, such as Brazil and Argentina in the case of soybeans. *Id.*

3. See *The Right Way to Trade*, HUMAN RIGHTS WATCH (July 31, 2003, 8:00pm), <https://www.hrw.org/news/2003/07/31/right-way-trade-0#> [<https://perma.cc/XC8C-E6GD>] (explaining how the Bush administration structured trade agreements to incentivize El Salvador and other Central American countries with weak labor laws to adjust their policies); see also Jonathan Masters, *What Are Economic Sanctions?* COUNCIL ON FOREIGN REL., <https://www.cfr.org/backgrounder/what-are-economic-sanctions> [<https://perma.cc/US8A-3WLU>] (discussing how economic sanctions have become the tool of choice to respond to major geopolitical challenges, from counterterrorism to conflict resolution).

*those notes as an essay to show and caution that the current brand of modern economic nationalism is willing to sacrifice overall prosperity for relative, and unlikely, global supremacy.*<sup>4</sup>

#### ESSAY

Liberal (and neoliberal) economists theorize that the fundamental goal of humanity is to maximize the use of the world's resources.<sup>5</sup> To simplify the tireless, yet undoubtedly rewarding work of thousands of economists: they believe that through the division of labor and subsequent trade,<sup>6</sup> the total output of society increases.<sup>7</sup> With that increased output come lower prices,<sup>8</sup> and with lower prices come immediate benefits to all (in theory)

4. See Mary Amiti, Stephen J. Redding & David Weinstein, *The Impact of the 2018 Trade War on U.S. Prices and Welfare*, CTR. FOR ECON. POL'Y. RES. (2019), <https://www.princeton.edu/~reddings/papers/CEPR-DP13564.pdf> [<https://perma.cc/N349-L3RQ>]; see also The Editorial Board, *The Trade-War Growth Slowdown*, WALL ST. J. (July 26, 2019, 7:11 PM), <https://www.wsj.com/articles/the-trade-war-growth-slowdown-11564182695> [<https://perma.cc/C89H-AVAS>]; see generally Andrew Chatzky, *The Truth about Tariffs*, COUNCIL ON FOREIGN REL., <https://www.cfr.org/backgrounder/truth-about-tariffs> [<https://perma.cc/FVF7-NPU4>].

5. Economic liberalism is the term for the classical theories of economics emphasizing the concept of the free market and *laissez-faire* policies, with the government's role limited to providing mere support services. THE FIN. TIMES, *Lexicon*, <http://lexicon.ft.com/Term?term=liberal-economics> [<https://perma.cc/3HU8-K2UK>]. Economic neoliberalism is an ideology and policy model that emphasizes the value of free market competition. It is often characterized in terms of its belief in sustained economic growth as the means to achieve human progress, its confidence in free markets as the most efficient allocation of resources, its emphasis on minimal state intervention in economic and social affairs, and its commitment to the freedom of trade and capital. Nicola Smith, *Neoliberalism: Political and Social Science*, ENCYCLOPEDIA BRITANNICA, <https://www.britannica.com/topic/neoliberalism> [<https://perma.cc/FN4K-TVWU>]. See generally Stephanie Lee Mudge, *What is neo-liberalism?*, 6 SOCIO-ECONOMIC REV. 703, 703–31 (2008) (conceptualizing neoliberalism's political side, and emphasizing that any failure to grasp neoliberalism as a political form will foster an implicit assumption that Western political elites are naturally opposed to the neoliberal policies); see also He Bingmeng, *An Analysis of the Anti-socialist Nature of Neo-liberalism*, 8 J. INT'L CRITICAL THOUGHT 28, 28 (2018) (providing a critical analysis of neoliberal economic policy models and their effects on trade between China and the United States and the United Kingdom, and calling for continued critical analyses of neoliberalism to ensure Chinese reform).

6. See Michael Munger, *Division of Labor*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Enc/DivisionofLabor.html> [<https://perma.cc/3Y2F-MU4R>] (explaining that specializing and partitioning a complex production task into several, or many, sub-tasks, divided among many workers, instead of a single worker completing the entire complex production task, increases efficiency and productivity, and creates incentives to trade).

7. See generally Nathan Rosenberg, *Adam Smith on the Division of Labour: Two Views or One?*, 32:126 ECONOMICA 127, 128 (MAY 1965); see also Barry R. Weingast, *WAR, TRADE, & MERCANTILISM: RECONCILING ADAM SMITH'S THREE THEORIES OF THE BRITISH EMPIRE* (Sept. 6, 2018), SSRN: <https://ssrn.com/abstract=2915959> [<https://perma.cc/2JYM-KP4S>].

8. See generally Michael S. Jacobs, *Second Order Oligopoly Problems with International Dimensions: Sequential Mergers, Maverick Firms and Buyer Power*, 46 THE ANTITRUST BULLETIN 537 (2001).

through increased consumption and investment.<sup>9</sup> Increased consumption means more goods at home,<sup>10</sup> while increased investment means more productivity (through further division of labor) at work,<sup>11</sup> which in turn drives prices down further.<sup>12</sup> Indeed, many economists agree that life improves for virtually everyone when we have more.<sup>13</sup> And, the way to get more is to trade.

Trade maximizes the use of resources through a concept called comparative advantage.<sup>14</sup> Coming from a background where a high division of labor is already prevalent,<sup>15</sup> it seems like common sense that if I do what I do best, and you do what you do best, and then we trade, together we will likely both come out ahead. The mathematical explanation for this common-sense understanding twists the words around a little bit to say, really, that if I do not do what I am not good at, that then will leave more resources, which more efficient people can use to do those things instead of me. This concept is known as opportunity cost.<sup>16</sup> The idea being that if I must choose between making semiconductors and soybeans for a living, for example, then I should choose the one I know I am less wasteful at producing.

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9. See Robert P. Murphy, *The Importance of Capital in Economic Theory*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Columns/y2014/Murphycapital.html> [<https://perma.cc/5HF7-YKU3>] (explaining how increased financial capital correlates to increased capital investment and an ultimate increase in capital goods).

10. See Josh Bivens, *The Potential Macroeconomic Benefits From Increasing Infrastructure Investment*, ECON. POL'Y INST., <https://www.epi.org/publication/the-potential-macroeconomic-benefits-from-increasing-infrastructure-investment/> [<https://perma.cc/RHB9-V683>] (explaining how greater public investment can increase productivity by boosting the public capital stock).

11. See Alexander J. Field, *Productivity*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Enc/Productivity.html> [<https://perma.cc/35L7-DUVS>] (demonstrating how increased labor productivity positively impacts quality of life via the American car industry during the 1920s. As labor productivity rose, it took fewer and fewer hours to assemble a Model T. Consequently, the price of automobiles fell, and the real standard of living of Americans increased).

12. *Id.*

13. See Donald J. Boudreaux, *Comparative Advantage*, THE LIBR. OF ECON. & LIBERTY, <http://www.econlib.org/library/Enc/ComparativeAdvantage.html> [<https://perma.cc/E6X7-M9TZ>] (describing comparative advantage as an ability to produce goods at a lower cost than anyone else and explaining how trade allows for specialization based on comparative advantage which enables all parties to consume more than each party can produce themselves).

14. See Arnaud Costinot, *On The Origins Of Comparative Advantage*, 77 J. INT'L ECON. 255–64 (2009) (proposing a theory of international trade where better institutions and more educated workers are complementary sources of comparative advantage in the more complex industries).

15. See David R. Henderson, *Opportunity Cost*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Enc/OpportunityCost.html> [<https://perma.cc/FD9K-K8M3>] (explaining that opportunity cost is the cost of using a resource that arises from the value of what it could be used for instead).

16. *Id.*

For example, if with my resources I could, in an hour, produce either five semiconductors or eight bushels of soybeans, and you on the other hand could also produce five semiconductors but only one bushel of soybeans, and we both produced semiconductors, I would be giving up eight-fifths of a bushel of soybeans for every single semiconductor I produced, whereas you in fact would only waste one-fifth of a bushel of soybeans to produce a single semiconductor. If we both produced soybeans, I would waste five-eighths of a semiconductor for every bushel of soybeans I produced, but you would potentially lose a whopping five whole semiconductors just to produce a single bushel of soybeans. Following this theory, we should trade. That is: I should produce soybeans because it costs me less (in terms of semiconductors), whereas you should produce semiconductors because it costs you less (in terms of soybeans) than me to produce them.

So, if after one hour of work we trade our products, I could sell you one bushel of soybeans for four semiconductors; and, this price would be worth it to you because it would otherwise cost you five semiconductors to produce a single bushel of soybeans. If we traded at this rate, I would end up with seven bushels of soybeans *and* four semiconductors, and you would end up with one bushel of soybeans *and* one semiconductor. The grand total of goods produced in one hour is eight bushels of soybeans and five semiconductors. Huzzah! We both came out with more goods at the end of the hour than we could have produced ourselves, for if I had produced seven bushels of soybeans, I could have only then made five-eighths of a semiconductor, while if you had made yourself a semiconductor you could have then only produced four-fifths of a bushel of soybeans. So, we both came out ahead.

Granted, I, however, came out with many more products than you did, especially considering we are equally skilled at producing semiconductors, and I secured four semiconductors and you only have one semiconductor. But society overall has benefitted because we wasted very little, produced more than we otherwise would have, and perhaps you should be happier because you can have a bushel of soybeans after only working for one hour.

Now, let us see how all this math works on an international trade level. I will play the role of Country A and you can be Country B. The price we set earlier on semiconductors was one bushel of soybeans for every four semiconductors. Now, if soybeans prove to be not so useful, the price could dip lower, but never lower than eight-fifths of a bushel of soybeans for every semiconductor because Country A can produce semiconductors for that cost and would not have a need to trade with Country B for that product. After trade opens, however, Country A's producers of semiconductors might become upset because the country is filling its semiconductor consumption needs from overseas producers instead of at-

home producers. Before trade opened, they were being paid at least eight-fifths of a bushel of soybeans for every single semiconductor produced. With trade, they must compete with the Country B semiconductor manufacturers, who can sell semiconductors for as low as one-fifth of a bushel of soybeans. There is no way they can survive making semiconductors but becoming a producer of soybeans is not so easy because it is a different industry requiring a different skill set for production. So, the semiconductor manufacturers of Country A lobby the President, and/or Congress passes some laws placing protections on the semiconductor market. Perhaps these laws result in a tariff that sets the price of Country B's semiconductors artificially at the equivalent of two bushels of soybeans in Country A. If the people of Country A need a lot of semiconductors, this pricing poses a problem because the people of Country A will have to pay more to purchase Country A's semiconductors than they otherwise would have to pay if they were able to purchase free-trade semiconductors from Country B. As a result, Country A is depleting more of its resources to maintain the same standard of living; or, the result is a lower standard of living for going without the semiconductors it needs.

Let's say the people of Country A need about four semiconductors and four bushels of soybeans per hour to support their lifestyles. They, therefore, only produce four bushels of soybeans per hour, which means they can produce only two and a half semiconductors. They need another one and a half semiconductors per hour. So, they still need to trade; but, with the tariff so high they actually lose by trading because they must pay the equivalent of two bushels of soybeans per semiconductor for the one and a half semiconductors demanded to meet their needs. So, the overall quality of life falls because the people of Country A can no longer afford to consume four bushels of soybeans and four semiconductors per hour.<sup>17</sup> They must go without.

Burtless, Lawrence, Litan, and Shapiro of the Brookings Institute made this connection clear in their classic handbook explaining the American impact of globalization, *Globaphobia*,<sup>18</sup> wherein they wrote:

Just as workers are mutually better off trading their labor for the consumer goods and services produced by others, nations are better off when firms and workers produce and trade the goods

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17. See Stephanie Dhue & Ylan Mui, *American Businesses Paid 50% More In Tariffs In September Due To Trump's Trade War, Industry Coalition Says*, CNBC (Nov. 5, 2018), <https://www.cnbc.com/2018/11/05/tariff-payments-up-50percent-in-september-on-trump-trade-war-industry-group.html> [<https://perma.cc/JH4B-CTZW>] (reporting that U.S. businesses paid \$4.4 billion in tariffs in September [2018], a surge of more than 50 percent from the same month a year earlier, noting that duties on steel and aluminum imports cost U.S. companies about \$545 million in September [2018]).

18. GARY T. BURTLESS, ROBERT Z. LAWRENCE, ROBERT E. LITAN & ROBERT J. SHAPIRO, *GLOBAPHOBIA: CONFRONTING FEARS ABOUT OPEN TRADE* (Gary T. Burtless et al. eds., 1998).

and services in which they enjoy a comparative advantage in exchange for goods and services that they can purchase more cheaply from others.<sup>19</sup>

This process, they said, benefits consumers as well for “we are all better off if we can purchase food, clothing, and shelter at a lower cost than if we had to produce each of these items ourselves.”<sup>20</sup>

Additionally, economists argue that trade allows for innovation.<sup>21</sup> Some of that surplus of goods and services can be invested for research and development instead of for consumption.<sup>22</sup> If it is not, firms will falter.<sup>23</sup> As Burtless et al. point out, “one need only look at the U.S. automobile industry, which in the early 1970s had grown complacent, but in the face of stiff Japanese competition has since become more efficient and improved the quality (and thus the value) of its products.”<sup>24</sup>

Critics of free trade, however, argue that there are more important things than overall economic growth.<sup>25</sup> One group of them is the economic

19. *Id.* at 20.

20. *Id.*

21. See Gary Shapiro, *Free Trade for Innovation*, FORBES (May 18, 2011, 4:11pm), <https://www.forbes.com/sites/garyshapiro/2011/05/18/free-trade-for-innovation/#2a21d2d536fe> [<https://perma.cc/HL4K-DX77>] (explaining how free trade results in economic expansion and a more competitive market environments which foster innovation).

22. See John LaMattina, *Pharma R&D Investments Moderating, but Still High*, FORBES, (June 12, 2018, 7:58 am), <https://www.forbes.com/sites/johnlamattina/2018/06/12/pharma-rd-investments-moderating-but-still-high/#c1f70d66bc25> [<https://perma.cc/U8WQ-4MA2>] (demonstrating how firms reinvest and dedicate excess capital toward research and development to innovate and stay competitive in sophisticated market environments).

23. See Bianca Miller Cole, *Innovate or Die: How A Lack of Innovation Can Cause Business Failure*, FORBES (Jan. 10, 2019, 6:30 am), <https://www.forbes.com/sites/biancamillercole/2019/01/10/innovate-or-die-how-a-lack-of-innovation-can-cause-business-failure/#414c6722fcb7> [<https://perma.cc/LT8K-JN6Y>] (explaining how once thriving firms like Blockbuster and Toys-R-Us met their demise due to a failure to innovate and adapt to new market conditions).

24. GARY T. BURTLESS ET AL., *GLOBAPHOBIA: CONFRONTING FEARS ABOUT OPEN TRADE*, 24 (Gary T. Burtless et al. eds., 1998); see also Michael A. Cusumano, *Manufacturing Innovation: Lessons from the Japanese Auto Industry*, 30 MIT SLOAN MGMT REV. (Fall 1988); see also Wolf D. Reitsperger & Shirley J. Daniel, *Dynamic Manufacturing: A Comparison of Attitudes in the U.S.A. and Japan*, 30(3) MGMT INT. REV. 203, 216 (1990).

25. See Reed Albergotti, *Huawei Ban Threatens U.S. National Security, Tech Companies Warn Trump Administration*, WASH. POST (June 7, 2019), <https://www.washingtonpost.com/technology/2019/06/07/huawei-ban-threatens-us-national-security-tech-companies-warn-trump-administration/> [<https://perma.cc/NF87-D4MG>] (discussing potential economic consequences of the Trump administrations prospective ban on Huawei. The Trump administration acted after the Chinese tech giant violated U.S. sanctions on Iran. The Iranians are currently under U.S. sanction in response for a number of security concerns including the furtherance of Iranian nuclear ambition and financing international terrorism.); see also *Sanctions Announcement on Iran*, U.S. DEPT OF STATE (Nov. 20, 2018), <https://www.state.gov/sanctions-announcement-on-iran/> [<https://perma.cc/XE3H-9P4H>] (detailing current U.S. Iranian sanctions); see also Rosie Perper, *Trump Calls Blacklisted Huawei a National Security Threat and Says He Doesn't Want to do*

nationalists,<sup>26</sup> who argue that national security is a far more important concern and subscribe to a philosophy where a country should protect its own economy by reducing the number of imports and investments from other countries.<sup>27</sup> Rather than argue that there are certain industries important to national security,<sup>28</sup> and therefore should be protected,<sup>29</sup> they draw upon mercantilist economic ideas,<sup>30</sup> and upon realist international relations theory,<sup>31</sup> to come to the conclusion that relative gains by other countries threaten the security of the home country.<sup>32</sup> Recently, these seem to be the prevailing ideas of the current, U.S. Administration, as it

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*Business With It 'At All' in Apparent Policy Flip*, BUS. INSIDER (Aug. 19, 2019, 5:09 AM), <https://www.businessinsider.com/trump-says-he-doesnt-want-to-do-business-with-huawei-2019-8> [<https://perma.cc/F62K-P3F7>] (discussing the Trump administration's views regarding Huawei security concerns and the company's future in the U.S.).

26. See Ian Gladding, *Rise of Economic Nationalism and Its Implications*, LEWIS U. FAC. F. (Apr. 25, 2018), <https://www.lewisu.edu/experts/wordpress/index.php/rise-of-economic-nationalism-and-its-implications/> [<https://perma.cc/L5E3-XTJY>] (comparing economic nationalism to economic liberalism while describing economic nationalists as those who subscribe to the philosophy that countries should protect its own economy by reducing the number of imports, investments, and influence from other countries).

27. See Senate Republican Policy Committee, *National Security Tariffs: Section 232*, SENATE RPC (June 26, 2018), <https://www.rpc.senate.gov/policy-papers/national-security-tariffs-section-232> [<https://perma.cc/8CYT-H9KE>] (explaining how Trump's tariffs on steel and aluminum are based on section 232 of the Trade Expansion Act of 1962, a broad legal authority to impose tariffs on goods in the interest of national security).

28. See Alberto Mingardi, *Macron, Economic Nationalist*, LIBR. OF ECON. & LIBERTY (July 30, 2017), [https://www.econlib.org/archives/2017/07/macron\\_economis.html](https://www.econlib.org/archives/2017/07/macron_economis.html) [<https://perma.cc/BA5K-NKM2>] (exploring the rationale and consequences of economic nationalism as French President Macron blocks the Italians from acquiring the majority stake of a French shipyard. Marcon's rationale for preventing the transaction is that shipbuilding is of strategic importance).

29. See Michael Woods, *The National Security Exception Part II*, WOODS LAFORTUNE LLP (Apr. 17, 2015), <http://www.wl-tradelaw.com/the-national-security-exception-part-ii/> [<https://perma.cc/XFA4-3Z9E>] (providing an example of a country, Canada, attempting to eschew the disclosure of information which it considers necessary for the protection of its national security interests).

30. See ROBERT B. EKELUND, JR. & ROBERT F. HÉBERT, *A HISTORY OF ECONOMIC THEORY & METHOD* 46, 59 (Waveland Press, 6th ed. 2013); see also Eric Reed, *What is Mercantilism and How Does it Compare To Capitalism in 2018?*, STREET (Nov. 12, 2018, 7:13 PM), <https://www.thestreet.com/world/what-is-mercantilism-14776819> [<https://perma.cc/P2VE-5TE9>] (explaining how the Trump administration's attitude toward trade reflects a more mercantilist approach compared to the free market capitalist approach of past administrations).

31. See Stephen M. Walt, *International Relations: One World, Many Theories*, 110 FOREIGN POL'Y 29, 31 (1998) (describing the realist approach towards international relations as an ever-present power struggle between self-interested nation states).

32. See David L. Rousseau, *Motivations for Choice: The Salience of Relative Gains in International Politics*, 46 J. CONFLICT RESOL. 394, 419 (2002).

supports new tariffs by arguing that the United States has seen its economic and political hegemony gradually broken during a period of increased free trade.<sup>33</sup>

According to mercantilists of the past,<sup>34</sup> the strength of a nation is based on reserves of bullion acquired through trade surpluses.<sup>35</sup> Realist international relations theory argues that nations are independent actors in a world without rules.<sup>36</sup> In this environment, there are periods of hegemonic peace,<sup>37</sup> where one nation politically and economically dominates the rest.<sup>38</sup> Eventually, this hegemonic power overextends itself and is replaced either by traditional international anarchy<sup>39</sup> or a new hegemon.<sup>40</sup> Economic nationalists fear that the global economy allows other nations to prosper and threaten the supremacy, sovereignty, and thus security, of the United States.<sup>41</sup> Their solution is very close to that of mercantilists,<sup>42</sup>

33. See Wayne Morrison, *The Made in China 2025 Initiative: Economic Implications for the United States*, CONG. RES. SERV. 1–2 (Apr. 12, 2019), <https://fas.org/sgp/crs/row/IF10964.pdf> [<https://perma.cc/3K42-JA8X>] (detailing the economic ramifications of China’s recent China 2025 initiative, a state led industrial policy seeking to ensure Chinese dominion over advanced technology manufacturing. The program focuses on intellectual property acquisition and aims to unseat U.S. technological supremacy).

34. See Kimberly Amadeo, *Mercantilism and Its Modern Significance*, BALANCE, <https://www.thebalance.com/mercantilism-definition-examples-significance-today-4163347> [<https://perma.cc/4TY5-KG3N>] (providing a quick history of the origins and aims of mercantilism).

35. *Id.*; see also *Bullion*, MERRIAM-WEBSTER DICTIONARY (New ed. 2016) (defining “bullion” as a mass of gold and silver bars).

36. See Walt, *supra* note 31, at 31 (explaining how realists consider nation states to be motivated solely by power and self-interest).

37. See Michael C. Webb & Stephen D. Krasner, *Hegemonic Stability Theory: An Empirical Assessment*, 15 REV. OF INT’L STUDIES 183, 184 (1989), (explaining the primary contention behind Hegemonic stability theory is when one single nation state has a predominance of power, it fosters an environment most conducive to the establishment of an open international economic system).

38. *Id.*; see generally Edward Spiezio, *British Hegemony and Major Power War, 1815–1939: An Empirical Test of Gilpin’s Model of Hegemonic Governance*, INT’L STUDIES Q. 165 (1990) (reviewing the prowess of British Hegemony and examining the inverse relationship between hegemonic power and frequency of war).

39. See generally Chris Chase-Dunn, Roy Kwon, Kirk Lawrence & Hiroko Inoue, *Last of the Hegemons: U.S. Decline and Global Governance*, 37 INT’L REV. OF MODERN SOC. 1 (2011).

40. *Id.*

41. See Doug Stokes, *Trump, American Hegemony and the future of the liberal international order*, INT’L AFF. 33, 35 (2018), [https://www.chathamhouse.org/sites/default/files/images/ia/INTA94\\_1\\_8\\_238\\_Stokes.pdf](https://www.chathamhouse.org/sites/default/files/images/ia/INTA94_1_8_238_Stokes.pdf) [<https://perma.cc/7TSL-P5EE>].

42. *Id.* at 37; see also Salman Ahmed & Alexander Bick, *Trump’s National Security Strategy: A New Brand of Mercantilism?*, CARNEGIE ENDOWMENT FOR INT’L PEACE, <https://carnegieendowment.org/2017/08/17/trump-s-national-security-strategy-new-brand-of-mercantilism-pub-72816> [<https://perma.cc/M3G9-M4R5>] (commenting on the Trump administrations protectionists attitude and policies regarding international trade and the potential ramifications on the global marketplace).



and stresses bolstering the domestic economy by locking out competition.<sup>43</sup>

Consider that back in 1998, Patrick J. Buchanan summarized this concern well in his book, *The Great Betrayal*:

The Global Economy is the biggest honey trap in history. America sells her soul for consumer goods. For all the good things down at the mall, we trade our sovereignty, our independence, and our country. Look at Europe! Nations are giving up control of their countries, their economies, even their foreign policy, to a super state called the European Union. That is where America is headed if we don't halt what is going on.<sup>44</sup>

Buchanan also summarized the goals of U.S. economic nationalism as: (1) the manufacturing supremacy and economic independence of the American nation; (2) the highest standard of living on earth for America's families; and, (3) wage levels in the United States higher than anywhere in the world.<sup>45</sup>

Sound familiar? In 2018, U.S. President Donald J. Trump said: "Our Steel [sic] and Aluminum [sic] industries (and many others) have been decimated by decades of unfair trade and bad policy with countries from around the world. We must not let our country, companies and workers be taken advantage of any longer. We want free, fair and SMART TRADE!"<sup>46</sup> Short of boycotts, aide reduction, blockades, and war, what tools does the current, U.S. Administration have to remove

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43. See Andrew Green, *South Korea's Automobile Industry: Development and Prospects*, 32 ASIAN SURVEY 411, 419 (May 1992), (explaining how the South Korean government sought to bolster and expand the South Korean auto market using import restrictions and control over direct foreign investment. As of 1992, 99.9% of vehicles in the country were Korean made).

44. PATRICK JOSEPH BUCHANAN, *THE GREAT BETRAYAL: HOW AMERICAN SOVEREIGNTY AND SOCIAL JUSTICE ARE BEING SACRIFICED TO THE GODS OF THE GLOBAL ECONOMY* (1998); see also Paul Bergin, *Monetary Union*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Enc/MonetaryUnion.html> [<https://perma.cc/9VYB-K77Z>] (explaining the trade-offs and consequences associated with the current European Union model. The increased interdependence between countries bears the benefit of increased international trade at the cost of each individual state losing control over national monetary policy. The EU model restricts individual nation states flexibility due to its centralized monetary policy as countries whose governments control their own money supply typically use monetary policy to influence economic activity).

45. See Patrick Joseph Buchanan, *THE GREAT BETRAYAL: HOW AMERICAN SOVEREIGNTY AND SOCIAL JUSTICE ARE BEING SACRIFICED TO THE GODS OF THE GLOBAL ECONOMY* (1998); see also Eyal. Press, *The Voice of Economic Nationalism*, THE ATLANTIC, <https://www.theatlantic.com/past/docs/issues/98jul/buchanan.htm> [<https://perma.cc/UZ6P-D44F>].

46. See Donald Trump (@realDonaldTrump), TWITTER (Mar. 01, 2018, 7:12 AM), <https://twitter.com/realDonaldTrump/status/969183644756660224> [<https://perma.cc/U7B4-WPEU>].

remaining tariffs imposed by advanced economies/competitors?<sup>47</sup> United States controls demand, so why not use tariffs as a temporary leverage to level the playing field?<sup>48</sup>

Yet, consider that at the Group of Seven (G7) summit in 2018, Trump suggested that no advanced economies should use tariffs and/or subsidies, and called for an end of tariffs and trade barriers.<sup>49</sup> The majority of modern tariffs exist and were designed to help struggling economies. Once these countries grew into advanced economies, the tariffs were to be removed.<sup>50</sup> Maintaining tariffs allows countries to artificially

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47. For an example of the described trade relationship see OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, <https://ustr.gov/countries-regions/europe-middle-east/europe/european-union> [<https://perma.cc/Z3GB-KH8M>].

48. For example, has China ever been a free trader? Trump suggests recent US tariffs are a strategic response to the Chinese unwillingness to “play fairly.” What effects do forced technology transfers, intellectual property theft, currency manipulation and dumping have on comparative advantage? Some within the administration contend the tariffs also serve as a punitive response to human rights violations. Advocates of the administration’s policy argue the strategic objective of the tariffs is to curb Chinese behavior by pressuring the Chinese to make policy changes or facilitate a restructuring of the global supply chain. See Matthew J. Belvedere, *Opposites Attract: Even Steven Bannon and Tom Friedman Agree Trump is Right to Attack on China Trade*, CNBC (May 15, 2019, 1:02 PM), <https://www.cnbc.com/2019/05/15/steve-bannon-and-thomas-friedman-agree-on-china-and-twitter-goes-nuts.html> [<https://perma.cc/RL9M-RJ94>]; Thomas L. Friedman, *China Deserves Donald Trump*, THE N.Y. TIMES (May 21, 2019), <https://www.nytimes.com/2019/05/21/opinion/china-trump-trade.html> [<https://perma.cc/E2KX-NUKW>]. And consider Mexico, Trump’s consideration of a five-percent tariff is purportedly a response to lack of initiative on behalf of the Mexican government to stop the flow of migrants to the U.S. southern border (allegedly 2500 border crossing daily, opposed to 700 a few years ago). The administration contends migrants crossing the border add an unfair burden on American taxpayers and the tariffs are an attempt to motivate the Mexican government to help limit illegal crossings. How will this approach effect U.S. credibility in future trade negotiations? See Tyler Durden, *T-Day: US-China Trade War is an Echo of What Happened Between the US and Japan in the 1940s*, ZEROHEDGE (June 3, 2019, 12:35 PM), <https://www.zerohedge.com/news/2019-06-03/t-day-us-china-trade-war-echo-what-happened-between-us-and-japan-1940s> [<https://perma.cc/GY58-F5HC>]; see also Kelsey Tamborrino, *Trump ‘Deadly Serious’ About Mexico Tariffs, Mulvaney Says*, POLITICO (June 2, 2019, 10:29 AM), <https://www.politico.com/story/2019/06/02/mulvaney-trump-deadly-serious-about-tariffs-1349665> [<https://perma.cc/SMW2-ZFXK>] (reporting on the Trump administration’s 5% tariffs on Mexico are a punitive response of national security concern due to Mexico’s failure to effectively assist the U.S. in securing the U.S. southern border); Jill Colvin, Matthew Lee & Luis Alonso Lugo, *Trump Says Tariffs On Mexico Suspended Indefinitely*, ASSOCIATED PRESS (June 8, 2019), <https://www.apnews.com/e18f853f23f4fdea76831c80540af15> [<https://perma.cc/U3UR-AJZQ>] (discussing the Trump administration’s decision to suspend its planned tariffs on Mexico).

49. *Trump at G7: US president calls for end to tariffs and trade barriers*, BBC NEWS (June 9, 2018), <https://www.bbc.com/news/world-us-canada-44423072> [<https://perma.cc/L5HJ-MC5J>].

50. For a good discussion on the General Agreement on Tariffs and Trade (GATT), see Douglas A. Irwin, *The GATT’s Contribution to Economic Recovery in Post-War Western Europe*, NAT’L BUREAU OF ECON. RES., <https://www.dartmouth.edu/~dirwin/docs/GATT%20contribution.pdf> [<https://perma.cc/Y69B-8XWP>] (discussing the impact the General Agreement on Tariffs on Trade had on economic recovery after the Second World War).

manufacture comparative advantage and squeeze emerging competition—antithetical to the original purpose.

What is of note here is the use of phrases like: “the highest standard of living on earth” and “higher than anywhere in the world” and “supremacy.” This construct is very different from the view of economists, which would, instead, be “the highest standard of living possible.”<sup>51</sup> Economic nationalists appear willing to sacrifice overall prosperity for relative supremacy.<sup>52</sup> And, another key thing is that there is a logic here saying some version of: “Americans somehow deserve to have things better than everyone else in the world.”

51. See Patrick J. Buchanan, *It's Trump's Party, Now*, RASMUSSEN REPS. (March 3, 2017), [http://www.rasmussenreports.com/public\\_content/political\\_commentary/commentary\\_by\\_pat\\_buchanan/it\\_s\\_trump\\_s\\_party\\_now](http://www.rasmussenreports.com/public_content/political_commentary/commentary_by_pat_buchanan/it_s_trump_s_party_now) [<https://perma.cc/WL9K-YCRR>] (explaining of Trump's brand of America First populism now dominates the Republican party); *Buchanan Campaign Speech*, C-SPAN (Jan. 23, 1992), <https://www.c-span.org/video/?23946-1/buchanan-campaign-speech> [<https://perma.cc/N7LE-YKNV>]; Jeff Greenfield, *Trump is Pat Buchanan With Better Timing*, POLITICO (Sept./Oct. 2016), <https://www.politico.com/magazine/story/2016/09/donald-trump-pat-buchanan-republican-america-first-nativist-214221> [<https://perma.cc/T6DD-8RP2>]; Sophia Tesfaye, *Pat Buchanan Supports Trump's "Common Sense" Muslim Ban: "Where Have All The Christians Gone?"*, SALON (Dec. 11, 2015, 9:32 PM), [https://www.salon.com/2015/12/11/pat\\_buchanan\\_supports\\_trumps\\_common\\_sense\\_muslim\\_ban\\_where\\_have\\_all\\_the\\_christians\\_gone/](https://www.salon.com/2015/12/11/pat_buchanan_supports_trumps_common_sense_muslim_ban_where_have_all_the_christians_gone/) [<https://perma.cc/C4UX-A66Q>]; see also Shayanne Gal & Mariana Alfaro, *30 of Trump's Most Famous Quotes Since Becoming President*, BUS. INSIDER (Jan. 11, 2019, 4:42 PM), <https://www.businessinsider.com/trump-quotes-since-becoming-president-2018-6> [<https://perma.cc/2P8L-N8QW>]; Donald J. Trump (@realDonaldTrump), TWITTER (Aug. 16, 2018, 5:43 AM), <https://twitter.com/realdonaldtrump/status/1030072571948134400> [<https://perma.cc/KYC4-6848>]; Donald J. Trump (@realDonaldTrump), TWITTER (May 19, 2019, 12:54 PM), <https://twitter.com/realdonaldtrump/status/1130200090583478274> [<https://perma.cc/VX96-WGQD>]; Donald J. Trump (@realDonaldTrump), TWITTER (July 23, 2019, 4:25 AM), <https://twitter.com/realdonaldtrump/status/1153627260307611648> [<https://perma.cc/JN2N-UACE>]; Donald J. Trump (@realDonaldTrump), TWITTER (Aug. 4, 2018, 12:58 PM), <https://twitter.com/VP/status/1171519577991172096> [<https://perma.cc/PD5T-9RMA>]; Donald J. Trump (@realDonaldTrump), TWITTER (Aug. 28, 2019, 12:24 PM), <https://twitter.com/realdonaldtrump/status/1163169730477395968> [<https://perma.cc/T4DQ-NRSV>]; Donald J. Trump (@realDonaldTrump), TWITTER (Sept. 10, 2019, 1:23 PM), <https://twitter.com/VP/status/1171519577991172096> [<https://perma.cc/Q5MT-Z2VZ>]; Donald J. Trump (@realDonaldTrump), TWITTER (Nov. 29, 2017, 3:29 PM), <https://twitter.com/realdonaldtrump/status/936014271858831361> [<https://perma.cc/Y8ZW-X4S9>].

52. See Donald Trump (@realDonaldTrump), TWITTER (Aug. 23, 2019, 10:59 AM), <https://twitter.com/realdonaldtrump/status/1164914959131848705> [<https://perma.cc/X8RG-DYGW>]; see also Donald Trump (@realDonaldTrump), TWITTER (Aug. 23, 2019, 11:58 PM), <https://twitter.com/realdonaldtrump/status/1165111122510237696> [<https://perma.cc/E5DA-AQ7T>]. While some may chalk these tweets up to being simply “Trump talk”, they speak to the administration's larger goal of disrupting the supply chain paradigm. See Debby Wu & Cindy Wang, *Tech Suppliers Shift Away From China Despite Trump Tariff Delay*, BLOOMBERG (Aug. 1, 2019, 4:54 AM), <https://www.bloomberg.com/news/articles/2019-08-13/hp-s-partner-to-shift-u-s-bound-lap-top-assembly-away-from-china> [<https://perma.cc/7VMY-2M5R>] (discussing how the trade war threatens to disrupt the global supply chain by forcing manufacturers to seek more stable and cost-effective options outside of China).

Perhaps the total output of the world has increased, consumer goods have become cheaper,<sup>53</sup> and new and innovative products have appeared;<sup>54</sup> but, it has all come at a cost. Inequality is rampant in the global economy.<sup>55</sup> While Buchanan was worried about Japan and Europe challenging American power,<sup>56</sup> and while the current, U.S. Administration worries about Mexicans crashing the gates and taking what is rightfully “American,”<sup>57</sup> others are worried about those entities that own everything,<sup>58</sup> taking further and further advantage of the rest of “us,” who own nothing.<sup>59</sup>

Do you remember how we traded semiconductors and soybeans earlier? When we traded freely, I wound up with almost all your semiconductors and all you got was one lousy bushel of soybeans. And then, when

53. See Rex Nutting, *The Stuff Americans Buy Is Getting Cheaper*, MARKETWATCH (Nov. 20, 2014, 9:29 AM), <https://www.marketwatch.com/story/the-stuff-americans-buy-is-getting-cheaper-2014-11-20> [<https://perma.cc/WH7V-DWHU>] (demonstrating how firms like Amazon, have driven down the cost of consumer products).

54. See Ishan Chatterjee, Jörn Küpper, Christian Mariager, Patrick Moore, & Steve Reis, *The Decade Ahead: Trends That Will Shape The Consumer Goods Industry*, MCKINSEY & COMPANY (Dec. 2010), [https://www.mckinsey.com/~/media/mckinsey/dotcom/client\\_service/consumer%20packaged%20goods/pdfs/trends%20that%20will%20shape%20the%20consumer%20goods%20industry.ashx](https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/consumer%20packaged%20goods/pdfs/trends%20that%20will%20shape%20the%20consumer%20goods%20industry.ashx) [<https://perma.cc/TW7H-JMPV>] (forecast from 2010 regarding potential innovations in consumer goods to better meet the needs and desires of modern consumers).

55. See Carmen Reinicke, *US income inequality continues to grow*, CNBC (July 19, 2018 5:06 pm), <https://www.cnbc.com/2018/07/19/income-inequality-continues-to-grow-in-the-united-states.html> [<https://perma.cc/J9HQ-9AV5>]; see also Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, & Gabriel Zucman, *The Elephant Curve Of Global Inequality And Growth*, WORLD WEALTH & INCOME DATABASE (Dec. 2017), <https://eml.berkeley.edu/~saez/AC-PSZ2018WIDWP.pdf> [<https://perma.cc/X8UJ-AA8C>] (reviewing the income inequality landscape from 1980 through 2016, along with forecasting income inequality through 2050).

56. See Michael K. Hawes, *Japan and the International System: Challenge from the Pacific*, 46 INT'L J. 164, 182 (1991) (discussing the role the United States played in Japanese growth, and how U.S.-east Asian policy stabilized the region).

57. See Brennan Hoban, *Do Immigrants “Steal” Jobs From American Workers?*, BROOKINGS (Aug. 24, 2017), <https://www.brookings.edu/blog/brookings-now/2017/08/24/do-immigrants-steal-jobs-from-american-workers/> [<https://perma.cc/75R4-WJME>] (a review of whether American workers are being replaced by immigrants, and what effects the Trump administration’s policies could mean for the U.S. workforce going forward).

58. See Tucker Higgins, *Full text: President Donald Trump’s second State of the Union Address*, CNBC (Feb. 5, 2019, 10:39 pm), <https://www.cnbc.com/2019/02/05/full-text-president-donald-trumps-second-state-of-the-union-address.html> [<https://perma.cc/H9H5-HJ8V>].

59. See Ivo H. Daalder & James M. Lindsay, *The Globalization of Politics: American Foreign Policy for a New Century*, BROOKINGS (Jan. 1, 2003), <https://www.brookings.edu/articles/the-globalization-of-politics-american-foreign-policy-for-a-new-century/> [<https://perma.cc/ZBL2-JKKW>] (considering the consequences with respect to the United States wielding the tariff and sanction powers too loosely; especially because a lot of support or acquiescence of U.S. hegemony has been because of how the United States has handled it success at being a relatively benign hegemon); see also G. John Ikenberry, *American Hegemony and East Asian Order*, 58 AUS. J. OF INT. AFF. 353 (2004) (discussing how bilateral security agreements and economic stability helped forge an American centrist postwar order).

we applied the scenario to international trade, we saw very clearly the international division of labor. Country A produced soybeans, and therefore could afford to consume seven bushels of soybeans and four semiconductors per hour, while Country B could only afford one bushel of soybeans and one semiconductor. Before trade, Country B could have up to five semiconductors in an hour, but no soybeans, while as we saw Country A could have at best four bushels of soybeans and two and a half semiconductors. So, while the total output did go up with trade, basically all the increased output went to Country A. Before they traded, the countries were closer in wealth; after they traded, they were both better off, but one much more so than the other, so they became further apart in wealth.

In the current world economy,<sup>60</sup> we see that eighty percent of the world's manufacturing workers live in developing countries.<sup>61</sup> As manufacturing jobs leave the developed countries,<sup>62</sup> they are replaced with service jobs.<sup>63</sup> As the global economy expands,<sup>64</sup> we see a larger and larger gap between the few who own the means of production,<sup>65</sup> the workers who support them,<sup>66</sup> and the workers who actually do the producing.<sup>67</sup> And

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60. See Darrell M. West & Christian Lansang, *Global manufacturing scorecard: How the US compares to 18 other nations*, BROOKINGS (July 10, 2018), <https://www.brookings.edu/research/global-manufacturing-scorecard-how-the-us-compares-to-18-other-nations/> [<https://perma.cc/VTQ5-8R6Q>] (describing and evaluating the current global manufacturing landscape).

61. *Id.*; see also INT'L MONETARY FUND, *World Economic Outlook Executive Summary* (2019), <https://www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019> [<https://perma.cc/K6KE-DWQT>] (IMF's analysis on the current status of global economy).

62. Linda Levine, *Offshoring (or Offshore Outsourcing) and Job Loss Among U.S. Workers*, CONG. RES. CTR. (Dec. 17, 2012), <https://fas.org/sgp/crs/misc/RL32292.pdf> [<https://perma.cc/6JKZ-EEKZ>] (congressional research reviewing the impact and implications the outsourcing of manufacturing is having on U.S. workforce).

63. See generally Martin Neil Baily & Barry P. Bosworth, *US Manufacturing: Understanding Its Past and Its Potential Future*, 28 J. ON ECON. PERSP. 3, 26 (Winter 2014) (evaluating the evolution of the U.S. manufacturing sector and its impact on workers, along with its current trajectory and future potential).

64. *Id.*

65. See Brian O'Connell, *Economies of Scale: Definitions, Types and Examples*, THE STREET (Nov. 6, 2018, 12:07), <https://www.thestreet.com/personal-finance/education/economies-of-scale-14769645> [<https://perma.cc/B65S-Z5RM>] (explaining how economic growth results in higher consumer demand and results in increased production). Consequently, the fixed cost per unit of production lowers the cost of production and increases the efficiency. See also *The Productivity Pay-Gap*, ECON. POLY INST. (2018), <https://www.epi.org/productivity-pay-gap/> [<https://perma.cc/RV4V-RWQ4>].

66. See also Josh Bivens, Elise Gould, Lawrence Mishel, & Heidi Shierholz, *Raising America's Pay*, ECON. POLY INST. (June 4, 2014), <https://www.epi.org/files/pdf/65287.pdf> (explaining growing gap between economy-wide productivity and compensation for production laborers; also reviewing how majority of productivity growth is reflected in cumulative gains of the top 1 percent of earners).

67. *Id.*

with this expanding economy, we may start to see less division between nations, and more identifiable relations between people of the same class. We already see it among the bourgeoisie,<sup>68</sup> where regardless of nationality, the wealthy elite send their children to the same schools to learn and network together, and stay among each other at posh hotels when traveling for leisure and consuming at the same restaurants and retail stores.<sup>69</sup> Among working people, though, there are still national borders that seem impossible to cross, but some progress is being made by labor unions.<sup>70</sup>

In conclusion, I ask: why might liberal economists have trouble seeing these concerns? One brief reason is that these economists are highly compensated.<sup>71</sup> Liberal economics justifies the system of private property,<sup>72</sup> and the wage labor that the ruling elite relies on for its power. Therefore, liberal economists have a vested, material interest in coming up with ideas that will further the rule of the ruling class.<sup>73</sup> Apart from those

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68. See Alan Ryan, *Bourgeoisie*, ENCYCLOPEDIA BRITANNICA, <https://www.britannica.com/topic/bourgeoisie> [<https://perma.cc/7MD7-Y3JF>] (describing Bourgeoisie as a class or a social order dominated by capitalists according to Karl Marx).

69. See Alia Wong, *Private Schools are Becoming More Elite*, THE ATLANTIC (Jul. 26, 2018), <https://www.theatlantic.com/education/archive/2018/07/why-private-schools-are-becoming-more-elite/566144/> [<https://perma.cc/Y3S7-SX86>] (expressing concerns regarding the rapidly increasing tuition costs and exclusivity of private education).

70. See Josh Bivens, Lora Engdahl, Elise Gould, Teresa Kroeger, Celine McNicholas, Lawrence Mishel, Zane Mokhiber, Heidi Shierholz, Mani von Wilpert, Valerie Wilson, & Ben Zipperer, *How today's unions help working people*, ECON. POL'Y INST. 7, 10 (Aug. 24, 2017), <https://www.epi.org/files/pdf/133275.pdf> [<https://perma.cc/69YB-WXL8>] (detailing how labor unions use collective bargaining to advance the interests of their members and give laborers the power to improve work conditions and their daily lives).

71. See *Economists: Occupational Outlook Handbook*, BUREAU OF LAB. STAT. (May 2018), <https://www.bls.gov/ooh/life-physical-and-social-science/economists.htm#tab-5> [<https://perma.cc/BPD8-4L9L>].

72. See Armen Alchian, *Property Rights*, THE LIBR. OF ECON. & LIBERTY, <https://www.econlib.org/library/Enc/PropertyRights.html> [<https://perma.cc/XJF5-PDLT>] (Economic liberalism is an economic system predicated on individualism, free markets and private ownership of capital assets).

73. See Matt Zwolinski & Alan Wertheimer, *Exploitation*, THE STANFORD ENCYCLOPEDIA OF PHILOSOPHY, Edward Zalta (Summer 2017), <https://plato.stanford.edu/entries/exploitation/> [<https://perma.cc/5UUU-686E>] (providing examples, and exploring reasoning behind the exploitation of workers and lack of public acknowledgement).

thoughts, though, they also have philosophically consistent theories to rebut the concerns of others.<sup>74</sup> For example, on the issue of national security,<sup>75</sup> it is popularly believed that capitalist democracies will not attack each other,<sup>76</sup> and the best way to make countries act like “us” is to trade with them.<sup>77</sup> So, in effect, through liberalizing the world,<sup>78</sup> we are enhancing our security.<sup>79</sup> As another example, on the issue of social inequality,<sup>80</sup> liberal economists’ reactions may range from progressive—yet, still liberal economic constructs<sup>81</sup>—such as social security and the earned income tax credit,<sup>82</sup> to the Reaganite belief that the poor are a result of their own culture of poverty or ineptitude, and therefore suffer due to their unindustrious nature or inability.<sup>83</sup>

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74. *Id.*; see also Diana Hembree, CEO Pay Skyrockets to 361 Times That of the Average Worker, FORBES (May 22, 2018, 4:28pm), <https://www.forbes.com/sites/dianahembree/2018/05/22/ceo-pay-skyrockets-to-361-times-that-of-the-average-worker/#5ef41bd7776d> [https://perma.cc/EC33-PGEA] (reviewing the growing disparity between executive income and income of the average laborer).

75. See G. John Ikenberry, *American hegemony and East Asian order*, 58 AUSTL. J. INT’L AFF. 353, 367 (Sept. 2004) (discussing how the U.S. used bilateral security and trade agreements to stabilize the East Asian region and forge an American centrist postwar order).

76. *Id.* at 354, 358; see also Erik Gartzke, *The Capitalist Peace*, 51 AM. J. OF POL. SCI., 166, 191 (Jan. 2007) (explaining why conflict between capitalist democracies is increasingly rare. The rise of capital markets leads to further interdependency between nation states and creates new communication channels and fair mechanisms for resource competition).

77. *Id.*; see also Erich Weede, *The Capitalist Peace*, THE HANDBOOK ON THE POL. ECON. OF WAR 269, 280 (Christopher J. Coyne et al. eds., 2011) (examining historical examples to analyze the value and utility of capitalist peace theory).

78. *Id.*; see also ERICH WEEDE, GLOBALIZATION & ARMED CONFLICT 318, 324 (Gerald Schnieder, Petter Gleditsch, Katherine Barbieri, Nils Petter Gleditsch et al. eds., 2003) (arguing the economic benefits of globalization, capitalism and free trade are less important than the international security benefits. Growth and prosperity have a direct and pacifying effect on countries tolerance for war).

79. *Id.*

80. See Branko Milanovic, *Global Inequality by the Numbers*, in HISTORY & NOW, THE WORLD BANK DEVELOPMENT RESEARCH GROUP (Nov. 2012); see also Paul H. Brietzke, Urban Development & Human Development, 25 IND. L. REV. 741, 763 (1992) (reviewing the current global economic landscape in respect to income inequality).

81. See Gregory Jordan, *The Causes of Poverty Cultural vs. Structural: Can There Be a Synthesis?*, PERSP. IN PUB. AFF. (Spring 2004), <https://www.asu.edu/mpa/Jordan.pdf> [https://perma.cc/CVR8-W6VF].

82. See Social Security Lifts More Americans Above Poverty Than Any Other Program, CTR. ON BUDGET & POL’Y PRIORITIES (Nov. 5, 2018), <https://www.cbpp.org/research/social-security/social-security-lifts-more-americans-above-poverty-than-any-other-program> [https://perma.cc/EX65-P6G7] (explaining the impact of social security benefits on poverty levels in the U.S.); see also *Policy Basics: The Earned Income Tax Credit*, CTR. ON BUDGET & POL’Y PRIORITIES (April 19, 2018), <https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit> [https://perma.cc/NAA6-ZNE6].

83. See Eleanor Clift, *Reagan Condemns Welfare System, Says it’s Made Poverty Worse Instead of Better*, L.A. TIMES (Feb. 16, 1986), <https://www.latimes.com/archives/la-xpm-1986-02-16->

In the long run, though, despite differences in the path, we must presume that all of us have the same end goal of prosperity. And so, we can hope everything will be alright if we can navigate the wrong turns we take towards that end goal.