

Trump's Tariffs Won't Bring Us Peace and Prosperity

Free trade lowers prices and pre-empts war. Why do some Republicans want protectionism instead?



Shipping containers at the Port of Los Angeles in California, Oct. 17. PHOTO: MIKE BLAKE/REUTERS

By Rand Paul

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Ronald Reagan knew what makes a nation prosperous. “Free trade serves the cause of economic progress, and it serves the cause of world peace,” he said in a 1982 radio address. That sentiment was in line with years of conservative policy. The Republican Party had long stood for free markets and free trade, principles that helped cement America as the world’s economic superpower.

Sadly, many in my own party seem to have forgotten these lessons. A populist faction insists on imposing more and higher tariffs that would raise the prices of everyday goods and services as well as destroy the commercial incentive for nations to live in peace.

Such advocates claim that tariffs protect American workers from foreign competition. In practice, they hurt the workers they purport to help. Consider Chinese-made electronics. When tariffs are imposed on products like smartphones and laptops, as [Donald Trump](#) is proposing to do, American consumers end up paying higher prices. A report from the Consumer Technology Association projects that Mr. Trump’s proposed tariffs could raise technology prices for U.S. consumers by as much as 21%. China accounts for more than 90% of U.S. laptop and tablet imports. Its manufacturers won’t bear the brunt of these tariffs—American consumers will, as the levy will be passed on to them in the form of higher prices.

This is basic economics at work. When we place a tariff on a foreign product, we artificially inflate its price and allow domestic producers to raise their own. Consider a Chinese-made widget priced at 50 cents competing with an American-made version at \$1. By slapping a tariff on the Chinese widget, raising its price to \$2, American manufacturers have the freedom to raise theirs as high as \$1.99. The consumer is left with no real choice but to pay more. A 2019 estimate by three economists, published in the New York Federal Reserve blog, found that Mr. Trump’s first-term tariffs increased per household annual costs by \$831 between 2018 and 2019. This disproportionately hurts low- and middle-income families.

Tariffs also reduce consumer choice and stifle innovation. When two parties voluntarily exchange goods and services, both sides benefit. When people prosper, their communities do too. This principle holds true at the national and international levels. Free trade has fueled the American economy by opening new markets, reducing prices, and increasing innovation.

Some protectionists claim that imports are a drag on our economy. That is misguided. We don’t consider someone’s ability to consume more a sign of poverty; the same is true of a nation. Rising imports often coincide with stronger economic growth. Trade allows the U.S. to specialize in high-skill industries and benefit from cheaper imported goods, leading to a more efficient and prosperous economy.

In 2019 alone, exports to China supported 1.2 million American jobs. Between 2000 and 2007, trade with China boosted the purchasing power of the average American household by \$1,500 a year. More generally, trade supports more than 41 million jobs in the U.S. economy. Since World War II, reductions in tariffs have contributed an additional 7.3% to American incomes.

Free trade also promotes peace by creating mutual dependencies. As the 19th-century French economist Frédéric Bastiat observed, “If goods don’t cross borders, soldiers will.” Economically connected nations have more to gain from cooperation. The alternative—protectionist policies and sanctions—often backfires, uniting such adversaries as Russia, China and Iran. History proves that diplomacy and free trade are more effective for peace and prosperity than tariffs and sanctions.

The choice is clear: We can embrace the principles that have made America the world’s largest economy, or we can retreat into the failed policies of protectionism. President Dwight Eisenhower understood the stakes well when he said in a 1958 address: “For us to cower behind new trade walls of our own building would be to abandon a great destiny.” He saw the disastrous effects of the 1930 Smoot-Hawley tariff, which sparked a global trade war that exacerbated the Great Depression and fractured international relations.

Eisenhower knew that economic conflict often precedes military combat. Retreating into economic nationalism not only weakens our prosperity but also risks provoking conflicts that put American lives in danger. The alternative—free trade—ensures the peace and security for which we all naturally yearn.

Mr. Paul, a Republican, is a U.S. senator from Kentucky.