

Tariff-ying Times: Trade as National Security for North America

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We're in tariff-ying or tariff-ic times, depending on who you ask. As of March 3rd, 2025, President Donald Trump imposed 25% tariffs on neighbours both on its Northern and Southern Border. This means that American consumers will have to pay an additional 25% tax on Mexican and Canadian-made goods – raising prices and eventually reducing the volume of Mexican and Canadian imports. In the context of American Foreign Policy, trade is not only a way for countries to enrich one another, but can play a vital role in maintaining national security. One theory of foreign policy, economic liberalism, contends that countries that trade avoid conflict because they are economically reliant on one another; war threatens the economic success of all parties. President Trump's foreign policy style is punitive and protectionist; his tariffs disrupt a decades-long trade agreement between three nations with a well-established, integrated supply chain. Though there are several shortcomings of free trade, placing tariffs on Mexico and Canada is not only economically nonviable for all parties involved, but will be a detriment to the United States' national security against China.

Trade as National Security

International trade allows countries to foster long run economic growth, give their consumers a wider range of product choices, and bring harmony in national interests. In the context of foreign policy, international trade is a vital tool in maintaining national security; the theory of economic liberalism posits that countries that are economically interdependent are less likely to act on conflict: “This situation is mutually beneficial as a high level of trade between states decreases conflict and makes war less likely, since war would disrupt or cancel the benefits (profits) of trade.” (Meiser, 2018) Free trade agreements are an instrumental element to furthering economic liberalism, as they lower or remove trade barriers to provide each member

nation better access to the other's markets, technology, labor, and expertise. Members of regional trade agreements become allies in facilitating the mutual benefit of each others' economies.

Furthermore, international trade is a tool in strengthening a nation's soft power – shaping preferences and policy positions of nations through appeal and credibility rather than force and coercion. For example, rather than coercing Mexico and Canada by force to agree with the US, trade has allowed the US to build rapport with its neighbours.

A Review of Free Trade in North America

The United States, Mexico, and Canada have been in several free trade agreements with one another over the past four decades. In October of 1987, Canada and the United States agreed to CUSFTA, the Canada-US Free Trade Agreement. The agreement included the elimination of tariffs, reduction of many non-tariff barriers, and was among the first agreements to address trade in services. (*Free Trade Agreement Overview*, n.d.) CUSFTA laid the foundation for the North America Free Trade Agreement, NAFTA, which integrated Mexico in 1994, liberalizing trade particularly in agriculture, textiles, and automobile manufacturing. The deal was unprecedented and reshaped North American economic relations by integrating Mexico's developing economy into an existing agreement with the highly developed economies of the US and Canada.

Proponents of NAFTA believed that freer trade within North America would strengthen Mexico's economy and fend off illegal migration by creating sustainable jobs within Mexico: "Mexican President Carlos Salinas de Gortari saw it as an opportunity to modernize the Mexican economy so that it would "export goods, not people." (Maizland et al., 2020) NAFTA was joined by two side agreements to address fears of unfair competition with a country whose lagging labor and environmental regulations allows for much cheaper labor and capital. The North American

Agreement of Labor Cooperation (NAALC) and The North American Agreement on Environmental Cooperation (NAAEC).

The Impacts of NAFTA

Economists agree that NAFTA proved to have a net benefit to North America's economies as regional trade boomed in the decades that followed the treaty's enactment. It's undeniable that NAFTA led to job loss in the United States, but the 2014 PIIEE study of NAFTA's effects found a net loss of about 15,000 per year but gains of roughly \$450,000 for each job lost in the form of higher productivity and lower consumer prices. (Hufbauer & Cimino-Isaacs, 2014) Further, economists have argued that the US's struggle in the manufacturing industry suffered before NAFTA as China's growth has had a more significant negative impact on US jobs. (Autor et al., 2016) Thus, NAFTA remedied the losses to China by lowering costs, increasing productivity, and improving the US' competitiveness. (Porter, 2016)

NAFTA's Weaknesses

Despite the net benefits, free trade and NAFTA has several weaknesses that have sparked protectionist sentiment. Despite a country's overall gains in productivity, many people stand to lose their jobs and personally feel that a trade deal is a detriment to their wellbeing. All three countries in NAFTA suffered from job loss as a byproduct of their economies restructuring and accommodating a new division of labor. The United States saw job losses and wage stagnation following NAFTA – a key industry that felt this loss was the US auto sector, who lost some 3,500,000 jobs since 1994. (Maizland et al., 2020) It is also important to note that during this time, China had also become a competitor by joining the WTO. Thus, the US faced a major hit in job loss from both Mexico and China's competing manufacturing efficiency, which left a significant portion of the American working class bitter towards international trade. Despite

gaining many jobs in the auto industry, Southern Mexico's agricultural and meat industries suffered massive job losses due to competition with heavily subsidized US agriculture and meat industries – almost two million small-scale Mexican farmers were put out of work 20 years following NAFTA, which has driven migration to the US to follow lost jobs. (Weisbrot et al., 2014)

Origin of the Recent Rise in Protectionism in the U.S.

Remedies exist to aid the losers of free trade agreements, such as the US' Trade Adjustment Assistance that works to retrain and help workers best transition to new industries. However, in the US, funding levels are insufficient to address the increase in trade-related job losses, so many pockets have stayed empty. Economics Professor Gordon Hanson from UC San Diego points out that “There are pockets that have felt lots of pain. The existence of those pockets highlights our policy failures.” (Maizland et al., 2020)

Americans feeling left behind in a rapidly changing economy paved the path to the election of President Donald Trump. Going into his first administration, Trump critiqued NAFTA, calling it an unfair deal, leading to the negotiation and approval of the United States-Mexico-Canada Agreements, USMCA. It officially substituted NAFTA in July of 2020 and includes new chapters that address Digital Trade and intellectual property and furthered access to Canada's dairy market. However, Trump's second administration has upended the agreement he signed as he has threatened and has officially enacted a 25% tariff on Canadian and Mexican goods. Trump has explained that the tariffs are a bargaining tool to get these countries to tackle several crises on their borders. NAFTA is imperfect and has been a factor in furthering crises; it is vital to address the fentanyl crisis, best manage migration, and ensure job security for

American workers. However, imposing tariffs is not a solution to any of these problems and will only create more problems that the US simply cannot afford.

Why Tariffs are Terrifying

The most obvious problem tariffs pose is in worsening all partners' economies. These tariffs could send Canada and Mexico into recession, have sent stock markets to plummet, and could potentially cost American families over \$1,200 a year. (Clausing & Lovely, 2025) Further, President Trump's tariffs on our longstanding allies threaten our ability to fend off the looming threat of China's economic and political domination. Thanks to NAFTA, North America's supply chains are intertwined and integrated with one another. Thus, the prices of popular imports and inputs into domestically made products will increase according to the tax. This further pains the pockets of the very people who feel left behind by trade; abandoning trade is not the solution to their pain. Further, though it's undeniable that NAFTA saw many jobs move to Mexico, several economists argue that the US's struggle in the manufacturing industry suffered before NAFTA with China joining the WTO. Thus, in many ways, NAFTA remedied the losses to China by lowering costs, increasing productivity, and improving the US' competitiveness on the world stage. (Maizland et al., 2020)

Free trade has been vital to China's growth and rise to power; however, China has threatened US' interests in breaking the terms of trade in intellectual property theft, facilitating human rights abuses, and threatening control of Taiwan and the South China Sea. In a landscape that makes China's invasion of Taiwan and the subsequent domination of the Asia-Pacific region more and more likely, it is vital for the US to prepare for a world in which China could dominate the US. (Colby, 2022) Thus, the US' economic partnership with its neighbours is as vital as ever in maintaining a competitive and collaborative edge on China.

Conclusion

There are several problems associated with NAFTA that the American people and President Trump are correct to criticize. Job loss, human trafficking, and the fentanyl crisis have devastated the American people, and policy makers owe it to their constituents to solve those issues. However, placing trade barriers on allies we are intertwined with will do nothing but deepen the pain in people's pockets and weaken our economic interests on the world stage. International relations require collaboration, Trump's tariffs place a sanction on the solutions he seeks.

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